A yearly statement of the operations of the Fund should be made, embracing at least (1) a valuation to determine the mathematical sufficiency of the Fund, (2) receipts and disbursements of the year, (3) Profit and Loss Account, (4) a Balance Sheet, including in detail all securities, cash, etc., held in the Fund, and the exact amount standing to the credit of each issue of Sinking Fund Debentures.

I have no hesitation whatever in saying that if such a course were followed, a municipality's securities when offered for sale would be more highly regarded by investors and financial houses, and, consequently, would command a higher price. (The obtaining of an additional one point in the sale of one municipality's securities for one year would represent a saving of more than $100,000). Moreover, if such reports as those referred to were available, the tax payer would be enabled to get an intelligent conception of the object and status of the Fund and thoroughly appreciate its functions. At the present time, owing, it is believed, to the meagre information available of the operation of municipal Sinking Funds, the tax payer has a very superficial knowledge of what the Fund is intended to do, and what its true position is. The whole subject is more or less shrouded in mystery and suspicion, and I am convinced that this condition is chiefly due to the failure to present the whole facts to the tax payer in a simple and concise form from year to year.

In conclusion, let me repeat that in my humble judgment there is no branch of municipal finance in which officials, boards of control, councils and tax payers should be more concerned and informed about than that which treats with the method of the repayment of debts, the rate of interest which these debts should carry and the proper administration of Sinking Funds. The fact that the municipal debts of this Province now aggregate, approximately, $175,000,000, that these debts run in many cases for a great number of years, and that time and interest are most potent factors, it is submitted that practices which are now regarded as uneconomical and obsolete should be revised and give way to those which are the most efficient, the most effective and the most economical.

The present Ontario Municipal Act has given much satisfaction and, generally speaking, it is highly regarded. It will, however, be recognized that changing conditions and new light on old problems will suggest from time to time amendments, and it is, therefore, believed that the following matters, among others, are worthy of consideration when the Act is under revision, which no doubt it will be at the next Session of the Legislature:—

1. Limitation of the borrowing powers of municipalities.
2. Improvement in the method of repayment of loans.
3. Prohibiting the raising of loans by way of permanent bonds to liquidate discount on bonds sold.
4. Prohibiting the sale of bonds at an abnormal discount.
5. Providing that the Provincial Municipal Department shall lay down rules for the administration of sinking funds; that the proper officer shall be required to see that such rules are adhered to and carried out; that the funds are efficiently administered, that they are properly invested and are sufficient to liquidate the debts for which they are being accumulated.

FAVORABLE TRADE BALANCE WILL CONTINUE

Canada to Provide for Foreign Debt Charges Out of Income—Change Predicted Has Happened

Canada may be likened to a young man, energetic, ambitious, and in possession of an extremely valuable but unimproved estate, for the improvement of which much capital is needed. To complete the analogy we must picture a parent willing to lend all the capital necessary for the development of the estate. During the period of construction the young man has been taking care of the interest charges on his indebtedness readily enough through the contraction of new loans. Obviously our young man cannot permanently overlook the fundamental consideration that his construction expenditures must be justified in the end through an increased production of wealth proportional to the investments. That is, he must provide eventually for foreign debt charges from current income and not as heretofore from capital account, suggests Professor T. H. Boggs, of Dartmouth College, in an article on "Capital investments and trade balances within the British empire," in the Quarterly Journal of Economics.

Canada's Balance Sheet.

After an analytical study of imports and exports and finances, in which the figures contained in "Capital Investments in Canada," published by *The Monetary Times*, are used, Professor Boggs compiles an approximate balance sheet of Canada, in which the figures represent annual averages for the period 1911 to 1913 in millions as follows:—

Visible Exports and Imports:	
Exports and imports of merchandise, including bullion: Average excess of imports	$239
Average annual excess of "visible" imports	$239
Invisible Exports and Imports:	
New capital imported and interest payments payable abroad: average net inflow	$175
Capital carried into Canada by immigrants and out by emigrants: average net inflow	80
Payments effected through the issuance of money orders: average net outflow	24
Payments on account of ocean freights and earnings of Canadian ships; expenditures in Canada by tourists, etc., and abroad by Canadians: estimated to balance.	
Average annual net inflow (i.e., "invisible" import)	231

On account of the great increase in the rate of flow of British and American capital into Canada during the past decade, Canadian imports have grown at a faster rate than exports. This situation, however, cannot persist indefinitely. In the not distant future the present disparity in value between exports and imports must shrink, then disappear, and later be followed by an excess of exports. (Already this change has taken place owing to Canada's increased production and the conditions produced by the war.—Editor, *The Monetary Times.*)

Excess of Exports will Continue.

Professor Boggs concludes by intimating that for an indefinitely long period thereafter the Canadian trade balance will be marked by such an excess of exports. This expected change in the balance of Canada, similar to that which occurred in the United States trade balance about 1873, may ultimately give way, in turn, to a further readjustment of exports and imports. Although as yet there are substantially no Canadian investments abroad, it is not inconceivable that here too the experience of the United States may in the end be repeated in Canada. But speculation of this sort goes beyond anything indicated in the present situation.

HAIL INSURANCE PREMIUMS IN SASKATCHEWAN

Editor, *The Monetary Times.*

Sir,—In an article dealing with investments of Saskatchewan, in the issue of September 10th, you quote as total premiums collected for hail insurance for the years 1913 and 1914 as follows:—

1913 premiums	$696,344
1914 premiums	747,818

As the hail insurance commission does not report to the insurance commissioner, but direct to the minister of municipalities, it begs to advise that the premiums collected by the commission were not included in this report. In addition to the figures quoted, the municipalities collected premiums for hail insurance in 1913 to the amount of $808,600, and in 1914 $870,856. These premiums are collected by the municipalities in the form of hail taxes and paid over to the commission for administration purposes according to the hail insurance act.

The Hail Insurance Commission,

J. E. Paynter, Chairman.