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### THE BANK OF MONTREAL MEETING.

Probably never before have we had a twelvemonth of such universal prosperity, and it is during a year like this that everyone should set his house in order. Collections should be pressed, and manufacturers should husband their resources and strengthen themselves in every way, for they are to a great extent prosperous by the grace of their neighbors, and when adversity comes to other countries, the American bargain counter will be opened in Canada, and our manufacturers and their employees will surely suffer."—Mr. Clouston, general manager Bank of Montreal.

I can only, in conclusion, echo the General Manager's advice, that the abounding prosperity of our country should be prudently accepted and used.—Sir George Drummond, President Bank of Montreal.

These words of caution are spoken by men eminent in the financial world at the very time when nine persons out of ten will tell you that farmers are doing well, factories are full of work, everything is active and the outlook is first-rate, never better—no trouble in sight. At just such times merchants are in danger of over-buying and manufacturers of over-producing; at just such times promoters are plausible, and speculators are sure to be busy. Therefore, it is of great moment that men whose words and ways can be so influential in the community are sensible enough to stand firm in an attitude of warning that the present good times will not always last. Business men who take the advice above given, overhaul their affairs and get them into manageable shape, will be grateful to these two gentlemen rather than to the

sanguine or over-enterprising advisers who prophesy only smooth things.

Now to glance for a moment at this prevailing activity as it is reflected in the statements laid before the Bank of Montreal meeting. An increase of two millions in the circulation of this, our largest bank, during the twelve months, and an increase in the aggregate of Canadian bank circulation from \$72,000,000 to nearly \$77,000,000 in the same period, is one index of increased business. Another is the volume of transactions shown in the clearing houses of the country. For the first week of November last year the aggregate of clearings was \$67,600,000; for the corresponding week this year it was \$82,795,000, an increase of more than eighteen per cent. Mr. Clouston seems to think that the margin of \$4,500,000 between the total circulation at its highest point this year, and the aggregate paid-up banking capital will be, allowing for the addition of new banking capital, sufficient for the needs of the country for some time to come. Deposits of the public in our banks continued to grow during the year, having risen from \$446,000,000 at the end of October, 1904, to \$500,000,000 at the end of October last. We have not included deposits in Canadian banks in England and the United States. More than a third of this increase took place in the deposits with the Bank of Montreal. Loans and discounts by the banks usually grow in some such proportions as the growth in deposits. The rise in the Bank of Montreal's loans in the twelvemonth was \$7,000,000, part of which was occasioned by the absorption of the People's Bank of Halifax.

It is a comforting reflection for banking customers and a tribute to the adequacy of our banking system, that no such "squeeze" was felt in Canada as afflicted United States borrowers last month, when twenty and even twenty-five per cent. per day was paid for money in New York. "Notwithstanding the heavy demands to move the largest crop in