

**THE LESSON OF MONTREAL'S LOAN.**

The citizens of Montreal have had brought home to them this week in a striking way what dearer money means. A year ago the Controllors presented to council a report asking authority for the placing of a \$7,000,000 4 p.c. 40-year loan on the London market at 97 through the Bank of Montreal. The report was blocked by one alderman calling "next meeting," which meant the delay of the matter for at least a week. Before that next meeting came on, owing to the condition of the London market, the Bank of Montreal withdrew its offer. Since then, as everyone knows, the London market has gone from bad to worse, from the borrower's point of view. At the last session of the Legislature the City Council obtained authority to borrow at a 4½ per cent. rate, and this week arrangements were completed for the borrowing of the \$7,000,000 at that rate, and the loan successfully issued in London. The net return to the city from this loan will be 96.825. Through the non-acceptance of the offer of twelve months' ago, the city has lost a cool \$600,000.

This loss will not have been entirely in vain if it makes plain to the amateur financiers on our municipal authorities and elsewhere throughout Canada, that they can best serve the interests which have been placed in their care by taking heed to expert advice. The lofty indifference of financial amateurs to facts, realities and accurate diagnosis of circumstances, not only means immediate loss to those whose interests they are supposed to look after, but reacts unfavorably upon a wider circle. Municipal temporary loans have in the last few months been an important contributory cause to the tightness of loanable funds, with the result that the commercial and industrial community has been unable to obtain accommodation which would probably have been at its disposal, had the financial amateurs in authority not disdained to take advice. If the financial amateurs will not reform of their own volition they should be suppressed—promptly.

**BANK OF BRITISH NORTH AMERICA.**

At the meeting of the Bank of British North America held in London, (England), on Tuesday, a dividend of 40 shillings per share, less income tax, was declared, payable 4th April, making 8 per cent. for the year ending 30th November last. Additionally out of profits, £30,000 was transferred to the reserve fund, £15,000 was transferred to bank premises account, and a balance of about £19,000 was carried forward. As in 1912, a general bonus of 5 per cent. was granted to the staff of the bank.

Mr. C. W. Tomkinson, chairman, is quoted in a cable message as follows:—"The strong demand for money seems likely to continue, owing to the rapidly growing population of Canada, which requires ample supplies of fresh capital. It would not be wise to overlook the fact that activity in trade has been stimulated to some extent by the spending of profits arising out of real estate transactions.

"Canadians have been very large borrowers on the London market during the last few years. This is quite a healthy sign of the country's growth so long as the capital obtained is wisely and economically spent. At the same time the appetite of the English

investing public is not unlimited and there are now signs of an attack of indigestion. The investing public in quite a number of cases has failed to come forward to relieve the underwriters. The present time is very unfavorable for fresh capital owing to the activity of trade at home, which has kept money dear, while requirements for foreign governments will also have to be met in the London market.

"We have a fairly wide acquaintance with those who undertake these new issues. We think it would be wise of them not to do so without realizing the difficulties they may meet. High rates may be required."

**A FOOLISH RUN.**

The story which is going about regarding the origin of the run on the Montreal City & District Bank this week sounds likely enough. Only some queer accident of the kind suggested could account for such a foolish development. The story goes that two local brokers were discussing drinks and finance in a cafe. One of them made a remark to the other to the effect that he had not been able to get a cent from the Bank—on loan, of course. A bell-boy heard the tail-end of the conversation, put his own construction on it, telephoned to a pal of his, and thence the news spread.

The Bank's officers and management have had a trying experience, but there is compensation in the fact that this week's developments have proved under difficult circumstances the great strength of the Bank. Everyone who has even an elementary knowledge of financial matters in Montreal is aware of the high standing of the Montreal City & District Savings Bank. No institution of the kind could stand higher in the esteem of those who know anything at all about finance than does this. And the recent developments will show depositors and those who are unacquainted with finance that the Montreal City & District Savings Bank is an institution which they can trust implicitly.

The recently published annual statement of the Bank for 1912, shows, as was noted in an analysis of it which appeared in our columns three weeks ago, a very strong position. The total assets at December, 31, 1912, were \$33,462,525. Of these assets, \$3,301,366 was cash in hand and in chartered banks, and nearly \$30,000,000 was invested in the highest grade of securities as follows:—

Dominion of Canada Government Stock and accrued interest . . . . .	\$ 2,547,845.83
Provincial Government Bonds . . . . .	484,785.86
City of Montreal and other Municipal and School Bonds and Debentures . . . . .	15,727,528.59
Other Bonds and Debentures . . . . .	1,727,804.27
Sundry Securities . . . . .	227,000.00
Call and Short Loans, secured by collaterals	8,768,046.65
Charity Donation Fund, invested in Municipal Securities approved by the Dominion Government . . . . .	180,000.00

The Bank's premises—head office in St. James Street and 13 branches—are taken into the balance sheet at \$475,000, a figure which is obviously far below their value.

Cordial congratulations can be tendered to the directors and management of the Bank, especially Hon. J. Alderic Ouimet (president), and Mr. A. P. Lesperance (manager), on the fact that they have come through a trying experience with flying colours.