

BANK OF MONTREAL

Established 1817

Capital Paid up, \$16,000,000 Reserve Fund, \$16,000,000
Undivided Profits, \$1,414,423
Total Assets, \$365,215,541

BOARD OF DIRECTORS:

Sir Vincent Meredith, Bart., President

| | | |
|-----------------------|----------------------------|------------------------|
| R. B. Angus, Esq. | E. B. Greenshields, Esq. | Sir William Macdonald |
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Head Office: MONTREAL

Sir Frederick Williams-Taylor, LL.D., General Manager
A. D. Braithwaite, Assistant General Manager

Branches and Agencies { Throughout Canada and Newfoundland
Also at London, England;
And New York, Chicago and Spokane in the United States.

A GENERAL BANKING BUSINESS TRANSACTED

D. R. CLARKE,
Superintendent of
British Columbia Branches
Vancouver

W. H. HOGG,
Manager
Vancouver Branch

The Bank of British North America

Established in 1836

Incorporated by Royal Charter in 1840

Paid up Capital - - - \$4,866,666.66
Reserve Fund - - - \$3,017,333.33

Head Office in Canada, Montreal
H. B. MACKENZIE, General Manager

Advisory Committee in Montreal:
Sir Herbert Ames, M.P., W. R. Miller, W. R. MacInnes.

Branches in British Columbia

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|-----------|-----------------|---------------|
| Agassiz | Kerrisdale | Prince Rupert |
| Ashcroft | Lillooet | Quesnel |
| Duncan | North Vancouver | Rossland |
| Esquimalt | 150-Mile House | Trail |
| Hedley | Prince George | Vancouver |
| Kaslo | | Victoria |

YUKON TERRITORY
DAWSON

Savings Department at all Branches.
Special facilities available to customers importing goods
under Bank Credits.

Collections made at lowest rates

Drafts, Money Orders, Circular Letters of Credit and
Travellers' Cheques issued; negotiable anywhere.

Vancouver Branch

WILLIAM GODFREY, Manager
E. STONHAM, Assistant Manager

bilities were increasing by reason of accrued interest. In business circles it began to be appreciated that delay, deferring of payment of debt, was a source of weakness and not a source of strength. One wonders what will happen when finally this moratorium is lifted.

We deal chiefly with material things, and we naturally must treat things in a material way. We have never heard, neither are we capable of thinking of any way of liquidating a debt except by paying it. Neither have we ever found that a debt decreases with age. But the virus of moratoria is in the blood. The ingenuity of man is seeking to devise ways and means to delay and evade the payment of debts. Of late a few municipal councils are seeking means of lightening the burdens of taxation, not by seeking to increase the assets of their cities by attracting industry and creating a pay roll, but by deferring the burden to a later date or availing themselves of funds which are not theirs.

The Council of the City of Vancouver has given notice of application to the next Legislative Assembly for an amendment to its incorporation authorizing the council to pass by-laws for the purpose of raising \$5,000,000 by the issue of debentures in yearly instalments of \$1,000,000 each for the purpose of relieving taxation in the years 1917 to 1921 inclusive; such by-laws to be voted on by the electors each year. It is said that Alderman Thomas H. Kirk, a man of real independence and of considerable ability, stands sponsor for the scheme, although it has been passed by the Council, which must assume the responsibility therefor. At any rate Alderman Kirk is the author of an ingenious statement in the issue of The Province of December 2nd last explaining the proposal.

By the issue each year of \$1,000,000—5 per cent 25 year debentures, there will be the occasion to raise \$1,000,000 less each year by tax levy. Thus a tax rate at present of 22 mills will, the first year of the proposed scheme, be reduced by 7 mills, the second year by 6½ mills, the third by 6 mills, the fourth by 5½ mills, and the fifth by 5 mills. The statement points out the loss that would be involved by a sale on the open market by way of discount below par. It further points out that the sinking fund created under each issue of debentures is calculated to draw interest at the rate of 4 per cent compounded annually.

Now the statement points out the desirability of the sinking fund of the city purchasing each successive issue of \$1,000,000—5 per cent 25 year bonds at par. It will have two effects. The city will save the capital loss of discount if made through public sale, and the sinking fund earnings will be augmented by about one per cent. It means the use of sinking fund moneys, which do not belong to the city, but to the debenture holders, for the purpose of relieving tax payers. We did not know that the city had the right to purchase its general debentures except on certain restrictions, but the statement says it has. We did not know that the city had the right to purchase its own local improvements, which it evidently has got, for the statement says that the city has already purchased over \$3,000,000 of them.

In general the Municipal Act states that a city has the right to deposit sinking fund moneys in a chartered bank or to invest in the bonds of any province of Canada or in Canadian government bonds; and also has the right to purchase its own debentures outstanding of a particular issue with the money raised by a tax levy for sinking fund purpose for the extinguishment at maturity of that specific issue. As stated above the Vancouver charter evidently gives the council larger powers in sinking fund investments. It may be desirable that local improvements be purchased by a sinking fund provided the maturity of the local improvements precedes the maturity of specific sinking fund issue for the reason that a local improvement is a charge upon a local district and not a general charge on the city. But the purchase by a sinking fund of general debentures should not be tolerated by law or policy.

We need in British Columbia municipal sinking fund reform or else the doing away of the sinking principle. Mu-