

BANK OF MONTREAL

Annual General Meeting Held 3rd December, 1917.

The 100th Annual General Meeting of the Shareholders of the Bank of Montreal was held December 3rd in the Board Room at the Bank's Headquarters.

On motion of Mr. R. B. Angus, Sir Vincent Meredith was requested to take the chair.

Mr. C. J. Flett, K.C., moved, and Mr. Alfred Piddington seconded, that Messrs. George R. Hooper and W. R. Miller be appointed to act as Scrutineers, and that Mr. O. B. Sharp be the Secretary of the meeting. This was carried unanimously.

The Chairman then called upon the General Manager, Sir Frederick Williams-Taylor, to read the Annual Report of the Directors to the Shareholders.

THE PRESIDENT'S ADDRESS.

Sir Vincent Meredith, in moving the adoption of the Report of the Directors to the Shareholders, said:

"On the third of November last the Bank of Montreal completed the one hundredth anniversary of the opening of its doors for business.

"I feel warranted in stating that never during this long period was its prestige higher, its business in sounder or more elastic condition and its earning power greater than I believe them to be to-day. I am glad to believe also that it has never enjoyed a wider measure of public confidence.

"The year, like the preceding one, has not been free from difficulties and anxieties, but we have been successful in avoiding large losses and are in a position to meet the legitimate demands of all commercial needs in addition to doing even more than our full share in financing both the Imperial and our own Government's requirements.

Financing Wheat Crop.

"In this connection, it may not be out of place to say that the banks of Canada have recently loaned the Imperial Government \$100,000,000 to assist in the purchase of the North-West wheat crop, and they are carrying further loans of \$160,000,000 in connection with the purchase of munitions. The advances to the Dominion Government for war purposes now aggregate \$147,450,000.

"The patriotic response of the banks and of our people to the demands of the Imperial and Canadian Governments for funds to enable them to carry on, and the adaptability of the Canadian banking system in meeting the ever-growing strain of war finance, are matters of gratification. That we shall continue our efforts to the utmost limit of our resources, always having in mind our liability to depositors, there can be no question.

"Business conditions in Canada continue buoyant. There is no recession in the great wave of industrial and commercial activity of the past few years, and trade in all lines, including what are generally known as luxuries, is highly prosperous. There is little or no movement in real estate, and building operations are restricted. Labor is fully employed at high wages, and there continues to be a deficiency in the supply.

"In the ten-year period, 1905 to 1915, the amount of capital employed in manufacturing industries in Canada increased from \$846,585,000 to \$1,994,103,000, or by 135 per cent., while the value of the products of these establishments rose from \$718,352,000 to \$1,407,000,000, a gain of 96 per cent. The output of munition plants has doubtless been a factor, though it is obvious that the industries of Canada are steadily enlarging the volume of their business and finding new markets.

"Bank loans have been augmented in consequence of the high prices paid for all merchandise. These high prices are the cause of some uneasiness to merchants carrying large stocks, and while I would counsel prudence, it is not apparent to me how there can be any material reduction in the cost of commodities in the near future.

Abnormal Trade Activity.

"The large expenditures by our own

Government in providing munitions and foodstuffs for Great Britain and our Allies, supplemented by the Mother Country's expenditures and the unexpectedly large orders which have been placed in Canada by the United States Government, all point to a continuance of prosperity and high prices, but it must not be forgotten that the prosperity we are enjoying is in a large measure due to the abnormal disbursements in Canada in connection with the war, and may, therefore, prove transitory. The funds which make possible these expenditures are largely obtained from British and Canadian Government borrowing, and constitute an obligation which one day must be provided for. What will happen if these expenditures are curtailed, or when peace is declared, no one can foretell. Personally, I am hopeful of prosperous business conditions being continued for some time during the readjustment period after the war.

"In this connection, the desirability of the extension of Canadian trade in all directions during the period of post-bellum reconstruction, either through Commercial Intelligence Agents, acting directly for the Government or a Board approved by the Government, should not be lost sight of.

