

THE ONTARIO BANK.

There have been rumors for some time past, that the capital stock of the Ontario Bank was about to be reduced. The anticipation of this kept the stock at the low figures quoted for a length of time. A circular has been issued to the shareholders, announcing that a by-law will be laid before the annual meeting in June, providing that the capital shall be reduced from \$1,500,000 to \$1,000,000. This will be effected, if sanctioned by the stockholders and the Treasury Board, by issuing two shares for every three now held. The bank has a reserve of \$52,000, which, with the earnings of the current half year, will be used to pay a dividend of 2½ per cent. on the reduced capital for half year ending 31st May next. This course was submitted to a number of prominent shareholders in Toronto and this city, by whom it was approved. It is exceedingly to be regretted that the new General Manager, Mr. McGill, considers it necessary to write off one-third of the paid up capital in order to bring the stock to its real value. The bank however has some excellent connections, and with prudence ought soon to be in a position to earn good dividends on the reduced capital, and build up a reserve fund.

Mr. McGill has been well known to us for some years, during which time he has enjoyed a high reputation for sagacity, energy, and prudence in dealing with financial affairs. The utmost confidence is felt in his ability to bring the Ontario Bank into a prosperous condition. As the policy decided upon by the Board is wise, and the best possible under the circumstances, we commend it to the approval of the stockholders.

SECURITY OF MUNICIPAL BONDS.

The preference given to municipal bonds mainly arises from the anxiety of investors to obtain a class of security which ensures the safety of the principal and the regularity of interest payments. Securities combining those conditions can be negotiated on far more favorable terms than can be obtained for such as are at all doubtful in these essentials to a first class investment. A municipality or government, whose bonds carry with them confidence in these features, can borrow money for a long term of years at the lowest market rate. On the other hand, any municipality or government which has acquired a repute for extravagance, or other form of mal-administration, is thereby handicapped in its financial operations, it has to pay a higher rate of interest for loans, and finds the business of floating them at times a work of some difficulty. Considerable money value therefore attaches to the reputation of municipal corporations in these respects, and whatever tends to lower that reputation is a distinct financial loss to the ratepayers. *American Investments*, in speaking of the security of municipal bonds, says: "The reputation of a municipality for maintaining at all times perfect good faith in the treatment of its obligations constitutes the fundamental principle upon which rests its credit, and which should be the first consideration in the eyes of the purchaser of its securities. No one wants to buy a security of a

municipality if there is to go with it the least semblance of a possibility that coercive measures must be resorted to in order to secure one's rights. To a certain degree this tendency can be foreshadowed by the character of citizenship, and its method of treating public affairs. The inclination to run wild in incurring obligations, lack of business promptness in meeting interest and principal, business methods in the levying and collection of taxes, all go towards making up a standard of credit. Good faith comes first. Next comes the ability to pay, which needs no elaboration."

The bonds of Canadian municipalities vary in market value owing to the different reputations of towns and cities. Sometimes, however, the absence of any reputation at all, owing to the obscurity of the place, is unfavorable, as any degree of uncertainty always acts against a security. But the record of the municipalities of this Dominion is, on the whole, honorable to the country, as, though the reputation of some cities and towns has been tarnished by ill-advised expenditures, one of the rarest events in our financial world is to find a municipality in arrears with interest on its debentures.

FINANCIAL ITEMS.

English Consols have reached 110¾, the highest on record.

The Bank of Hamilton will probably open a branch at Winnipeg.

The Bank of Montreal has declared its usual half yearly dividend of 5 per cent.

The Bank of Hochelaga has declared a half yearly dividend of 3½ per cent.

The Montreal Street Railway Co. has declared a dividend of 4 per cent. for half year ending 31st March.

The Bank of Montreal has bought property in Victoria, B.C., with intention to build a stone structure for its banking office.

The Bank of British North America has opened a branch at Rossland, B.C. Rossland is a new mining town which promises to develop. In March 1895 it had 150 inhabitants, it has now over 3,000.

The Deposits in Government Savings Bank, Winnipeg, during last month were \$18,365, withdrawals \$14,901. Money is becoming more plentiful in the North West.

New York City gold bonds \$4,000,000 at 3 per cent. were offered last week, and bids came in for only about 4 per cent. of the total. Distrust has arisen from civic extravagance.

The traffic returns on the Canadian Pacific Railway for the week ended March 31st, 1896, amounted to \$336,000, as against \$296,000 in the same week last year; increase \$40,000.

The estimated Revenue of British Columbia for next year is \$1,163,789, an increase of \$127,800 over last year's, the expenditure is \$1,372,078, which exceeds last year's by \$56,241.

The City of Montreal has just issued a loan for \$2,000,000 bearing 4 per cent. interest, payable half yearly, principal maturing in 40 years. The Bank of Montreal was the successful tenderer, the price obtained being 105.05 net to the city.