

The Municipal World

PUBLISHED MONTHLY

In the Interests of every department of the Municipal Institutions of Ontario.

K. W. McKAY, EDITOR,

A. W. CAMPBELL, C. E. } Associate
J. M. GLENN, K. C., LL.B. } Editors

TERMS.—\$1.00 per annum. Single copy, 10c.; Six copies, \$5.00, payable in advance.

EXPIRATION OF SUBSCRIPTION.—This paper will be discontinued at expiration of term paid for, of which subscribers will receive notice.

CHANGE OF ADDRESS.—Subscribers, who may change their address, should give prompt notice of same, and in doing so, give both old and new address.

COMMUNICATIONS.—Contributions of interest to municipal officers are cordially invited.

HOW TO REMIT.—Cash should be sent by registered letter. Draft, express or money orders may be sent at our risk.

OFFICES—334 Talbot St., St. Thomas. Telephone 101
Address: all communications to

THE MUNICIPAL WORLD,

Box 1321, St. Thomas, Ont.

ST. THOMAS, OCTOBER 1, 1903.

Mr. W. A. Macfarlane has been appointed clerk of the Township of North Cayuga, to succeed Mr. James Mitchell.

* * *

Mr. John Hetherington, of Sharbot Lake, has been appointed clerk of the Township of Oso to succeed Mr. S. C. Bourk.

* * *

Twelve years ago Parry Sound installed the municipal waterworks plant. To-day the town has \$200 every year after paying expenses.

* * *

At a recent meeting of the council of the Township of Dunwich, Mr. D. P. McCallum handed in his resignation as clerk, and Mr. Donald Campbell, of Dutton, was appointed to fill the vacancy.

* * *

Lanark County is now entirely free of toll roads. The toll roads from Perth to Lanark and Manion, and from Balderson to Fallbrooke, have been thrown open without the tolls. The length of roads is 21 miles, and all were purchased by the county for the sum of \$19,246, and debentures will be issued to cover the expenditures. Six toll places are affected.

* * *

The council of a western township has passed the following resolution: "That sweet clover be and is hereby classed as a noxious weed in that township and that it will be considered as such in the future." A resolution of a council is not sufficient to effect this purpose. Sub-section 1 of section 3 of chapter 279, R. S. O., 1897, provides that "the council of any township may, BY BY-LAW, extend the operation of this Act to any other weed or weeds, etc." The council should, therefore pass a by-law, if it desires to constitute "sweet clover" a noxious weed within the meaning of the above Act.

Municipal Debentures and the Money Market

By Messrs. G. A. Stimson & Co., Debenture Brokers, Toronto.

As to the general situation of the debenture and money market, conditions have prevailed about on the lines which we suggested last year, that is, so long as prosperous conditions exist, the less chance there would be of improved prices for municipal bonds. Every one recognizes that good times cannot always exist, but various conditions effect very materially the duration of times either good or bad. Fortunately in the present case, conditions are, we believe, to the advantage and benefit of this country, and if they continue a number of years longer, will not be regretted. A young country growing with rapidity at present indicated by increased emigration, with a contribution of excellent harvests, is not likely to see bad times, or to reach the turn of the tide as quickly as the older and more populous countries. Everything at present points to another exceptional year, both in the older provinces and in Manitoba and the Northwest. In fact, such conditions are practically assured, and with this we have an assurance of continued good times. That the time is a growing one is evidenced by the extensive alterations, improvements and extensions in the railway systems, in the manufacturing and commercial establishments, and in the improved and more liberal method of living of all classes.

Capital expenditure generally plays a rather important part in the demand and price of municipal securities. During the past few years, owing to prosperous conditions, capital expenditure has been simply enormous, that is, governments, municipalities, railways and manufacturing institutions and individuals have taken advantage of conditions to improve and extend, and thus the surplus earnings of good times has been quickly absorbed.

During the past year a slight reaction has taken place to some extent, and we find capital for certain lines has become scarce; there is yet, however, sufficient opportunities for the investment of capital yielding a fairly good return. This capital expenditure, however, will, notwithstanding prosperous conditions, more or less vary, and as capital is required less it will accumulate much faster and to such an extent that an increased demand for municipal securities will likely follow. At present, municipal authorities find they can no longer borrow money on the old terms and consequently they are inclined to reduce their capital commitment; this will, to some degree, tend to check the trade. A reduction in the expenditure of capital by the governments, municipalities, railways and business institutions must cause some contraction in trade generally, and this will also mean an accumulation of capital and the price of securities which are now depressed by reason of an excessive supply of stocks or securities, will begin to improve.

Municipalities should be cautious and conservative in their expenditures, espec-

ially for objects which will not in themselves provide some return towards their maintenance. It has become almost necessary for the average town to have all the public utilities and conveniences of the larger centres. Manufacturers located in the smaller places find their workmen in many cases decline to live outside the centres where they can enjoy some advantages similar to city life. Municipalities in general, have recognized that they require to keep their school system up to a higher standard, and they have also found it necessary to embark in the ownership and establishment of certain public utilities. On the other hand, the municipality must consider that when times change, a high rate of taxation will not help to increase the population. The aspect of municipal debentures from a sellers' standpoint, has greatly changed within the last year. This, we think, has been encouraged by the continued and increased confidence in investments in Manitoba and the Northwest, and by the very liberal investing powers conferred upon many of our monetary institutions. Immense sums of money have gone from this province for investment on mortgages in the Northwest. Strange to say, this has been drawn very largely from the class which constituted the largest buyers of municipal bonds. It is sometimes difficult to understand why interest on real estate mortgages of the best quality has not varied of any account, and at the same time the interest on municipal debentures has varied considerably. There is no question as to which is the better security. The change has come about partly as above mentioned. Persons controlling and investing trust funds are being continually pressed for better rates of interest, and they have been compelled to alter the buying price on certain classes of securities, and to go out of their usual channels to find a better return. The English market and conditions of course have a certain effect upon the value of municipal debentures in particular, but while present conditions remain on the other side, we are not likely to feel any favorable change. So far as any one can discern, we would advise municipalities not to think of issuing bonds at less than four and one half per cent. rate.

There is one feature in connection with municipal debentures which should have some careful consideration and action, and that is municipalities should adopt some uniform and improved style of debentures. At present, the average debenture issued, especially by the smaller and rural municipalities are simply a disgrace and are extremely difficult to handle. They are printed on very poor paper which necessitates continual patching and particular care in order that they may last out their term. A neat folded form, something on the line of our railway bonds would present itself more favorably to the investor, and we certainly think it would pay the municipality to consider this feature.