"Since I last addressed you, the scourge of war has continued with unabated violence. The number of belligerents has increased; fortunately, they are all accessions to the side of the Allies.

"The entry of the United States into the conflict, thought tardy, is whole-souled, and with their enormous resources in men and money, which are being given generously and unhesitatingly to the Allies, cannot but be an important factor in bringing the war to a speedy and successful conclusion.

"No one can tell how long the war will last. The imperative need, therefore, for efficiency and increased production, together with economies in all public and private expenditure, is obvious and cannot be repeated too often or urged too strongly.

"The unbounded prosperity of Canada, to which I referred a year ago, is fully reflected by the abnormal trade figures.

"In the seven months to October 31st last, the aggregate value of imports and exports was \$1,586,616,000, or \$273,000,000 more than in the corresponding period of the preceding year. Eliminating the item of coin and bullion, as well as that of foreign produce in transit through Canada, our foreign trade was \$1,550,000,000 for the period as compared with \$1,084,000,000 last year, an increase of fifty per cent.

Growing Public Debt.

"The net public debt of Canada has assumed large proportions, now amounting to \$948,000,000, exclusive of guarantees, and is growing at the rate of \$1,000,000 daily. Large as these figures are, they must continue to grow while the war endures, and some concern is being shown as to how they are to be provided for.

"The recent Victory Loan, so splendidly taken up by all classes of the people, should suffice, with the surplus on consolidated revenue account, to meet the financial requirements of the Government until well on to the end of next year, before which time many things may happen. What is now imperatively required is that no unwise

expenditures be made, no new financial obligations undertaken, and that the burden of taxation be distributed equitably.

"Whether our debt is to be included in a huge Allied funding operation, or we provide for it by funding our own liabilities, is a matter that need not concern us at the moment.

"Our country is one of the most productive in the world. Our gold holdings per capita almost equal those of the United States. Our natural resources are unbounded and our credit is irreproachable. There are no doubt difficulties and anxieties ahead which we shall still have to face, but I think we may look forward with confidence to providing without undue strain for the burden of our patriotic endeavor."

THE GENERAL MANAGER'S ADDRESS.

Sir Frederick Williams-Taylor, the General Manager of the Bank, then made his annual address, as follows:

"Mr. Chairman and Gentlemen,—I feel it a great privilege to present to-day for your approval the centenary balance-sheet of the Bank of Montreal.

"Coincident with this anniversary, our President, Sir Vincent Meredith, has completed fifty years of uninterrupted service in this Bank, and it is fitting that we should extend to both our heartiest congratulations.

"As the President has dealt with the banking and financial situation in general terms, my preliminary remarks will be confined to specific incidents and influences bearing upon the business of your Bank.

"Above all other events the entry of the United States of America into the war stands paramount and bears upon the Canadian economic and banking position with a force the effect of which is only now commencing to be felt.

"Shortly after the outbreak of war, Wall Street, as every one knows, took the place of the London market for our country's public loans, and continued in that place until a few months ago. Now the influx of American capital is scanty, the inflow of borrowed money from the United States—which we had come to look upon as a matter of course—is suspended, it may be until the end of the war, and Canada is 'on her own.'

"In other words, little money is coming into Canada, except in payment of exports, and, therefore, for the first time since Confederation the Dominion is cast upon her own financial resources.

"By some this will be regarded too seriously, by others not seriously enough. Actually, the stoppage will have far-reaching consequences. On the one hand, industrial development will be checked, but on the other hand the inability to borrow may prove a blessing in disguise, once we have adjusted our affairs to the changed conditions. It is surely well for us to learn to do without financial assistance, especially as the country at large already has a debt abroad, the interest on which runs into the great sum of about \$500,000 per day. So long as the stream of money flowing into the country was uninterrupted, it was difficult, if not impossible, for our people to see the necessity for economy. Personal extravagance is still conspicuous in many directions, but presently economy will become general—from high motives, we hope; if not, then from stern necessity.

