

BANKERS' VIEW OF WESTERN CONDITIONS.

MUNICIPAL BORROWINGS AND LEGISLATION— POWERS OF TRUST COMPANIES—ANTICIPATED IMPROVEMENTS.

The report of the Western sub-section of the Canadian Bankers' Association to the parent body states with reference to the action taken in December last with the view to the checking of the heavy and increasing expenditures of western municipalities on public works, often entered upon without reference to their bankers and without making any adequate provision for the meeting of the obligations to result therefrom, that resolutions were adopted, recommending that branches carrying municipal accounts should be instructed by their respective head offices or superintendents to come to a definite understanding with their clients that no expenditures for public improvements would be undertaken until the programme had been submitted to them and the necessary financial arrangements made, and, further, that they should take no part in the financing of expenditures for public works in districts outside the reasonable limits of a municipality.

As to the question of the regulation by some central authority of the capital borrowings and expenditures of western municipalities, the western bankers unreservedly endorse the proposal that steps should be taken to constitute a competent tribunal in each province, the function of which would be to pass upon each proposed issue of securities, having regard to the surrounding circumstances, and which would have power to prevent its being offered, if it were not approved by them. Also, the desirability of the enactment of legislation under which municipalities would be enabled to make their assessments for taxes earlier in the year than is now practicable, so that they may be in a position to prepare their estimates of revenue, decide upon their expenditures, and arrange for the meeting of their credit requirements with definite information at hand, instead of upon such indeterminate data as, under present regulations, is now only available to many.

It is believed, too, that advantage would accrue to municipalities if their power to encourage the prompt and to penalize the tardy payment of taxes were considerably enlarged. At present, with some exceptions, they are debarred from allowing a discount of any kind for early settlement, and the only penalty for delinquency now allowed to be imposed, having once been incurred, the debtor cannot be further prejudiced by continued default until a considerable additional time has elapsed.

SO-CALLED TRUST COMPANIES.

Steps have been taken during the past year to ensure the careful watching of proposed legislation in the provinces of Saskatchewan and Alberta and the prompt notification of the requirements of that which becomes effective from time to time, as has been hitherto done in Manitoba.

Another matter discussed was the wide powers granted to the so-called trust companies, which were being formed in such large numbers throughout the west, and which powers were being so largely added to, in some cases, as to include practically any act and the conduct of any business that a company

could, under any conceivable circumstances, find it convenient to perform or engage in. Some of the powers given might, in certain eventualities, prove to be seriously inimical to the interests of the general public, as they are already in some degree, to the chartered banks, upon whom are placed restrictions that are not made to apply to these trust companies and private banking firms. This matter was thought by the western bankers to be of more than local importance.

SOME ANTICIPATED IMPROVEMENTS.

The new powers given by the Bank Act, under which advances may be made to farmers on the security of their threshed grain, will prove to be of advantage, if it tends, as it is expected to do, to the steadying of the market and the easing of the pressure on the railroads, for the low prices and traffic congestion are almost inevitable when it is attempted to sell and forward the whole of a crop during the few weeks intervening between harvest and the close of navigation.

In common with all other communities the west has felt the effects of the world-wide financial stringency. One marked effect of it has been the placing of a decided check upon real estate speculation, which had previously attained to large proportions. In this direction, the scarcity of money has had an influence that is believed to have been entirely beneficial upon the ultimate future interests of the west as a whole.

SOVEREIGN BANK TO BE WOUND UP.

An order for the winding up of the Sovereign Bank, which discontinued business on January 18th, 1908, was given by Mr. Justice Lennox at Osgoode Hall, Toronto, on Saturday.

Mr. James Bicknell, K.C., representing Mr. G. T. Clarkson, the chief creditor and trustee for the bondholders of the International Assets, Limited, made the motion for winding up proceedings.

Mr. Bicknell stated that at the time of the failure of the Sovereign Bank the International Assets, Limited, had been formed of stockholders of the Sovereign Bank and that outstanding notes to the value of \$18,000,000 throughout the country had been taken over by the new company and had been for the most part redeemed by the realization of the assets of the Sovereign Bank and subscriptions to the capital stock of the International Assets, Limited, so that now only a few notes were outstanding.

Some of the shareholders in the insolvent bank who were liable for double liability had subscribed in the new company, but several had not and were still liable for double liability.

A meeting of the creditors in the office of Mr. Clarkson was ordered to be held on January 21st at 2 p.m., when Mr. Alexander Laird, general manager of the Canadian Bank of Commerce and chairman of the advisory committee of the shareholders of the Sovereign Bank will preside and report to the court on the meeting. At 2.30 the same afternoon the shareholders will meet and Mr. Æmelius Jarvis, president of the bank, will report to the court.

The winding up proceedings will come up in court again on January 27th.

The Bank of England rate was continued at 5 p.c. this week.