

IF CANADA WILL BALANCE HER BUDGET BY NEXT YEAR SHE WILL BE SECURE ON ALL OTHER MATTERS

BANK OF MONTREAL ANNUAL MEETING

Mr. Charles Gordon, President, deals with major problems that must be solved in Canada before country can make normal progress. Supplies interesting data showing enormous increase in country's national Railway system. Must be end to unwarranted competition and duplication of service — Points out that handling of newspaper situation should be regarded as a Federal Government matter of the greatest importance.

Jackson Dodds, Joint General Manager, reviews progress made by the Bank during past year — Points out change made through inauguration of Bank of Canada — Insists that burden of taxation has grown to a point where it consumes capital reserves, saps energy and enterprise and discourages industry and production. Definite improvement in business has taken place.

The 118th Annual General Meeting of the Bank of Montreal was held in the Board Room at the Bank's Headquarters.

On the motion of Mr. H. R. Donaldson, Sir Charles Gordon, G.B.E., was requested to take the chair.

Sir Charles Gordon, President, in addressing the shareholders, said in part:

THE PRESIDENT'S ADDRESS

Gentlemen—You have before you the report of the Directors of your Bank, together with the general statement and statement of the profit and loss account for the fiscal year ending on the 31st. I trust that the results of the year's operations will be deemed satisfactory, having in view the extraordinary conditions affecting the banking business in Canada during the past year. The profits for the year have proved sufficient to provide for payment of dividends on the reduced scale which has prevailed for some time past, but the rates have not been reduced. The earnings of your Bank are now feeling the effect of the transfer to the Bank of Canada of functions which our commercial banks formerly exercised and they also are being influenced by the lower rate of interest obtainable upon investment in high-grade securities in which your Bank has had to employ an increasingly larger proportion of its assets during the year. The demand for commercial loans. This latter consideration has resulted in our presenting to you a balance sheet of unusual strength in which the ratio of assets to liabilities is maintained at a level higher than in any previous period. The earnings of your Bank are now feeling the effect of the transfer to the Bank of Canada of functions which our commercial banks formerly exercised and they also are being influenced by the lower rate of interest obtainable upon investment in high-grade securities in which your Bank has had to employ an increasingly larger proportion of its assets during the year.

TRADE AND INDUSTRY

The year under review was not marked by any of the high importance in the realm of commerce at home or abroad. Progress in trade recovery in Canada continued but in less definite degree than in 1934 and in a general way it can be said that the recovery in the period was consolidated. In some instances enlarged.

FOREIGN TRADE

The foreign trade of Canada has made a striking recovery from the low point reached in March, 1933. In the first nine months of the year 1935, the value of our exports was \$1,255,000,000 compared with \$903,000,000 in the corresponding period of 1933, an increase of \$352,000,000 in the short space of two years.

INTEREST RATES AND TAXATION

During recent months we have heard a good deal about capitalists being subject to the attacks of criticism. I have always been at a loss to know just what a capitalist is. To my mind, any person who has been wise enough to save a little money and invest it in a period of illness or emergency must be reckoned as a capitalist, for the time being he must live on his capital. I do not think we want to discourage thrift and I was never a capitalist on bank deposits out from three per cent to two. This, however, was rendered necessary by the pressure of Government and the Central Bank for lower rates on Government loans. As a matter of fact, the Dominion of Canada has been borrowing money in some cases at rates which stand comparison with the rates at which the British Government has borrowed money in London. These low rates have resulted in a drastic cutting down of the earnings of the chartered banks which have been forced to reduce their deposit rates.

AGRICULTURE

The harvest in Canada exceeded that of 1934, and, taken as a whole, the yield of the principal crops has been higher. The yield of wheat, 274,000,000 bushels, of which 250,000,000 were garnered in the Prairie Provinces, was again much below average, no less than 60,000,000 bushels were so injured by rust and frost as to be unfit for milling purposes. The yield of oats, wheat and rye was much heavier than in 1934, there was an increase of 25% in the production of hay and cover, assuring an abundance of fodder for the coming winter. Generally the lot of farmers is better and in this connection it is gratifying to note that the disparity between the selling prices of the farmer's products and the cost of commodities which he is obliged to purchase is not now such a serious

with arguments as to what cannot be done to remedy the ruinous situation that exists with regard to them, and yet the Canadian National Railways is still allowed to plunge us into debt. During the past few years the guaranteed debt of the Canadian National Railways has increased \$405,000,000, grants to cover deficits have amounted to \$153,000,000, while unpaid interest upon loans from the Dominion Government has increased \$239,000,000. In addition of \$887,000,000 to the direct and indirect debt of the Dominion. Moreover, I am credibly convinced that adequate provision is not being made for depreciation and that this will eventually mean further large expenditures.

