

## THE BANK OF MONTREAL'S MEETING.

The addresses made at the annual meeting of the Bank of Montreal are always carefully studied. The wide scope of the information they contain and its authoritative character give these addresses a peculiar value to all who would be thoroughly *au courant* with the course of economic developments in Canada and the character of the outlook. Generally speaking, the tone of the addresses at Monday's meeting by Mr. H. V. Meredith (president), and Sir Frederick Williams-Taylor (general manager), gives ground for encouragement and a sober confidence regarding probable future developments. "There is no question in my mind," said Mr. Meredith, "that after a pause, the duration of which will be determined by the measure of our production and by our savings, we shall again enter on a period of progress and development and that pause, I believe, will not be long continued."

### BANK'S WISE POLICY.

The occasion was taken advantage of by both speakers to justify the prudent and far-seeing policy by which the Canadian banks have been and continue to be guided in the present extraordinary circumstances. This policy is naturally appreciated by thinking business men, but in view of the Populist notions which have been lately assiduously propagated, it is well to have the facts so lucidly and widely set forth as on this occasion. Mr. Meredith pointed out that the decline in the Bank's profits this year is actually due to its conservative policy, it having been considered prudent to forego the profit on a portion of the liquid reserves ordinarily carried abroad and having an earning power, these reserves having been transferred to the Bank's vaults in order to provide against every possible contingency, and to support, if required, the general financial situation in Canada. At October 31, the Bank held over 55 per cent. of its liabilities to the public in immediately available assets, thus being in a position not only to meet the demands of its own depositors, but also to render assistance to other institutions if such were necessary. Recent events also have justified the Bank's policy in carrying large amounts of call loans which form part of its reserve, in London and New York instead of in Canada—a point which is too often made the ground for shallow and ill-informed criticism of the banks. As Sir Frederick Williams-Taylor pointed out, an exceedingly serious position would have developed had these loans at the time of the outbreak of war been located in Canada.

### THE CANADIAN POSITION.

All that Mr. Meredith said with regard to various features of the general situation deserves careful study. In his illuminating analysis of the Canadian position, Mr. Meredith pointed out that a period of several years of remarkable growth and progress was accompanied by large and in some cases imprudent capital expenditures, owing to the ease with which money could be obtained. The undue inflation of values consequent thereupon led to suspicion and distrust of our economic position and a curtailment of money supplies. The check thus given, in Mr. Meredith's opinion, has had a salutary effect in general, as it has compelled realization of the fact that unproductive expenditures must of necessity cease for a while and efforts be directed towards the development of

natural resources. But too gloomy a view need not be taken of present conditions since legitimate business is fundamentally sound, and agriculture, the backbone of the country, continues prosperous. "Economy and prudence in the matter of expenditure," Mr. Meredith said, "and an earnest effort to increase production of exportable articles, will in time usher in an era of active trade and renewed prosperity. There is no question in my mind that after a pause, the duration of which will be determined by the measure of our production and by our savings, we shall again enter on a period of progress and development, and that pause, I believe, will not be long continued."

### GETTING BANK TO SOUNDER BASIS.

The address made by Sir Frederick Williams-Taylor also contains much of interest. His review of conditions throughout Canada, province by province, is on the whole encouraging. Sir Frederick did not hesitate to say where conditions are unsatisfactory, but it is apparent that there is soundness and solidity in the Canadian commercial situation and that legitimate enterprise conducted on sound and well-directed lines will continue to make headway. The fact that the weak points of the Dominion's situation were so clearly set out by the Bank of Montreal's general manager lends additional weight to his observation that "we are adjusting ourselves to the heavy burden thrust upon us without warning whilst in the constructional stage, and though here and there weak spots will develop, the general structure will surely stand the strain, and we hope and believe we, as a country, can safeguard the situation." He voiced too the thoughts of many serious students of Canadian affairs when he observed that "the longer the duration of the war, the more will the colonial props of the Empire, including Canada, suffer, but good will come out of evil, for our energies will be turned to the development of our great natural wealth, particularly our vast agricultural resources, and we can then look forward with confidence to eventually emerging from present conditions a wiser people with our affairs on a healthier, more normal and sounder basis than that with which we were threatened."

### THE BANK'S BALANCE SHEET.

The Bank's balance sheet, a document showing an admirably strong position in a time of stress has already been noticed in these columns. Following is a comparison of the leading items for the last three years:—

	1914. \$	1913. \$	1912. \$
Capital Stock.....	16,000,000	16,000,000	16,000,000
Reserve.....	16,000,000	16,000,000	16,000,000
Circulation.....	17,231,502	17,061,665	16,131,862
Deposits (not bearing interest).....	42,689,032	45,134,957	45,338,955
Deposits (bearing interest).....	154,533,643	144,437,882	141,970,011
Total Liabilities to Public.....	221,350,378	208,656,751	203,563,201
Specie and Legals....	40,661,762	22,164,800	19,311,086
Central Gold Reserve.....	1,500,000	1,000,000	
Call Loans Abroad....	41,502,122	51,240,795	55,158,633
Bank Balances Abroad.....	15,900,037	6,126,730	14,133,604
Total of Quick Assets.....	122,658,003	103,699,427	113,651,121
Current loans and discounts.....	128,618,661	134,163,473	118,869,751
Total Assets.....	259,481,663	244,787,045	236,927,519

One particularly satisfactory feature is that the remarkable position of over 55 per cent. of quick assets to liabilities to the public has been achieved without restriction of the legitimate demands of merchants and manufacturers. While Canadian cur-