STOCK QUOTATIONS

Morning Stock Letter

(Received over Pitfield and Co's Private Wire)

NEW YORK, Dec. 10—According to Dow Jones Prime Minister Baldwin will make a statement in the House at 11 a. m. regarding the King's position. According to the Metropolitan papers the King will abdicate in favor of the Duke of York. Dow Jones reports that the London market opened off with restricted volume but later in the morning improved. In view of the action of the London market and the action of the New York market yesterday we would expect an irregular firm opening with probably some hesitation until Baldwin's statement is made, but the market looks as though it has made a temporary bottom at least and we would expect better prices later in the day. Paramount directors are scheduled to meet today to take dividend action on the six per cent preferred stock. We would favor the farm implement stocks, oils, amusements, steels and rails.

TORONTO, Dec. 10—Aldermac—Announcement is made of plans for stepping up the present mill from 500 to 1,000 tons daily capacity.

Federal Kirkland—Looks higher. It was a strong feature yesterday with an excellent calibre of buying in evidence. As stated in recent personal wires feel this stock has definite attraction as a speculation.

Tashota—Shareholders yesterday approved increase in authorized capitalization and new financing will probably be announced.

Rouyn Reward—Work is reported to have started yesterday at Rouyn Reward the property adjoining Pontiac and Powell Rouyn. A crew is understood to be at surface work preparatory to diamond drilling.

N. Y. Stock Exchange

(Supplied by Pitfield & Co., members of Montreal Stock Exchange and Curb Market)

Stocks	Open	Close
Al Chem	231	232
Am Can	119	117½
Am For Pr	73¾	73¾
Am Rad	23⅜	23⅜
Am Tel Tel	188	189¼
Am Water	25⅝	25⅝
Am Water	25⅜	25¼
Anaconda	49¾	51
Atchison	74⅛	74
Atl Ref	31⅛	31¼
Auburn	32¾	32⅝
Bald Loco	10⅛	10⅛
Balt Ohio	22¾	22⅞
Bendix Av	28¼	28½
Beth St	72⅝	74¼
Briggs Man	150	151
Case	68⅝	69
Ches Ohio	122¼	124
Chrysler	161¼	161¼
Com Sol	3⅜	3⅜
Com So	67	66
Con Can	45⅞	46
Corn Pro	70	70
Cur Wright	7	7
Deere	97½	98¾
Dupont	181	181⅛
Elec Auto Lt	43¾	44¾
Elec Pr Lt	22	21½
Firestone		
Gen Elec	51¼	51½
Gen Foods	40	39⅞
Gen Mot	48⅜	49½
Goodrich	31¾	31⅝
Goodyear T	28½	28½
Gt Nor Pfd	41¾	42½
Hud Mot Car	19½	19⅜
Ill Cen	25⅛	25⅛
In Har	98½	98⅝
Int Tel Tel	12⅝	12⅛
Johns Man Co	142	142
Kennecott	57⅝	59⅞
Miss Pac Ry	3⅞	3⅞
Mont Ward	65½	66
Murray Corp	18⅝	18⅝
N Y Cen	44¾	45⅛
Natl Dis		
Nat Cahr Reg		
New York N H	5	5
Nor Am Co	31¼	30⅝
Nor Pac	27½	27½
Pack Mot	11	11
Paramount	22¾	22½
Penn R R	41¾	41⅛
Phil Mor		
Phil Pet Co		
Pub Ser N J	48¼	47¾
Pure Oil Co		
Radio Corp	11½	11¾
Radio K O	8¼	8⅜
Sears Roe	96½	97¼
Shell Union Oil Co		
South Pac	43¼	43⅝
Std Oil Ind	43	44⅛
Std Oil N J	66⅝	66¾
Stude Co	13⅞	13¾
Texas Co	49⅝	49⅝
United Airs	27⅞	28
United Corp		
United Drug		
United Gas Imp	14¼	14⅝
U S Rub	46½	47¼
U S St Co	76	77¼
U S Ind Al	40¼	40
Vanadium	24⅜	24¾
Warner Bros	17⅛	17
Western Union	85⅝	85½
West Air B	45⅛	46
West Elec	145¾	146¾
Woolworth	66	66½

Produce Prices

MONTREAL, Dec. 10 — (CP) — Wheat, Nor. No. 1 $1.26; No. 2 $1.25; No. 3 $1.22; No. 4 $1.19 1-2; No. 5 $1.16; barley, C.W. No. 3 .78; No. 5 77; oats, feed, No. 1 .52 1-2; No. 2 .54 1-2; oats, C.W. No. 3 .56 1-2.