The Canadian Pacific Railway, which is one of the great transportation systems of the world, formerly paid its common stock preferred shareholders each year about \$40,000,000, which, by the way, was a very moderate interest. These payments have been discontinued, partly by business conditions but also to the fact that the system has been competing with a railway which is receiving money from the Federal treasury in generous amounts, by an easy process of book-keeping, are added to the Federal debt. The Canadian Pacific does not pay its interest and pay its taxes, and not a liability to the country. If the Canadian Pacific were earning and paying the dividends it formerly paid, it would be contributing to the Dominion's income tax now pays, an amount in excess of \$40,000,000, and there would be the further income tax levied from nationals owning the shares.

THE GENERAL MANAGERS' ADDRESS

Mr. Jackson Dodds, as Joint General Manager, read the address of the Board of Directors, which was in part as follows:

Mr. Chairman and Gentlemen:—I have the honour to present to you the 118th annual balance sheet of the Bank.

Important changes in the figures are as follows:

Our total assets amount to \$702,000,000 compared with \$709,100,000 a year ago.

Quick assets, including cash, total \$333,000,000, or 47.4 per cent of all liabilities to the public. This percentage is higher than necessary for normal requirements, and is a result of our policy of making loans for commercial purposes.

NATIONAL FINANCES

All the matters mentioned lead inevitably to the consideration of our national finances. It is our duty with these problems, the line of least resistance is followed by our government. It is our duty to expect further increases in our debt and taxation, and a continuance of deficits in our national budget, with the ultimate destruction of the national credit. Our debt has grown to a prodigious rate and there seems to be no prospect of its being reduced. The bonded indebtedness, direct or indirect, of our Dominion, Provincial and Municipal Governments, amounts to approximately \$650,000,000. This figure is a result of the past five years' borrowing, and it is \$300,000,000 per annum. A large part of the total is payable to principal and interest on the bonds which presents an added complication. Indeed, the situation is that we as a nation are sending abroad for interest payments alone \$200,000,000 every working day of the year. In this respect Canada's position as a debtor is not unlike that of Great Britain, whose government indebtedness is \$1,000,000,000.

TOURIST TRADE

Canada has unexcelled railway and hotel facilities to attract tourists throughout the year, and, year by year, as our automobile roads are improved, more and more tourists are attracted to our country. The railway and hotel industry is a most important one in the general interest of the country, and it is our duty to see that it is properly maintained and developed. It is our duty to see that the tourist trade is properly encouraged and that the facilities for its accommodation and entertainment are of the highest quality. It is our duty to see that the tourist trade is properly protected and that the interests of the tourist are properly safeguarded.

SECURITIES

Financing in Canada during the year was dominated by the issue of Federal Government obligations arising from budget requirements and the refunding of matured or callable bonds of the Dominion Government. Certain new issues were also created in connection with the \$200,000,000 Dominion note circulation.

Provincial issues were substantial, but not so numerous as in the past. Provincial issues were relatively small. Much refinancing of this field has been postponed awaiting the necessary restoration of budgetary equilibrium.

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Mt'l. Stock N. Y. Stock Exchange Exchange

Stocks			Stocks		
Symbol	Open	Last	Symbol	Open	Last
Bell Tel	144 1/2	144 1/2	Am For Pr	7 1/2	7 1/2
Bra	10 1/2	10 1/2	Am For Pr pd	25 1/2	25 1/2
B C Power	28 1/2	28 1/2	Am Water	20 1/2	20 1/2
Dom Steel	4 1/2	4 1/2	Am Can	130	130 1/2
Gen'l Elec	4 1/2	4 1/2	Am Rail	22 1/2	22 1/2
Can Ind	12 1/2	12 1/2	Am T and T	150 1/2	150 1/2
Can Pac	11 1/2	11 1/2	Ansoanda	28 1/2	27 1/2
Imperial	14	14	Atchafalca	38 1/2	38 1/2
Imp Nickel	46	45 1/2	B and Ohio	17 1/2	17 1/2
McCull Front	32 1/2	32 1/2	Benldv Av	20 1/2	20 1/2
Mont Pr	32 1/2	32 1/2	Can Gas	100 1/2	100 1/2
Nat Brew	39	39	Case	100 1/2	100 1/2
Nat Steel	13 1/2	13 1/2	Chrysler	83 1/2	82 1/2
Lower York	12 1/2	12 1/2	Gen'l Mot	54 1/2	54 1/2
Shawinigan	20 1/2	20 1/2	Gen'l Elec	38 1/2	38 1/2
So Can Pr	13 1/2	13 1/2	Gen'l Mot	54 1/2	54 1/2
Steel of Can	65	64 1/2	Gen'l Elec	38 1/2	38 1/2

