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R. I. Warner M.A., D.D., St. Thomas Ont.**MONEY AND  
MAGNATES****Municipal War Finance**

**A**N article entitled "Money and Our Cities" in the "Canadian Courier" for September 12th has been much discussed by bankers and others interested. The "Courier" suggested that the problem was a national question and should be treated as such. Either the banks should deal with it as a body or the Minister of Finance should deal with it in conjunction with the banks. In any case, the "Courier" suggested that no national treatment is possible, unless each Provincial Government has a minister or department which will regulate municipal loans of all kinds as does the Local Government Board in London.

Several financiers have favored us with their opinions. Nearly all agree that the Provincial Governments must act. One banker says:

"You seem to have put the case clearly and well. I entirely agree with you that it is for the Provincial Legislature to move first."

\* \* \*

Another writes: "I am inclined to think that each case would have to be considered upon its merits. The establishment of Provincial Government Boards would seem to be a move in the right direction, and will no doubt help matters considerably."

\* \* \*

Another is not so sure. He says: "I am afraid that the plan you suggest would eventually result in a very large amount of Dominion notes being issued on a very insufficient basis, which would take us years to overcome in normal times, and might do irreparable injury to Canada's credit."

Another says: Generally speaking, I think the proposals that you make with respect to the money required by municipalities are very reasonable."

\* \* \*

The most informing and thorough criticism of the article is from a Canadian financier whose opinions are always taken as authoritative. He writes:

"I am in complete accord with the view that Provincial Government supervision of the borrowings of municipalities is to be desired, though the exact form which such supervision should take is a matter calling for full consideration and discussion. Fifty years ago, or thereabouts, in England the Government took the matter out of municipal hands and created what are called



The only international Stock Exchange which has yet been captured by an Enemy is that of Brussels. This is a good picture of the Brussels Bourse.

Local Loans, and up to date over £70,000,000 has been borrowed. There are two obvious advantages: one is, the municipality obtains a low rate of interest; the other, that it cannot go to excesses. There is one serious difficulty in Canada, namely, that the cities in the Eastern Provinces, with one or two notable exceptions, are open to very little criticism, so that the Eastern Provincial Government would probably not care to interfere, for, obviously it would not be a popular move. In the Western Provinces I am sorry to say that Provinces themselves have been the subject of criticism, not so much for the money they have borrowed for their own purposes, but the reckless extent to which they have guaranteed.

"In connection with loans being made to municipalities by the banks, who in turn would reimburse themselves by obtaining advances of Dominion notes, the great danger is an undue inflation of the country's circulation, unless this method of financing is restricted to very moderate amounts. While the notes of the Dominion are absolute security they are not available for the payment of indebtedness outside the country; they bear no interest and an undue accumulation in the hands of the banks would tend to place them at a discount.

"The facts of the matter are that we have suddenly been deprived of fresh borrowed capital which was coming into the country at the rate of \$30,000,000 per month, besides which, we have to meet interest payments at the rate of \$10,000,000 per month, and it is, therefore, imperative that economy should be practised in all directions and that our efforts should be turned towards meeting our existing and maturing obligations abroad and providing for absolutely necessary current expenses at home, rather than towards commencing new undertakings."

**Moratorium on Mortgages**

**"A** GOOD name is rather to be chosen than great riches," was said by a wise man. The late J. P. Morgan used similar language in answering the attack made on New York bankers. He said in effect that an honest man could always borrow money. The principle is at work still and must be considered a factor in all current agitation for financial relief. It is for that reason that the probable treatment of municipalities becomes of most importance since their record is that they have never failed to pay a debt.

The policy which Britain has followed as to relief to mortgagees should also form a basis for any legislation in Canadian provinces. The Chancellor of the

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