

The Chronicle

Insurance & Finance.

R. WILSON-SMITH,
Proprietor.

ESTABLISHED JANUARY, 1881

PUBLISHED EVERY FRIDAY.

VOL. XXV. No. 14.

MONTREAL, FRIDAY, APRIL 7, 1904

SINGLE COPY, 10c
ANNUAL SUBSCRIPTION \$2.00

Bank of Montreal New Stock.

In order to enable the purchase of the People's Bank of Halifax to be carried out by the Bank of Montreal, the consideration, in part, consisting of 4,000 shares of paid-up stock of that bank, a special general meeting of shareholders is called for 16th May next, for approving and authorizing the increase of the stock and to take such action as may be necessary for carrying out the agreement for the purchase of the assets of the People's Bank of Halifax.

Local Loans In Great Britain.

Mr. Kyd, F.F.A., F.I.A., manager of the Northern, at Aberdeen, read a paper before the Faculty of Actuaries, Edinburgh, on 20th ult., dealing with "Local Loans." He contrasted the growth of local debts in the last 80 years from \$150,000,000 (£30,000,000), to \$2,200,000,000 (£440,000,000) with the decrease of the Imperial debt in same period. The total debt while now considerably more, has not grown as rapidly as the country's assets, the annual charge for Imperial and local burdens being now only about one eighth of the income of the total population as compared with about one-third 100 years ago. The value of the railways in Great Britain alone are now equal to the aggregate of the national and local debts. Nearly three fourths of the local debt of Scotland is invested in a class of works which might be legitimately engaged in by private firms or joint stock companies. In England, on the contrary, only one-half of the local debts had been expended in reproductive works. The municipalities in Scotland had been more prudent than those in other parts of the United Kingdom. The Scottish bankers are now endeavouring to put a check upon the local authorities who desire to borrow money for public works, by changing high rates for loans.

In connection with above we note that the Scottish Widows' Fund and Life Assurance Society recently \$500,000 to Dumfermline to meet the cost of local water works. The loan to bear 4 per cent. half yearly, and repayable in 40 years.

Bank of England Dividend.

On the 23rd ult., "a Court of the Governor and Company of the Bank of England, was held in the Bank Parlour to consider a dividend." Considering the exceptional, the unrivalled position of this great institution, the figures on which the dividend was based appear quite small. The Governor said: "The net profit for half-year to end of February last was \$3,291,445 (£658,289) making the amount of the 'rest' on that day, \$18,369,800 (£3,673,966), and that after providing for a dividend of 4½ per cent. the rest will be \$15,095,000 (£3,019,081)." A resolution was thereupon passed, "that this Court do order a dividend of interest and profits to be made on April 5 next of 4½ per cent. without deduction on account of income tax."

The paid-up capital of the Bank of England is \$72,765,000 (£14,553,000), 4½ per cent. on which amounts to \$3,274,425 (£654,885). This being taken from the net profit for the half year leaves \$17,020 (£3,404).

Our banks in Canada would not consider it anything to be proud of to make 4½ per cent. on the paid-up capital in the half-year, with only a mere bagatelle over what was needed to pay a dividend at that rate. The Bank of England conducts business on such principles and by such methods as are a great restraint on profit making. Were this the main policy of the directors with their opportunities, they might easily double their profits. But they have other interests of enormous magnitude and of world-wide importance to guard and promote, the protection of which is one of the distinc-