

BANK OF NOVA SCOTIA AND METROPOLITAN AMALGAMATE.

The amalgamation of the Bank of Nova Scotia and the Metropolitan Bank, two of the leading chartered banks in Canada, was announced yesterday. The merger has progressed so far that circulars embodying the basis of the amalgamation have been prepared and approved by the directors of both institutions and are being mailed to the shareholders of each. Under the present arrangement, the Bank of Nova Scotia which since its absorption of the Bank of New Brunswick has been making numerous extensions in Western Canada, will secure at one stroke the business of the most important and strongest of the younger banking institutions and an organization which is recognized among the banking fraternity as a very important asset.

Under the agreement as outlined, the shareholders of the Metropolitan Bank will receive \$100 in cash, and one-half share of Bank of Nova Scotia stock for each share held. The negotiations which led to the adoption of a practical basis of amalgamation have been in progress for a considerable period. It is understood that during the past few years several tentative proposals have been made to the Metropolitan Bank looking towards the absorption of this institution by some of the large banks, but in such case the directors of the Metropolitan have declined to consider any offers.

Although the Metropolitan Bank will be merged into the older business, the shareholders of the Metropolitan will be represented on the Board of the Bank of Nova Scotia by the president, Mr. S. J. Moore, and the general manager, Mr. W. D. Ross.

The market value of Nova Scotia stock fixed by recent trading on the Toronto and Montreal stock exchanges is in the neighborhood of \$264, which gives a value to the Metropolitan stock of \$232 per share. The last transaction in Metropolitan stocks recorded on the Toronto market was \$205. The Metropolitan Bank as a whole receives \$1,000,000 in cash and 5,000 shares of Bank of Nova Scotia stock.

As the result of the merger the Bank of Nova Scotia will take its place as the fourth largest bank in Canada, with a paid-up capital of \$6,500,000, and a reserve fund of \$11,750,000.

The total deposits will aggregate \$67,043,789 and the total assets \$94,142,284. The net profits of the combined institution in 1913 were \$1,392,662.

The staff of the Metropolitan Bank upon the confirmation of the agreement will enter the service of the Bank of Nova Scotia, and in the event of any rearrangement of branches which may be necessary in a few isolated cases, there will be no change in the personnel of either staff.

PULP MANUFACTURING IN CANADA.

During the calendar year 1913 Canadian pulp-mills consumed 1,109,034 cords of pulp-wood valued at \$7,243,368; during the same year there was exported to the United States an almost equal quantity of unmanufactured pulpwood which was valued at \$7,070,571. This quantity of unmanufactured wood was sufficient to have supplied 60 mills of the average size operating in Canada in 1913. It would have made 1,035,030 tons of

ground-wood pulp, or 517,515 tons of chemical fibre. Ground-wood pulp is worth at least \$14.00 a ton, which would give \$14,490,420 for the value of the pulp that could have been made from this wood by this process. Chemical fibre is worth at least \$38.00 a ton, which would have brought the value up to \$19,665,570. In reality only \$7,070,570 was realized by the sale of this material. The pulp industry lost the profit that could have been made in manufacturing this wood into pulp, and the country as a whole lost the value represented by the cost of manufacture in the form of wages, etc.

Laws forbidding the export of raw pulp-wood cut from Crown lands in the different provinces have tended to reduce the proportion of unmanufactured pulpwood exported, although up to 1913 over half of the pulpwood in Canada was exported in this form.

The manufacture of pulp in Canada in 1913 showed an increase of over twenty-eight per cent. over that of 1912, increases taking place in every province but Nova Scotia.

SECURITY OF MUNICIPAL BONDS.

The preference given to municipal bonds mainly arises from the anxiety of the investors to obtain a class of security which insures the safety of the principal and the regularity of interest payments. Securities combining those conditions can be negotiated on far more reasonable 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 reputation for extravagance or any 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 rate-payers. The reputation of a municipality for maintaining 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 the 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.