

THE MONTREAL BOARD OF TRADE.

Montreal, Dec. 21st, 1897.

To his Worship,

R. Wilson-Smith, Esq., Mayor, of Montreal.
Sir,—

I have the honor to communicate the following resolution adopted by the Council of this Board at a special meeting, held on 18th inst., for the purpose of considering the Bill now before the Legislature entitled: "An Act respecting the Finances of the City of Montreal."

"Whereas the indebtedness of this city is represented by a definite contract between the city and the debenture holders, one of the chief sections of which contract pledges that the bonded indebtedness shall not exceed fifteen per cent. on the assessed value of the taxable property of the City, and

"Whereas the Bill, 'An Act concerning the Finances of the City of Montreal,' provides for an issue of debentures by the city which will exceed the said limit of fifteen per cent. and so constitute a breach of the contract between the city and the holders of its debentures, therefore

"Resolved, That the Council of the Montreal Board of Trade earnestly protests against any issue of temporary debentures as proposed in said Bill, and suggests instead that a schedule showing the actual amount required for specific obligations be prepared, and that a special tax be imposed to cover the same so that no increase of the city's liabilities shall be made during the year 1898."

I have the honor to be, Sir,

Your Worship's obedient Servant,

(Signed), Geo. Hadrill, Sec.

MAYOR'S OFFICE, CITY HALL, MONTREAL.

Montreal, Dec. 22nd, 1897.

George Hadrill, Esq.,

Secretary, The Montreal Board of Trade, City

Sir,—

I have the honor to acknowledge the receipt of your communication of the 21st inst., containing copy of a Resolution adopted by the Council of the Board of Trade at a special meeting held on the 18th inst., called for the purpose of considering the Bill now before the Provincial Legislature, respecting the Finances of the City of Montreal.

I beg to express regret that the Resolution was passed by the Council, as emanating from so important a body as the Board of Trade, comprising as it does the leading business men of the City, such a Resolution carries great weight, and is liable to be misunderstood, and so to have an effect not contemplated.

If an opportunity had been afforded to me, I should have been only too glad to explain the Bill, the purport and intention of which must have been misapprehended, as otherwise it is difficult to explain why the Council of the Board deemed it advisable to pass the Resolution communicated to me in your letter.

By the terms of the Bill the City Council is only asking for power to enable it to adopt legally such temporary financial measures as are required for the objects stated, by temporary charges, or obligations, to be issued as required, maturing not later than the 1st of May, 1899. The Act expressly provides that the money so obtained shall not be devoted to any other objects, and that such temporary accommodation

must be approved by a majority of the entire City Council. The obligations are made redeemable out of revenue or otherwise, as may be arranged during the coming year, after the new Charter has been drawn up. The arrangements for redeeming these temporary obligations would not interfere with, nor be in contravention of the limit placed on the City's borrowing power. One effect of the Bill will be to stop the City raising money on its general credit without any legal authority whatever as the practice has been in former years. I have no hesitation in saying that the City of Montreal does not contemplate any breach of contract between the City and its bondholders, nor is such a breach involved in the Bill in question. I will go further and say that there is no better security in this or any other Country than the bonds of this City.

The Act does not authorize the issue of any new debentures, nor any action calculated to interfere with the value of existing issues, in which the writer is very largely interested, and to protect which he has fought strenuously for the limit now in force. I respectfully submit that the "Act respecting the Finances of the City of Montreal" has been drawn up in the best interests of the City, and of the bondholders who hold its securities. I enclose copy of proposed Act for the information of the members of the Council of the Montreal Board of Trade. I beg to call the attention of the Council to the sum of \$1,312,614 having been added to the obligations of the City in connection with expropriations, for which no provision was made in fixing the borrowing power of the City, as well as a further sum of \$777,840 over Expenditure on Revenue account, extending over a series of years—in all \$2,090,454.

I have the honor to be,

Yours faithfully,

(Signed), R. Wilson-Smith, Mayor.

INTEREST RATE OF THE LIFE COMPANIES
DOING BUSINESS IN CANADA

In accordance with our custom for several years past, we herewith present in analytical exhibit of the interest rate realized during the past year, by all the life insurance companies transacting active business in the Dominion, together with a comparative statement of the rate realized for the four preceding years. The exhibit for 1896, and the figures for the preceding two years, during which there has been a general and continued business depression, assumes more than usual interest in view of the recent announcement by the three large New York companies and two or three smaller ones that, after January 1, 1898, they are to assume a three and a half instead of a four per cent. rate of interest as the standard of reserve. The reason assigned for this change is that the downward tendency of the interest rate during the past few years is likely to continue until a still lower average is reached, when it will be difficult, if not impossible, to maintain a four per cent. reserve. The correctness of this prognostication will be sharply questioned by a good many intelligent people, who argue that "bed-rock" has been reached during the recent exceptionally bad years, and that the tendency for the future is likely