

FINANCE and ECONOMICS

NOVA SCOTIA STEEL AND COAL BONDS.

On another page of this issue will be found the advertisement of the Eastern Trust Company, of Halifax, who are receiving applications until Tuesday next, June 22nd, for five per cent. first mortgage bonds of the Nova Scotia Steel and Coal Company, Limited, at par. These bonds are part of an issue of \$6,000,000, and are secured by a first mortgage upon all the ore, coal, timber and oil lands, buildings, machinery, plant, rights, privileges, etc., of the company in Canada and Newfoundland. They are payable as follows: ten per cent. on application, balance with accrued interest on July 15, 1909.

The present bondholders of the company, whose bonds are to be redeemed at 110, are to be given the privilege of exchanging their present holdings at 110 for the new bonds at par, or the 6 per cent. debenture stock of the company at par, accrued interest to be adjusted. The directors will furthermore, out of the bonds available for the Canadian market, first allot those applied for by the present bondholders, and allot the balance among the other applications received pro rata. All bondholders who desire to avail themselves of this privilege are asked to communicate with the Eastern Trust Company by June 22nd, being careful to state what number of bonds they desire to exchange, whether their present holding of bonds are first mortgage or consolidated bonds, and what securities, whether bonds or 6 per cent. debenture stock, they desire to receive in exchange.

The Nova Scotia Steel and Coal Company possess an excellent property. Since the company was organized in 1901 dividends of over one million dollars have been paid on ordinary stock. Last year, probably one of the most trying through which the iron and steel industry has passed for many years, the company earned \$734,701.53. Fixed charges, including bond interest, sinking fund and preferred dividends, amounted in all to \$462,000; the balance, \$272,701, represents a little better than 5 per cent. on the common stock. Furthermore, there is every reason to believe that, owing to the increasing demand for coal, ore and manufactured iron and steel, the earnings in 1909 will be materially greater than in 1908.

A large amount of money has been expended of recent years in the development, extension and betterment of the property. When these new financial arrangements are completed the company will be in a position where it need not, at any time in the near future at least,

require to further divert any considerable portion of the earnings for similar purposes.

BRANCH BANKS.

Opinions of Prominent Authorities—Some Arguments for and against.

Canada's branch bank system has always attracted attention. The development of a national system of banking in the United States has, according to Mr. James B. Forgan, of the First National Bank of Chicago, been twice diverted from its natural course,—in the first instance by erroneous politics, when President Jackson refused to renew the charter of the Bank of the United States; and again when, for the purpose of creating a market for its bonds, the Federal Government established the present national system of isolated banks. Mr. Forgan thinks that the branch bank system has many advantages.

Cash Placed Where Needed.

Under it the cash reserves are controlled by the general management, and are placed where they are needed. They can be moved from one branch to another without reducing the aggregate held by the bank. The money belongs to the bank whether it be locked up in the vaults of the head office or of the branches. The public mind is not, therefore, alarmed by the fluctuations in cash on hand that take place in the large financial centers owing to shipments to the country. With branch banking a great saving can be effected in the financing of the system.

Mr. Horace White, of New York, some years ago defined a branch bank as an office, having no independent capital of its own, belonging to, but geographically separated from, a bank. The branch is thus separated from the bank in order to attract customers who live at a greater or less distance from the head office—for the same reason a drug store downtown may find it profitable to establish a branch uptown. The credit of the parent bank always attaches to the branch bank, but the capital may or may not be with it. More capital may be collected at the branch in the form of deposits than can be profitably used there. In that event the surplus will be drawn to the parent bank. "Most probably there will be times when the head office will be sending money to the branch, and other times when it will be drawing money from it. The sole reason for branch banking is that this flow and counterflow may take place according to the needs of business, with the least loss of time, with the smallest amount of

Government Finance

PUBLIC DEBT	1908	1909	REVENUE AND EXPENDITURE CONSOLIDATED FUND	Month of May, 1908	Month of May, 1909	Total to 31st May, 1908	Total to 31st May, 1909
LIABILITIES—	\$	\$		\$	\$	\$	\$
Payable in Canada.....	7,287,375	4,846,024	REVENUE—	3,627,131	4,236,422	7,121,624	8,211,128
Payable in England.....	213,113,329	277,810,962	Customs.....	1,243,267	1,143,123	2,282,331	2,369,055
Payable in England, Temporary Loans.....	9,299,999	13,995,666	Excise.....	500,000	550,000	1,066,000	1,110,000
Bank Circulation Redemption Fund.....	4,001,777	4,083,384	Post Office.....	744,196	765,290	1,192,674	1,294,815
Dominion Notes.....	61,767,448	79,017,936	Public Works, including Rlys.....	191,675	538,726	242,750	628,973
Savings Banks.....	59,851,060	57,313,507	Miscellaneous.....	6,306,270	7,233,563	11,899,381	13,613,974
Trust Funds.....	9,850,776	8,784,049	Total	2,234,857	3,560,630	2,555,404	4,124,369
Province Accounts.....	11,920,668	11,920,668	EXPENDITURE				
Miscellaneous and Banking Accounts.....	28,566,287	22,630,545					
Total Gross Debt	405,658,722	480,402,745	EXPENDITURE ON CAPITAL ACCOUNT, ETC.				
ASSETS—							
Investments—Sinking Funds.....	48,215,815	38,515,546	Public Works, Rlys. and Canals.....	171,760	389,989	187,378	681,128
Other Investments.....	17,043,539	22,566,181	Dominion Lands.....	44,190	111,773	44,190	111,875
Province Accounts.....	4,033,705	2,296,514	Militia, Capital.....	30,198	1,504	30,198	1,504
Miscellaneous and Banking Accounts.....	70,850,165	103,897,671	Railway Subsidies.....	183,679	164,172	183,679	164,172
Total Assets	140,143,226	167,275,914	Bounties.....		142,333		142,333
Total Net Debt, 31st May	265,515,496	313,126,831	North-West Territories Rebell'n.....				
Total Net Debt, 30th April	261,329,494	307,980,221	Total	429,828	809,773	445,446	1,101,013