MUNICIPAL SINKING FUNDS.

Mr. Thomas Bradshaw, Toronto's financial commissioner, did good service in pointing out in an address to the Union of Canadian Municipalities, the necessity of a conservative and businesslike administration of City sinking funds. Life insurance companies and other large investors in Canadian municipal bonds have had some reason to complain before now of the methods adopted by those responsible for the sinking funds of certain Canadian cities. In some cases, sinking fund monies has been placed in investments not entirely suitable to the purpose, a course of action dictated, it may be surmised, by other than purely financial considerations. Happily these cases are few and in the vast majority of Canadian municipalities, adequate precautions and care are taken in the making of civic sinking-fund investments. Under present circumstances, however, no Canadian municipality can afford to be anything else but above suspicion if it is to continue to finance its requirements satisfactorily. A few months ago, Mr. Bradshaw was employed to investigate Ottawa's sinking fund, and found it in a particularly healthy condition, there being a surplus in the fund of 10 per cent. more than the sum required. The facts disclosed in this report cannot but make a favorable impression on those who are interested in the City's securities from an investment standpoint. Mr. Bradshaw emphasises the necessity of so investing sinking funds that consistentl with absolute safety, they shall be made to earn the highest possible return, thus securing a surplus and adding materially to the city's revenue. In the case of the Ottawa sinking fund, the average rate of interest earned is only 3.74 per cent., large cash holdings apparently having the effect of pulling down the average rate. In any case, the rate is a low one, and the problem of making sinking fund investments remunerative as well as safe appears worthy of more attention on the part of municipal financiers than has hitherto been given it.

MR. JOHN AIRD ON FINANCIAL LONDON'S POSITION.

Mr. John Aird, general manager of the Canadian Bank of Commerce, returned this week to Toronto from a short visit to London, England, in the course of which he met both the Chancellor of the Exchequer and the Governor of the Bank of England.

"The conviction that Germany deliberately plotted the economic and military subjugation of the British Empire has been brought home to the British people only within the last year," said Mr. Aird, "and the result has been to prevent even the most casual visitor to the British Isles entertaining any doubt as to the outcome of the great struggle. The British people do not expect to win without greater efforts than they have already made. They realize that Germany will die hard, but the task is in hand now, and recent depelopments were part of the plans which have been foreseenon the other side for some time."

Mr. Aird states that the British Treasury authorities have brought about a situation that makes it abundantly clear that the Empire is able to stand any financial strain that the most pessimistic estimate of the length of the war would suggest:—"The Chancellor of the Exchequer is evidently quite prepared to pay a good price for his money now, especially as he is promoting habits of thrift and an enormous investment of private funds in National securities. The commission appointed to encourage savings by the issue of one-pound notes for working people has performed its work very well and the aggregate amount subscribed by small savers has been enormous.

"The best financial authorities of the City are not greatly concerned over the status of London as the world's financial centre after the war, and my own view is that the prestige of the Metropolis in international finance will be strengthened rather than diminished by its domination of international finances since the war began," said Mr. Aird. "The Allies control seventy per cent. of the output of the world's gold. Britain can direct this basis of enormous credit where she pleases, and she does it, and in the third year of war, after her unparalleled financing, she is still on a gold basis.

"There is no doubt that one of the great surprises of the war to the powers has been the extent of the help which the colonies have been able to give the Mother Country. I believe that most of the military experts, on the continent particularly, regarded Great Britain's overseas dominions as a source of military weakness, and certainly the people of Great Britain itself never expected the newer parts of the Empire to do half what they have already accomplished."