Flour, spring wheat patents, firsts $6.80; seconds $6.40; bakers $6.30; winter wheat patents, choice $4.80 to $4.85; white corn $6.50.

Bran, ton $31.25; shorts, ton $33.25; middlings, ton $37.25; rolled oats, bag 90 lbs. $3.45; hay, No. 2 per ton, carlots $9.

Cheese, Ontario, unquoted; Quebec, unquoted.

Butter, .25 1-8 to .25 1-2.

Eggs in cartons: A-1 large .45; A-1 medium .35; A-1 pullets .32; A-large .43; A-medium .34; A-pullets .32 B-large .29 to .30; B-medium .27 to .28; C .25.

(Canadian Press)

MONTREAL, Dec. 10—Prices held unchanged to slightly lower on Montreal open produce markets today in quiet trade.

Graded egg shipments in carlots or less were quoted at 35 1-2 to 36 cents a dozen for A large, 28 for A medium, 27 for A pullets, 23 1-2 to 25 1-2 for grade B and 22 to 23 for C.

Butter was quoted at 25 to 25 1-2 cents per pound for carlots or less of no 1 while lots to retailers were 26 to 26 1-2 for solids and 26 1-2 to 27 for prints.

DODD'S KIDNEY PILLS
TREATMENT FOR
BACKACHE
HEADACHE RHEUMATISM
BLADDER TROUBLES
NUMBER 4087 THE PROPRIETORS

Mt'l Stock Exchange

(Supplied by Pitfield & Co., members of Montreal Stock Exchange and Curb Market)

Stocks	Open	Close
Abitibi	4¼	4⅜
Asbestos	92	92
Bathurst	16	16½
Beauharnois	4⅞	4⅞
Bell Tel	160	160
Brazilian	17⅞	18⅛
Brew Corp Can	2½	2⅝
Bruck Silk	7¼	7¼
B C Pow A	35½	35½
Build Prod	56	56
Can Cem	12⅞	12⅞
Can Nor Pr	25¼	25¼
Can Car Fd	17	18⅞
Can Cem	12⅞	12⅞
Can Hydo Pfd	74	73½
Can Ind Al A	7	7⅛
Can Pac	13¼	13⅝
Celanese		
Cock Flow	9⅜	9⅞
Cons Smelt	75¼	76¼
Dist Seag	25½	26¼
Dom Coal Pfd	21	21
Dom Bridge	54	54¾
Dom St B	9⅞	10⅜
Dom Stores	10½	11⅜
Dom Tex	73	75¼
Don	13¾	14
Eng Elec A B		
Fraser Co	30	30
Found Co	24	24
Gen St Wares	7¾	7½
Goodyear		
How Smith	18½	18½
Imp Tob	14	13⅞
Int Nickel	61¾	63
Int Pow Pfd		
Lake Woods	36	36¾
Massey Har	7	7
McColl Fr		
Mtl Pow	33¾	33¾
Nat Brew	42½	42⅝
Nat St Car	50¾	51½
Noranda	71½	71¾
Pow Corp	20	20¼
Quebec Pow	18½	17⅝
Shawinigan	25½	26
St Law	6⅝	6⅝
Sou Can P A	13	13
St of Can	73½	73¾
St of Can Pfd	64½	65½
Win Elec A	4½	4½
Win Elec B	4½	5

FINANCE

BY FREDERICK GARDNER
Associated Press Financial Writer

NEW YORK, Dec. 10 — (AP) — With tension over the British crisis limited by abdication of the King, and confidence in further domestic business recovery renewed selected stocks rallied sharply in today's market.

Steels, mines and specialties forged ahead for gains of 1 to 2 points, with a few jumping 5 or so.

WASHINGTON, Dec. 10—(AP)—Loans on securities to brokers and dealers, held by weekly reporting member banks in New York City, were reported today by the Federal Reserve Board to have totalled $1,059,000,000 for the week ending yesterday, an increase of $57,000,000.

