IS THIS A GOOD TIME TO BORROW?

There is no doubt at this moment much anxiety prevails in the minds of municipal executives as to whether or no they should go on with their improvements and public works this coming season. They have received so many sharp lessons during these last two years and been called to time so often that they are in a dilemma. While we believe that rigid economy should be the watchword for a long time to come there are undertakings in certain of the municipalities, held up during 1915, that should be completed if only for the health of the people and now is the best time to make the bond issues. The reason being that better prices can be made for good municipals in the United States.

So that municipal executives in this country may get some idea of the market for municipals in the United States we reproduce an article from the "American City," by Mr. Sander Shanks, Jr., editor of the "Bond Buyer," probably the most authoritive journal on bonds in America. The article is as follows:—

During the present year the counties, cities, villages and other sub-divisions of the several states will probably raise in the neighborhood of a half-billion dollars through the issuance of bonds. The magnitude of the amount of money involved makes it important that the best terms be obtained in the bond market by these cities and villages when their securities are sold to investment bankers.

It will be remembered that, in the fall of 1914 and during the early part of 1915, bankers in general were agreed that the outlook for a favorable money market for borrowers was not promising. Municipalities, along with other kinds of borrowers, were cautioned to curtail to the minimum expenditures entailing the issuance of bonds. But in the last three or four months of 1915 it was found that this earlier advice from the bankers had not been justified by actual conditions, since an extraordinary demand for bonds developed and borrowers were offered exceedingly low rates of interest for new issues.

At the start of the current year we find every evidence of a period of easy money, such as we have not known for several years. As a result, cities are now offered an opportunity to finance public improvements with bonds at a minimum cost for the money. The most spectacular illustration of this favorable condition in recent weeks was the negotiation of the sale of $25,000,000 New York State 4 per cent bonds on January 27. Although less than a year ago New York State sold its bonds on a 4.21 per cent basis, it now receives a price that brings the net cost of the money down to 3.85 per cent. And similar conditions are found with all other varieties of public borrowers. The bonds of the larger cities, such as are a legal investment for New York State savings banks, are selling to-day to yield the purchaser less than 4 per cent, putting them back on the price level on which they sold in 1911—and there are many indications that prices are still to advance.

In the immediate future municipalities all over the United States will be considering bonding propositions. In many places the authority of the voters will be asked to issue bonds and in others the governing bodies will consider borrowing operations. With this in view, it is well that the condition of the bond market be emphasized, in order that these counties, cities and villages may thoroughly appreciate the opportunity now offered. Considering the welfare of the taxpayer, it seems fair to point out that the present generation has begun, and probably will continue, to take advantage of the profits of a remarkable era of business prosperity in the United States that has apparently just commenced. It, therefore, follows that the taxpayer of this favorable period will be willing to bear at least the initial cost of many needed municipal improvements.

Features of a Bond that Attracts Investors.

Assuming that the volume of municipal financing will this year be large, it might be well to point out a few of the more important elements that make for the most sat-

(Continued on Page 135)