Monetary Times

Trade Review and Insurance Chronicle of Canada

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ONTARIO'S BOND SALE

The province of Ontario, during the past few weeks, has managed to place $7,000,000 of its securities, a notable achievement in these strenuous days. Of that sum, $1,000,000 5-year 5 per cent. bonds were sold over the counter, a nine months loan of $2,000,000 at 3⅞ per cent. was raised in New York, and last week $4,000,000 4½ per cent. 10-year bonds were placed with two of Canada's leading bond firms, the price received being 96.58 and accrued interest.

In the wake of this last transaction have come numerous complaints, chiefly from bond houses, regarding the conduct of this sale. Complaints of any kind do not help provincial credit and should therefore be analyzed with a view to possible advantage to the future of that credit. Practically all the dissatisfaction emanates from the central fact that the province did not invite public tenders for its bonds or that it did not invite tenders privately from all the bond houses who desired to make a bid.

The provincial treasurer, Hon. T. W. McGarry, had thoroughly canvassed the New York market in regard to the sale of bonds. He was, we believe, able to interest several houses who had never previously tendered for any Canadian securities, a desirable thing. While in New York, he likely came into touch with all the money groups to which Ontario's bonds, in this instance, would probably go whoever were the original purchasers. He obtained five or six quotations and accepted the best of them, the offer of two Canadian houses on joint account. The deal was closed somewhat precipitately in view of urgent advices from New York on the morning of the day on which news came later of the "Lusitania" disaster. These, so far as *The Monetary Times* can gather, are some of the reasons why public tenders were not invited. The reported experiences regarding the marketing of the Quebec province loan last month may also have influenced the provincial treasurer.

On the other hand, there are two strong reasons why all the bond houses who are able to tender for such a large block of securities, should be allowed to do so. While it is always easy to say so after an award has been made, there seems to be little doubt that a higher price than the good one actually received, could have been obtained. There is, we believe, indisputable evidence in black and white to that effect. Again, the fact that certain large and reputable bond houses were left out in the cold has naturally caused dissatisfaction and criticism. There should be no backwash to a sale of bonds of any province in Canada. The invitation of tenders from all the houses able to bid should bring the best price and should also prevent criticism. While the provincial treasurer may have had to meet special circumstances in this case, the policy outlined should at least have his more serious consideration when the time comes for the next bond sale.

OTTAWA'S BOND ISSUE

The Ottawa city council have approved of a $240,000 issue of debentures at 3½ per cent. The issue by any municipality of bonds on a 3½ per cent. basis naturally attracts attention. Such a rate of interest is out of all keeping with current market rates. Controller Fisher, according to the Ottawa papers, very properly made a strong protest against such a move.

Controller Ellis explained that the debenture issue was necessitated by the action of the city in 1878, when the debenture debt was consolidated and the debentures renewed in order to lessen the annual payment which was then excessive. In 1909, after the report by Mr. Mackay, the special auditor from St. Thomas, Mr. Ellis, who was then city treasurer, issued a statement that the city contemplated issuing debentures and investing them at 3½ per cent. in its own interest and sinking fund to clear off the balance of the debentures due following the action of 1878. This was approved by the Ontario railway and municipal board. The special meeting of the council last week was necessitated by the fact that the proceeds of this debenture issue were required to meet debentures which were falling due.

Controller Fisher advanced the strongest possible arguments why a debenture issue should not be made at such an extraordinarily low rate. He failed to convince his colleagues, however. Ottawa has an excellent financial reputation, but the present move does not help to enhance it.

UNITED STATES POLICY

The United States cannot afford to go to war, even if it could swallow the German-American vote. The United States is the only large trading country not engaged in the war. President Wilson should not be blamed for doing his utmost to keep out of the international struggle. The fortunes of war, moulded by the British navy, allow the Allies to get practically all the war materials they desire from the United States. Germany may do the same, if he can. As things are, the United States is helping herself commercially and helping the Allies by selling them war munitions. The United States at war now would be a calamity. Most of the German-Americans stick the emphasis before the hyphen. The United States in a European war might mean also bad dissension in the United States.