Loans for the corresponding week a year ago totalled $950,000,000.

NEW YORK, Dec. 10 — (CP) — Official control, traders said, maintained order in a narrow advance of European currencies against the United States dollar following statement of Britain's constitutional crisis today.

The pound sterling advanced 1-2 cent to $4.90 7-16, French francs rose .00 1-8 of a cent to 4.66 1-2 and the Netherlands guilder closed .05 of a cent higher. Canadian funds hardened 1-8 to 100 1-8.

NEW YORK, Dec. 10 — (AP) — Cotton futures closed very steady today, 12 to 21 higher. Dec. 12.66 to 67; Jan. 12.40; March 12.38; May 12.24 to 25; July 12.07 to .08; Oct. 11.64 to 65. Spot steady middling 12.98.

MONTREAL, Dec. 10 — (CP) — Egg and butter prices held fairly steady on Canadian commodity exchange produce section today.

Butter spot Que. regraded .25 1-8 to 1-2.

Cheese spot—Unquoted.

Eggs spot—Cnt. A-1 large 36a; A-medium 32a; A-pullets 27a; B-large 25; B-medium 23 1-2a; C, 22a.

Cheese averaged two extra cents for Ontarios while Quebecs were unquoted.

Potatoes: P. E. I. Mts. 90's $1.50 to $1.55; Que. Mts. 80's $1.10 to $1.15; N.B. Mts. 80's $1.20 to $1.25.

Economic Situation and Prsopects Reviewed by Bankers

Forces of Recovery Once More in Ascendant Says Bank of Montreal President

Sir Charles Gordon Warns, However, Against Policies That Would Bring Credit of Country Into Disrepute

Strong expressions of confidence in the outlook in Canada were the keynote of the proceedings at the annual meeting of the shareholders of the Bank of Montreal, held at the head office of the Bank in Montreal on December 7. The meeting was also informed that the bank is in an extremely strong position, and that deposits had been further protected by another substantial addition to the reserve account. Sir Charles Gordon, G. B. E., president, was in the chair and the 119th annual report which was presented was unanimously approved.

The financial statement showed total assets to be $805,100,000 as compared with $792,800,000 a year ago, with quick assets standing at $606,500,000, representing 83.27 % all liabilities to the public. Deposits by the public were shown at $653,000,000, an increase of $11,600,000. Profits, after the deduction of Dominion and Provincial Government taxes, amount to $3,181,501 as compared with $3,035,212 in 1935, an increase of $176,000. A feature was the announcement that the Rest Account had been increased to $39,000,000 by a transfer of $1,000,000 from Profit and Loss Account. This sum of $39,000,000, which had been accumulated from profits over the past 119 years and premiums on new stock issued, was held, it was explained as a protection for depositors; that is, as protection for deposit liabilities the Bank has not only 100% in conservatively valued assets, but in addition assets representing $36,000,000 of Capital and $39,000,000 Rest.

THE PRESIDENT'S ADDRESS

Sir Charles Gordon, in presenting the report of the directors, drew attention to the continuance in high figures of the Bank's assets and to the relatively high liquidity of those assets, remarking: "This is the ninth annual meeting over which I have presided. The report which was presented on the first occasion when I had the pleasure of addressing you as President, namely, in 1928, showed that our commercial loans at that time amounted to 45% of our deposits and our investments to 15%. Today the commercial loans amount to 21% and the investments to 64%. This represents a great change; in fact, so great has been the change that a large portion of our business has become, for the time being almost of the nature of an investment trust. In a recent visit to New York I found the same conditions existing with the larger institutions there. In their case, however, interest is paid upon less than one-tenth of the deposits placed with them and therefore they are able to loan funds at a very low rate of interest—in fact, at almost any rate—and still meet their overhead. The reverse is the case in Canada, as while no interest is paid on deposits in our current department, the larger volume of money is placed in the savings department, with the result that we pay interest upon nearly seven-tenths of our total deposits. This interest must be earned, in addition to the Bank's cost of operating, before there can be any return to shareholders. We hope that with the encouragement which improving trade will give to business enterprise, the demand for banking accommodation will increase and that at our next meeting we shall be able to report a better balance between commercial loans and gilt-edged investments."