"It is true that the development of Canada could never have reached its present stage but for moneys borrowed abroad, and, therefore, Canada is grateful, first, to Great Britain, and, secondly, to the United States, for the help they have thus contributed to the remarkable progress which our country has made, particularly during the past twenty years.

"It is, however, equally true that our misuse of borrowed money is in great measure responsible for some of the chief evils that have come upon us. I refer especially to the inflation which before the war started the increase in the cost of living, and to the creation of debt unrepresented by productive investment. Now that the inflow of money is suspended, we must pull ourselves together, practise economy, till

the soil, produce to a greater extent the manufactured goods we require for our own use, until in the fullness of time we emerge a wiser and a better people in a sounder economic position.

"Having learned our lesson, this is clearly no time for us to brood over the errors of the past score of years, but rather to take stock of our resources, and with stout hearts to set about the work of conservation and rehabilitation.

"At the beginning of this Armageddon, England admittedly made mistakes that would have demoralized any other nation. These mistakes have been corrected, until to-day the British Empire has an army in the field whose equal in combined morale, size, equipment, organization, tenacity of purpose and fighting qualities the world has never known. Canada has played no inconspicuous part in this re-creation, and we shall be equally successful in recovering our economic balance.

"We are the fortunate possessors of a splendid, healthful and beautiful country, abounding in natural wealth; and, what is equally important, we can properly claim to be a virile, industrious and ambitious people.

Quick Assets.

"Thanks mainly to the soundness of our banking system and to the healthy condition of our banks, Canada can still hold up her financial head. Our own Bank's ratio of quick assets to liabilities is 75½ per cent, compared with 75 per cent. a year ago, and 64 per cent. the preceding year.

"We have heard it remarked by certain friends that the Canadian banks are too strong, and your own Bank particularly so; but permit me to express my clear conviction that the sheet anchor of our Canadian national ship is the Canadian banks, and that anchor must be strong to hold against wind and tide. The banks have kept strong in an endeavor to prevent currency inflation, while at the same time they have made war advances to the Canadian and Imperial Governments to an amount that would have been regarded as impossible three years ago. Such advances are naturally included among liquid assets. The loans made by the banks to the Canadian and Imperial Governments have enabled the business of the country to be carried on to an extent otherwise impracticable.

"Those of us who are responsible to you trust that you are satisfied with our judgment as to the percentage of liquid strength that we consider essential in these times. Of one thing you may be sure, our strength is not at the expense of our commercial business, which we are always ready to extend to meet the requirements of the Bank's customers."

Appreciation for Staff.

Mr. C. R. Hosmer moved, seconded by Mr. George B. Fraser, that the thanks of the meeting be tendered the General Manager, Assistant General Manager, the Superintendents, the Managers and other Officers of the Bank for their services during the past year.

The motion was unanimously adopted, and was responded to by the General Manager, Sir Frederick Williams-Taylor.

ELECTION OF DIRECTORS.

The ballot for the appointment of Auditors and the election of Directors for the ensuing year was then proceeded with. The Scrutineers appointed for the purpose reported that Messrs. James Hutchison, C. A. J. Maxtone Graham, C.A., and George Creak, C.A., were duly appointed Auditors. The following gentlemen were duly elected Directors:

D. Forbes Angus, R. B. Angus, J. H. Ashdown, H. W. Beauchamp, Colonel Henry Cockshutt, H. R. Drummond, G. B. Fraser, Sir Charles Gordon, K.B.E., C. R. Hosmer, Harold Kennedy, Wm. McMaster, Sir Vincent Meredith, Bart; Major Herbert Molson, M.C.; Lord Shaughnessy, K.C.V.O.

The meeting then terminated. At a subsequent meeting of the Directors, Sir Vincent Meredith, Bart, was re-elected President, and Sir Charles Gordon, K.B.E., was re-elected Vice-President.