

For the twelve months ended with November last Canada's trade with the United States aggregated \$664,335,000, an increase of nearly \$48,000,000 as compared with the preceding twelve months. Canada's trade with Great Britain during the same period totalled \$298,496,000, a decrease of nearly \$60,000,000 as com-

pared with 1913. Canadian imports from the United States increased during the year by \$28,000,000, and exports to the United States by \$19,000,000. On the other hand, Canada's imports from Great Britain decreased by \$40,000,000, while exports decreased by nearly \$20,000,000.

MUNICIPAL SINKING FUNDS AND MORTGAGES

Acting Mayor of Calgary Writes of Some Difficulties and Points the Way to Local Banker

The following letter, regarding the article "Sinking Funds and Mortgages" in *The Monetary Times* of January 29th, comes from Mr. Harold W. Riley, acting mayor of Calgary:—

"You make mention of the fact that Mr. C. G. K. Nourse, manager of the Canadian Bank of Commerce here, has directed a letter to the council, criticizing the policy of making loans from the sinking fund on the security of first mortgages on city property. For your information, I may say that some years ago, this policy of investing a portion of the city's sinking fund was followed, but the practice was discontinued some time ago. The attention of the city was drawn to the inadvisability of investing its sinking fund in this way, some time ago, by financial men and financial concerns in the old country, and immediately on receipt of the intimation, the city council very wisely discontinued the practice. Mr. Nourse is therefore not entitled to the credit which you are apparently ascribing to him.

Interest is Overdue.

"With regard to your statement that there is considerable money overdue at the present time on mortgages held by the city, I wish to state that this statement is incorrect, as not one of the mortgages held by the city is, at the present time, overdue. It is true that in the case of two or three mortgages, the interest is overdue, but I shall venture to say that this condition will be found to exist in the case of many of the mortgages held by the various trust and loan companies.

"While it is all very well for Mr. Nourse, or any one else engaged in the banking business, to criticize the action of the council in loaning sinking fund moneys on the security of first mortgages on city property, what has Mr. Nourse done by way of assisting the city officials to find a more satisfactory form of investment for its sinking funds. At the present time, the city of Calgary has approximately \$600,000 of sinking funds on deposit with several banks in this city.

City Gets Three Per Cent.

"Upon this amount, the city is very generously allowed interest at the rate of 3 per cent. On the other hand, when it becomes necessary for the city to borrow money from the same banks, we are compelled to pay, at the present time, interest at the rate of 6 per cent. There is, therefore, a discrepancy of 3 per cent. apparently, in the value of money that belongs to the city of Calgary, and money that belongs to the bank. Prior to the outbreak of the war, we were able to negotiate temporary loans with the bank on a 5 per cent. interest basis; since the outbreak of the war, however, the interest rate has gone up 1 per cent., but the increase in the interest rate has not applied in the case of our sinking fund moneys held by the banks; and we are still being paid the same old rate of 3 per cent. If, instead of criticizing the action of the council in their endeavor to find a more profitable and satisfactory form of investment for our sinking funds, Mr. Nourse would endeavor to get the bankers' association to agree to allow the municipalities a higher rate of interest on their sinking funds, he would, in my opinion, be doing a greater service to the city and province. Anyone can criticize, but it takes a man to suggest a remedy for an evil.

"Yours, etc.,

"Harold W. Riley,

"Acting Mayor.

"February 6th, 1915."

Application will be made to parliament for an act to incorporate the Entwistle and Alberta Southern Railway Company.

CANADA IRON CORPORATION

How the Reorganization Will Be Effected—Only Hope of the Common Stockholders

The reorganization of the Canada Iron Corporation was agreed to last year by all classes of creditors, and, though the consummation has been somewhat delayed, owing to the war in Europe, it will be carried out on the following line:—The scheme is to form a new company with A and B debenture stock and preference and common stock. The A 6 per cent. debenture stock (1,000,000) will provide cash working capital, and \$700,000 will be issued at 95 per cent., the balance being held in reserve. Of the B 6 per cent. debenture stock, \$3,000,000 will be created, and of this practically all will be issued to the existing first mortgage bondholders, being an amount equal to the par value of their existing bonds, and the balance being held in reserve. They will also receive 10 per cent. of the face value of the holdings in common stock. The amount of 6 per cent. preference and common stock to be issued depends on the final negotiations with the second bondholders, holders of gold notes secured by second bonds, and other creditors of the Corporation.

Will be Given Right to Subscribe.

The shareholders of the old company, both preference and common, will be given the right to subscribe for the A debenture stock, and will secure a bonus in common shares; but beyond this they will be wiped out completely, and the amount of the existing stock being \$7,741,300, \$4,832,300 common and \$2,909,000 preference it is clear that had it all been issued for cash the loss would have been serious.

The position of the new company as compared with the old is as follows:—

Old Company.	New Company.
First mortgage bondholders (£600,000).	6% "A" debenture stock.
	6% "B" debenture stock (equal amount and 10% common stock).
Consolidated bonds (£375,000).	6% preference stock (and some common stock, amount of each not determined).
Gold notes secured by consolidated bonds.	5% preference stock (and some common stock, amount of each not determined).
Preference stock (\$2,909,000). common stock (\$4,832,300).	The right to subscribe for the "A" debenture stock at 95 and to receive bonus of common stock.

Only Hope of Stockholders.

The only hope of the common stockholders, it seems, is to subscribe for the new A debenture stock in the far-off possibility of the common stock bonus becoming valuable.

At an informal meeting of bondholders, held in London on June 6th, 1914, Mr. T. G. Scott, who presided, went into the details of the reconstruction scheme, which proved acceptable to most of those present. The new company will have enough capital to enable it to carry on its business advantageously. After a long discussion the bondholders expressed their general approval of the scheme, a small section, however, giving their consent only on the assumption that the holders of the proposed new "A" debenture stock agreed not to exercise their right of foreclosure in respect of any possible default in their interest for the next three years.

The Electric Furnace Products Company, Limited, has been authorized to increase the number of its directors from five to nine.