A YEAR OF RECOVERY

Turning to a review of the trade and industry of Canada, he said: "It has been said that fear today has many spokesmen, confidence but few. I feel that circumstances warrant my speaking with more confidence than for several years past regarding conditions in this country, this view being based to a great extent on personal observation. In my recent trip to the Pacific Coast I found a marked improvement over the conditions which prevailed at the time of my previous tour two years ago. The year under review can truly be said to be a year of recovery in which with certain reservations, it can be claimed that every province of the Dominion has participated. If I were preaching a sermon instead of addressing a meeting of shareholders, I would say that a note of Sursum Corda—'Lift up your hearts'—should strike a responsive chord everywhere from the Atlantic to the Pacific. Five fundamental features are outstanding in any review of the year's progress. They are: the recovery in agriculture, the extraordinary activity in mining, the all-time record in newsprint production, the gratifying increase in the tourist trade, the striking expansion in our export trade."

He showed how these features were reflected in the conditions currently obtaining in the various provinces, observing in connection with the Prairie Provinces that "an uplift has been given to the whole West by the best wheat price level in years, the value of this year's crop being estimated at $197,000,000 as compared with $156,000,000 last year. An added factor in the uplift is an export demand which is rapidly dissipating the depressing cloud that has overshadowed the market in the form of the large carry-over from former years."

THE BUILDING INDUSTRY

While this had been a year of recovery throughout Canada, he continued, there were important industries in which recovery was only now becoming apparent. They were the building industry and what were known as the capital goods industries, by which was meant industries which supply the requirements for production. "Building and capital goods industries are among the first to feel a depression and the last to recover," he said. "We are approaching the time when an upswing in these industries may be anticipated. The best way to stimulate this and to bring our whole economic life to a balance is to introduce an element of certainty about the future into the picture. I am glad to observe that this feeling apparently permeates the administration at Ottawa."

He commended the Home Improvement Plan put forward by the Dominion Government, acting on the recommendation of the National Employment Commission, detailed its scope and the co-operation which the banks were giving to it, and touched on the plan for developing low cost housing to which attention was now being given by the National Employment Commission, adding: "The adoption by the Dominion Government of a broad housing policy of this nature should without question have a considerable effect in putting to work men whom the depression has hit more severely than almost any other type of Canadian citizen."

EXPORT TRADE

Sir Charles proceeded to deal with the continued expansion of Canada's external trade and the growth to substantial proportions of the favourable balance.

"The excess of exports," he said "is, of course, decidedly advantageous to the Dominion as a debtor country and at the same time there is in the continued upward movement of this trade a factor of the utmost importance in its bearing upon the general industrial welfare of Canada. It is particularly gratifying to note that the products of agriculture are regaining their normal place in the export list. The reciprocity agreement with the United States, which became operative at the first of the year, has contributed to a heavier exchange of products between our neighbours and ourselves, and the results on the whole appear to be satisfactory. The Canada-United Kingdom trade agreement of 1932 is due for revision next year and it is generally assumed that the Dominion will be asked to augment its concession to British exporters. The present ratio of trade between Canada and the United Kingdom creates a **prima facie** case in support of such an anticipated request, but the Canadian Government will have to consider, as, indeed, is necessary in all such negotiations, the calculable effects of new concessions upon domestic manufacturing industries and domestic industrial employment."

Classing wheat, the tourist traffic, newsprint and mineral products as the four most important items entering into our international trade, he dwelt more particularly on mineral products.

A NEW MAJOR MOVEMENT

"This country," he remarked, "is now well launched upon what is undoubtedly another major movement in the history of her development. I refer to the mining of metals. Our physical heritage of minerals is being appreciated now that the whole world has entered upon an age in which metals are so urgently required for many new purposes. The activity in mining such metals as gold, copper, nickel, lead and zinc is phenomenal. It has been estimated that a total of more than $200,000,000 annually is being placed in circulation by the mining industry, of which in excess of $100,000,000 goes to payrolls of mining employees and upwards of $75,000,000 for supplies and equipment. This does not take into account dividends and many capital expenditures, nor does it include taxes paid to governments or the industry's large payments for transportation service, with the resulting benefit to our railways. With regard to capital expenditures, I would like to emphasize the point that the activity in mining development which we are now witnessing would be impossible were not capital, that great and little-understood instrument of modern industry, available. It is capital which finances the prospector, capital which provides machinery and explosives, capital which sink shafts, capital which takes chances on finding hidden treasure and, when that treasure is found, it is capital which provides the means of making the stubborn rocks yield up that treasure. A recent survey which the Bank has made suggests that of all Canadian industries that of mining, with its collateral activities, is the greatest contributor to the federal income tax."