BANKS

Bk of Can	266	265
Bk of Montreal	189	189
Royal Bk	189	189
Can-Bk Com	142 1/2	142 1/2

Use Minard's for Bruses

its at \$9,000,000 show a decrease of \$2,000,000. Provincial Government deposits at \$1,000,000 an increase of \$2,200,000.

Deposits by the public amount to \$64,000,000, an increase of \$1,000,000.

Profits, after deducting Dominion and Provincial Government taxes, amount to \$1,000,000, an increase of \$200,000.

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PRODUCE WESTERDAY'S QUOTATIONS LOCAL MARKET

(Canadian Press)

MONTREAL, Dec. 6—Butter firmed narrowly and other lines were steady on the Montreal open produce market today. No 1 grade butter in cartons or pound brought 25 3/4 to 26 cents a pound with small lots to retailers at 27 1-2 to 27 cents for solids and 27 1-2 to 28 for prints.

Grated egg shipments in cartons or less were generally 41 cents a dozen for A large, 34 for A-medium, 32 for A pullets, 25 1-2 to 27 cents for solids and 27 1-2 to 28 for prints.

No 1 Ontario white cheese brought 11 cents a pound and colored 11 1-2 cents.

Prince Edward Island potatoes in 90-pound bags were \$1.30 to \$1.35 for A pullets and \$1.25 to \$1.30 for B and 24 for C.

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MINING

(Canadian Press)

TORONTO, Dec. 6—Gold stocks today joined the base metals in the advance on the mining section of the Toronto Exchange, and volume increased in these changes as prices moved up. Aggregate turnover was the heaviest in four months. The exchange index for miscellaneous mines was raised three points to a new high for the year at 122.55.

In the opening stage base metals had the call and prices advanced on heavy volume. Around noon a little ground was lost and buyers turned to the gold group, particularly the medium price group. A few of the base metals continued upward however and closed at new highs. Falconbridge finished 35 cents up at 7.35. Noranda was in better favor and it netted a half point to 46 1-2.

Currency MT'L. CURB

(Canadian Press)

NEW YORK, Dec. 6—The vote of confidence in the Laval Government at Paris sent the French franc climbing in its widest advance in months in the foreign exchange markets today. The franc touched a high of 6.61 1-4 cents, highest since Aug. 2, before receding to finish the day at 6.60 1-2 cents for a net gain of .02 of a cent.

Sterling and the Canadian dollar did not advance with the franc, although the Dominion dollar cancelled an early loss to close unchanged at a discount of 1-8 per cent. The pound was off 7-8 of a cent at \$4.92 1-2.

NEW YORK CURB

(Canadian Press)

MONTREAL, Dec. 6—The pound sterling slumped sharply on Montreal foreign exchange today while the French franc gained narrowly and the United States dollar registered a small gain.

The pound was off 3-4 of a cent at 1-8 per cent premium. The franc firmed .02 of a cent at 6.68 cents.

EXCHANGE Miscellaneous

(Canadian Press)

NEW YORK, Dec. 6—Foreign exchange irregular. Great Britain high 4.93; low 4.92 3-8; close 4.92 1-2; 60 day bills 4.91 3-4; France 6.60 1-2; Italy 8.09; Belgium 16.89; Germany 40.25; Canada 98 7-8.

(Canadian Press)

Closing exchange rates:

At Montreal: Pound 4.98 1-32; U.S. dollar 1.01 1-8; franc 6.68 1-2; U.S. New York—Pound 4.92 1-2; Canadian dollar 98 7-8; franc 6.60 1-2.

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