

the 1918 levy at the end of 1918, was \$62,887, which is an indication of a great improvement in prompt payment of the tax levy.

New investments were made during the year to the amount of \$434,057. The trustees received from the city council on November 15, 1918, the sum of \$75,000, being a portion of the insurance money collected on the Winter Fair Bldg., for investment. As this money was required for the erection of a new fair building, the trustees returned the proceeds of the investment on June 23, 1919, which amounted to \$81,985.

The interest rate per annum, capitalized yearly, calculated to pay the principal of the debentures when, and as they became due, is 4 per cent., as provided in Section 292 of the City Act. The average yielding rate of the sinking fund investments is 6 per cent., and as a result, a surplus has been established, which for the year 1919, amounted to \$28,974, and which added to the previous surplus shows a total surplus earned since the policy to invest sinking funds was adopted, of \$74,456. Of this amount \$63,748 has been returned to the city to be used for current or other expenditures, and \$10,708 has been set aside as a reserve to provide for the possible losses or depreciation in the securities.

Total sinking fund investments are \$1,836,875, and interest accrued on investments, \$51,294. Cash in bank amounts to \$18,676 and that on hand, \$61,658. Total assets are \$1,998,339, while total liabilities, including investment reserve of \$10,708, amount to \$1,970,592.

Calgary, Alta.—Messrs. Spitzer, Rorick and Co., the American financial house from which the city obtained a loan of \$1,500,000 in June, 1919, on 5-year treasury notes,

issued against the 1918 and previous taxes as security, are demanding that the city proceed to turn over the amount of these taxes which have been collected to date. At the present time, this amount totals some \$225,000, and at present exchange rates it would mean that the city would lose some \$35,000 on the transfer of these funds to New York. In a letter to the city on the subject, Spitzer, Rorick and Co., admit that they gave written permission that the city treasurer was to transmit these funds, as collected, from time to time, taking advantage of favorable rates of exchange. City Treasurer Mercer maintains that as exchange has at no time, since the loan was obtained, been more favorable than then, but, on the other hand, is higher, the written permission has entitled him to retain the funds in Calgary. Naturally, there is no benefit to the city in holding them, as once they are forwarded, an equivalent amount of the interest bearing treasury notes will be taken up. The only question at issue, therefore, is the loss of exchange.

Spitzer, Rorick and Co. maintain that the city may lose still more money by holding them, that exchange is growing worse instead of better, and point out that although the city of Vancouver, in a similar position, lost money by transmitting funds last January, nevertheless it actually saved money by sending the funds at that time, as if it had waited until the present its loss would have been much greater. Moreover, the firm say that when they made the loan last summer, they stood a loss of \$75,000 in transmitting the funds for the loan from the United States to Canada on account of exchange, and hence they do not think the city is right in declining to shoulder any loss in returning them. The subject is now being discussed by the city.

Government and Municipal Bond Market

Usual Summer Quietness Prevails—Few Small Municipal Issues Taken Up—British Columbia Disposes of More Securities to Local and American Syndicate—Alberta Campaign for Sale of "Baby Bonds" Now Under Way

QUIETNESS prevailed in the bond market during the past week. A few small municipal issues were taken up at prices which certainly registered no improvement. The city of Windsor is asking for tenders on bonds approximating \$380,000, of the instalment type, but outside of this the immediate future offers nothing of especial interest.

Victory Bonds as Investments

Under the above caption, Messrs. Wood, Gundy and Co. in a financial digest, publish an article which should prove interesting. It reads in part as follows:—

"If an unusually large supply of any commodity is placed on the market within a comparatively short period, the result, no matter how great the anticipated ultimate demand, is that the price of that commodity eases to a point below the original value of the article. Then, after the primary demand has been supplied and the secondary demand prevails, the price readjusts itself, and if there is no increase in the output, that commodity will return to its former selling price.

"This truism constitutes one of the reasons for the position of the bond market to-day. It is true that inflation and the non-productive employment of labor have played a part, but between these two factors and government loans, exists a connecting link. Had it not been for the immense volume of labor employed in the manufacture of munitions, and the financing of a huge fighting force engaged in a non-productive pursuit, the raising of large sums within so short a period would have been unnecessary, and without these factors, no inflation would prevail.

"To accomplish this war financing, it was realized that the institutions and private individuals whose habit it was

to buy bonds could furnish but a portion of the capital required. It was necessary to secure large sums from industrial, mercantile and other concerns, who strongly supported the loans, and from individuals who had hitherto regarded bonds as an investment for the wealthy only. Undoubtedly, the market for bonds was greatly widened by educational campaigns, which taught hundreds of thousands the advantages of owning this class of security.

"Finally the time arrived when many of these concerns found it necessary to employ their assets in financing expansions and additions to their businesses, which had been postponed during the latter period of the war. Also, a number of people who bought Victory Bonds either through patriotism, or believing that war-time wages would continue, have required to part with their holdings. As a result of this liquidation, it seemed that the market might suffer from a surplus of these bonds. Buying, however, has been surprisingly good and the opinion that these bonds would soon become the property of the permanent investor is vindicated by the large number of orders continually received. Redistribution, now under way, takes time, and in this period bonds are cheap.

"Final absorption, therefore, may be termed the crux of the price situation. Victory loan bonds are rapidly passing out of the hands of those who wish to sell, and into the hands of those who plan to retain them until maturity. The floating supply will grow smaller and with its absorption a strengthening in the Victory bond market should occur."

Coming Offerings

The following is a list of debentures offered for sale of which mention has been made in this or previous issues:—