BALANCED BUDGET IN SIGHT AT OTTAWA

Touching upon how the state of Dominion Government finances had reflected the change that has recently come over business and other conditions, he said: "Total federal receipts for the fiscal year to October 31st were nearly $268,000,000, an increase of $41,000,000 over the same period of last year, the largest single increase being registered in income tax collections. Simultaneously, total expenditures were down from $280,000,000 to $275,000,000, due largely to the reduction in the Canadian National Railways deficit and decreased relief expenditures. Thus, up to October 31st, the excess of total expenditures over total revenue is only $7,000,000. If the present rate of revenue receipts is maintained, with accompanying measures of operating economy, there is every indication that the deficit of the Dominion Government for the present fiscal year, aside from loans and investments which presumably may be classed as recoverable, will be reduced to a relatively small figure.

"When we consider that during the past six years these deficits have averaged over $133,000,000 per year," he remarked, "it is gratifying to note that at last there is in sight a balanced budget—the goal of every finance minister and the cornerstone of any programme for restoring business confidence and the free functioning of private enterprise."

THE RAILWAY SITUATION

With respect to legislation brought in by the Government substituting a board of directors for the management of the Canadian National Railways for the board of three trustees appointed by the late Government, Sir Charles said: "It is at yet too early to appraise the value of this change of system, although the appointments to the Board have been such as to receive general approval. It is confidently expected that the new directors will take it as their duty to exercise every effort to reduce the annual deficit of the publicly owned railway system. To some extent this may possibly be accomplished by measures of internal economy. To some extent savings can probably be made by measures of further co-operation with the Canadian Pacific Railway, which, presumably, will be ready to assist in every proper fashion."

As to the announcement of the Government that it had under consideration a measure to provide for a revision of the capital structure of the Canadian National Railways, he said such a proposal was commendable if a revision of the railway accounts to bring them into keeping with accepted accounting practices was necessary, but he added: "Unfortunately, there is always the possibility that, in endeavouring to have the railway appear self-supporting, some may urge that part of its indebtedness should be transferred to the general accounts of the Dominion. There is thus a very real danger that the accuracy and completeness of the record of publicly owned and operated transportation will be obscured. While it may not be palatable from the point of view of those directly concerned in the results of the Canadian National Railways, a strict account is necessary to record fully the total losses, the debts and the annual deficits which have resulted. In the interest of the proper framing of future policies with respect to the Canadian National Railways, it is to be hoped that no changes will be made in such accounts which would tend to make more difficult a proper understanding of the true facts of the railway situation.

"The publicly and privately owned railways will benefit from the increasing volume of business which is evident in Canada. It is to be hoped that this relief for the taxpayers will be considerable, but I wish to record again the opinion that prudent administration of the public affairs requires that we should give the most careful consideration to some more complete and permanent solution of a grave national problem that can be obtained by any expected increase in earnings. It is urgently necessary that every effort be made to reduce to the minimum the burden placed on the citizens and tax-payers of this country by the maintenance of an unnecessary mileage of railways."

THE CREDIT OF THE DOMINION

Referring to his remarks at the last annual meeting on the change of Government that had occurred just previously, he said: "I think you will agree that in the interim the affairs of the Dominion have been in good hands, but I am sorry that I cannot say as much for all of our provinces. Our shareholders are all aware of the changes which have been taking place in the various provinces with a view to bettering their financial position with regard to debts. You will have your own ideas on this subject. Repudiation, which is nothing more or less than a breach of contract, is sometimes talked about, and I cannot see how this line of thought can be pursued without the credit of the whole Dominion coming into disrepute."

He also touched on the rise in the stock market that had been continuous for some months, expressing the hope "that the government may not continue to a point where we shall witness, even in small degree, a recurrence of those disastrous experiences that preceded the depression from which we are now emerging."

Sir Charles closed his remarks on an optimistic note, saying "We still have problems to face but, as regards these problems I stand squarely on the opposite side of the fence from the pessimists and I believe that, with the experience gained in the past few years, we in Can will steadily work our way toward better things."

SIR CHARLES GORDON, G. B. E.

General Managers Discuss Commercial Loan Situation

REPORT IMPROVED BUSINESS AND FEELING OF CONFIDENCE

In presenting the 119th annual financial report to the shareholders W. A. Bog, speaking on behalf of himself and his fellow general manager, Jackson Dodds, pointed out that during the past few years a feature of banking, not only in Canada but also Great Britain and the United States, had been the regrettable decline in the demand for commercial loans and, as a result, the banks to an increasing degree had turned to investing in securities.

"A number of factors have contributed to the reduced need for bank credit," he said. "The speeding up of production processes and increased and swifter transportation facilities have been instrumental in reducing the size of inventories of both raw materials and finished goods carried by business enterprises, thus lessening the working capital necessary to finance operations. Another factor has been that business corporations have been able to obtain their requirements by means of public financing encouraged by the prevailing low level of interest rates. These steps have lessened the necessity for borrowing from banks. Furthermore, the concentration of business into large companies has, in many instances, enabled the various components of these corporations to arrange their financing through the parent organizations, which generally have been well provided with cash resources. Another development has been the tendency for manufacturers to sell direct to retailers and so eliminate, to a large extent, the services of wholesalers, who were once important borrowers from banks. With a world-wide declining price level, the funds required to finance a given physical volume of goods or commodities have been appreciably reduced and, accordingly, there has been a corresponding decline in the demand for bank credit.

COURSE OF COMMERCIAL LOANS

"In view of the various factors that affect the situation, it is not possible to forecast the future trend in the demand for bank loans. While the decrease attributable to changes in production technique may be permanent, this cannot be said with regard to many other factors entering into the situation. As the volume of business activity increases, companies will doubtless find it necessary to utilize existing liquid resources in plant or other capital expansion and, as such resources are thus utilized, recourse will again be had to bank borrowings for inventory and other current requirements. Extensive capital expansion normally has the tendency to stiffen money rates, and short-term borrowing from banks for working capital purposes will be relatively cheaper than obtaining funds through the issue of securities, especially if the requirements of the borrower are of a seasonal nature. The upward movement in the level of prices will also tend to increase the demand for bank borrowings and firm up in erest rates.

"Even if the future should reveal that well-established companies individually will require less bank credit than in the past, a return of confidence should foster new enterprises and there should be a tendency for the demand for commercial loans to increase in the aggregate.

BANK'S INVESTMENT POLICY

Upon the question of bank investments, Mr. Bog said the abnormally high ratio of investments to total assets, which had become a feature of bank balance sheets, called for great care on the part of the banker. When commercial loans were the principal source of revenue, the problem of investing in suitable securities was comparatively simple. Then, as now, it was the Banks policy to invest principally in obligations of the Dominion Government. Although formerly the question of income from investments was only a matter of relative importance, the yield on short-term Dominion bonds was high in comparison with the return on these securities today. He pointed out that there was an element of danger in following, even temporarily, a policy of long-term investment, and added: "The policy followed as regards our own investments has been to purchase the shorter term securities with the intention of holding them until they fall due, and arranging the maturities in such a manner that at intervals throughout the year a substantial volume of funds becomes available for commercial purposes should the demand arise. In illustration of the sound principles enunciated above, 47.49% of our securities mature within two years, and only 10.59% thereof mature subsequent to 31st October, 1943. In other words, our holdings are so arranged as to secure the utmost protection against fluctuation in the level of bond prices and to provide for the normal demands for commercial loans as and when required."

SAVINGS ACCOUNTS PARTICULARLY VALUED

Speaking on the reduction of interest on savings deposits to 1½% per annum — the third reduction since May, 1933, he said the reduction had been made with reluctance, and it was only the continued decline in the yield on securities and the low level of commercial loans that had compelled the banks to take this step. He added: "One need only instance that, on the 31st October, 1935, the yield on three month Dominion Government Treasury Bills was 1.3017%; at the same date this year an issue was made at an average rate of .73%, and an even lower rate of .643% was recorded in September.

"I would repeat that these reductions in savings interest rates were made with great reluctance as any action that curbs the incentive to thrift is detrimental to the welfare of the community. In most cases, the first step in building up reserves for the rainy day is through the medium of a savings account, and we particularly value such accounts, regardless of the initial balance, as we consider that the principles of thrift instilled preferably at an early age are of incalculable value to the country as a whole and the depositor in particular."

Turning to the question of legislation affecting the sanctity of contracts, Mr. Bog declared that any policy which would tend to weaken the binding effect of such agreements was to be deprecated, as, he observed, "such a policy would strike at the very core of our economic order, for when there is lack of confidence, a slackening of business activity takes place, bringing unemployment in its train."

CREDIT ABROAD

"The effect on our credit abroad is also of paramount considertaion. There is a large volume of foreign capital invested in Canada, which has contributed very materially towards building up the country and we may be sure that we shall continue to need such capital in our future development. At all events, it would be imprudent in the extreme to foster any legislation which would unsettle those foreign investors who have already in a tangible way shown their confidence in Canada.

"At this point it would be pertinent to state that the bank adopts a sympathetic attitude towards borrowers in distress. Where borrowers, through unfortunate circumstances beyond their control, are unable to meet their obligations, the bank shows every consideration. At the same time, it expects that those who are able to do so will carry out their undertakings."

A WORD ON CORPORATION FINANCING

Having described the course of financing during the year followed by the federal Government, he referred to issues floated by Provincial and Municipal Governments and to corporation and railroad financing, remarking: "A feature of some of these refinancing operations has been the issuance in part of short-term serial bonds. Such a procedure in some cases can no doubt be justified. My belief is, however, that in aiming at low interest charges some companies may have overlooked the fact that their working capital position would be less vulnerable if the amount borrowed had been obtained by means of longer term issues to be retired by the operations of a reasonable annual sinking fund."

He also referred to the importance of stability of exchange, remarking that there was indication of a trend towards the resumption of an international money standard based in some form on gold. "The apprehensions expressed in the past that there is insufficient gold in existence for the purpose of a return to an international gold standard would now appear to have lost their force," he said, adding: "With the rise in the price of gold since 1931, production has been accelerated considerably. The advance in the price of gold and the higher level of production, together with the release of gold hoards in the East have been instrumental in increasing the gold reserves of Central Banks and Governments of the world from about $11,275,000,000 in September, 1931, to roughly $21,770,000,000 in September, 1936 (using the higher price of gold at the latter date). In the same period gold holdings of the United States have risen from $4,364,000,000 to $10,845,000,000 — and since September the figure has passed the mark of eleven thousand million. The increased production of gold by Canada has helped the country materially in meeting its foreign obligations."

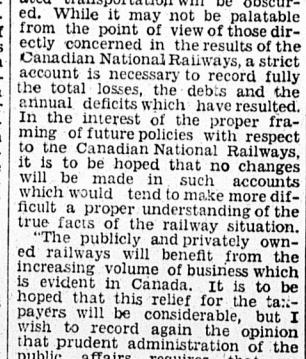
WIDESPREAD FEELING OF CONFIDENCE

Paying a high tribute to the loyal co-operation of the staff, he remarked that the high morale in the Bank's service might be attributed in part to security of employment and an assured income on retirement. These factors, from a national viewpoint, had been a contribution to the employment situation in Canada during the past few years when the Bank had carried a surplus of staff.

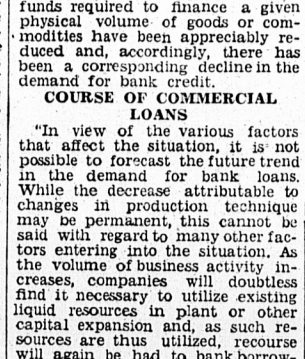
Copies of the printed report of the proceedings of this meeting will be mailed to shareholders and may be obtained by others upon request, the general manager said. The report will contain a general business and financial survey of the United States and Great Britain and, as usual, a detailed review of conditions in the various provinces and Newfoundland.

He concluded: "Notwithstanding some disturbing legislative influences in Canada, which cannot but act as a deterrent to recovery, there is a distinct improvement in business as a whole and a feeling of confidence in every phase of our economic activity."

"We in Canada Will Steadily Work Our Way Toward Better Things"



W. A. BOG



JACKSON DODDS

Banker Deprecates Influences Weakening Sanctity of Contracts

"The two greatest depositaries for the savings of Canadians in all walks of life are the banks and insurance companies," declared W. A. Bog, general manager, at the Bank of Montreal's annual meeting.

Continuing, he said: "There were on 31st October, 1935, over 4,600,000 depositors in the chartered banks with deposits aggregating $2,090,528,000, representing an average of about $450 for each account. It is estimated that there are 3,500,000 life insurance policy-holders in Canada and that the assets by which this insurance is protected amount to over $3,000,000,000.

"A great part of these funds belonging to depositors and policyholders is invested in securities. The protection of the savings of Canadians, built up so laboriously and with such self-denial over the course of years to ensure a measure of security in old age or to provide for dependents after death is and always has been the first consideration of this bank and should also be that of all Government authorities. In most instances, these savings are not large and a loss of only a small portion of the principal is sufficient in many cases to bring want and anxiety.

"Any policy which would tend to weaken the sanctity of contracts is to be deprecated as, in addition to harming those who can least afford to bear losses, such a policy would strike at the very core of our economic order, for when there is lack of confidence, a slackening of business activity takes place, bringing unemployment in its train."

GRAIN

WINNIPEG, Dec. 10 — (CP) — Weighty profit-taking took the edge off the advance on the Winnipeg grain exchange today after wheat prices had risen to their highest levels since mid-June, 1930.

A cent advanced at their best, values ended an active season 1-4 cent higher to 1-2 cent lower.

Buying against 750,000-bushel export sales, 1 7-8 gains at Liverpool and the sale of six cargoes of wheat of unknown origin to Italy prompted the early price rise. Values skidded abruptly in a pre-closing selling flurry.

Coarse grains prices established new seasonal highs in sympathy with wheat. December barley, up five cents at one time, widest fluctuation permitted in one day, set a seven-year high mark of 77 3-4. Cash-grains trading was active with steadiness prevailing.

WINNIPEG, Dec. 10 — (CP) — Closing grain futures:

Wheat: Dec. 114 5-8; May 115 5-8 to 3-4; July 112 7-8 to 113.

Oats: Dec. 49 7-8b; May 49 3-4; July 48 1-4a.

Barley: Dec. 76 1-2; May 69; July 65 7-8a.

Cash prices:

Wheat: No. 1 hard 115 1-8; No. 1 Nor. 115 1-8; No. 2 Nor. 112 3-8; No. 3 Nor. 109 5-8; No. 4 Nor. 106 5-8 No. 5, 101 5-8; No. 6, 97 5-8; feed 110 5-8; No. 1 garnet 110 5-8; No. 2 garnet 109 5-8; No. 4 special 100 5-8; No. 5 special 94 5-8; No. 6 special 89 5-8; track 114 5-8.

CHICAGO, Dec. 10 — (AP) — In late dealings today, wheat got as high here as $1.29 3-8 a bushel December delivery, but as on preceding upswing reacted because of profit taking.

Persistent demand for wheat to be shipped to importing countries furnished the chief incentive for market upturns. Canadian wheat export business was estimated to total 500,000 bushels.

At the close wheat was 1-2 cent lower to 1-2 cent higher, Dec. 123 3-8 to 1-2; May 123 7-8 to 124; corn 1 1-8 down to 1-4 up; Dec. 109 5-8 to 3-4; May new 103 3-8 to 1-2; oats unchanged to 1-4 off, and provisions unchanged to 22 cents dearer.

MT'L. CURB

(Received over Pitfield and Co's Private Wire, Members of the New York Stock Exchange and Montreal Curb Market)

Stocks	Open	Close
B A Oil	22⅜	22⅜
Dom Stores	10½	11⅜
Ford A	22	22¼
Imp Oil	20⅜	20⅜
Inter Pete	21½	21½
Melchers A	14	14¼
Walker Good		

MINING

TORONTO, Dec. 10—(CP)—The mining section of the Toronto exchange registered its best advance of recent weeks today as the atmosphere cleared in London. Buying perked up in both golds and base metals.

Hard Rock closed 16 cents higher, Mining Corporation 22 up; Darkwater 18 up and Vancouver 13 up.

Dome recovered two points of recent losses and Lake Shore also added 2.

Noranda registered an advance of 2 points to 72 and Hudson Bay was up nearly a point.

Use Minard's for Bites.