

twenty years, have contributed more than any other cause to keep down the values of Canadian bonds. The British investor has come to associate this railway with Canada, and, prompted in the past by the *Times*, *Herepath*, and other English journals, has ascribed not a few of the ills of this railway to the condition of the country. The embarrassments of other lines have helped to deepen this impression. Thus the errors in the original inception and construction of these lines, and the often reckless management since, even though directly controlled by British bond or stock holders, have afforded the occasion for denouncing the country at large. These very difficulties have even given rise to positive opposition to the floating of Canadian loans. The determined and uncalled-for but unsuccessful effort of the *Times* to crush the recently offered Quebec loan betrayed so little of reason, and so much colour of either interest or outside influence or pressure, that it is generally ascribed to the promptings of the President of the Grand Trunk Railway, and of the clique of brokers in London who manipulate Grand Trunk stocks.

There can hardly be a question, unless the loans required for the construction of the Canadian Pacific Railway are gradually issued and judiciously placed on the market, or the Government is successful in securing the construction of the line on the basis of only part cash and the balance land and interest guaranteed, that Dominion bonds will not reach that higher position which Canadians desire to see. The status of these bonds—and the same may be said of the Provincial bonds—depends largely on the watchful care of our Ministers of Finance and our London financial agents, and in this respect not merely in placing the loans at a good figure as they are issued, but by maintaining the credit of the country, by disseminating correct information regarding its resources and prosperity, and by keeping up the prices of the bonds in times of causeless depression by purchases for sinking fund investments and otherwise. It is extremely doubtful if, in the past, this has been always carefully and judiciously done. There seems no reason why the present position of these bonds should not be improved on, and should not be made equal to or even better than that of the bonds of the Australian colonies, if relative popula-

tion, wealth, resources, and past prosperity form any criterion. New Zealand, with a population, according to the census of 1872, of 279,000, has an indebtedness in London alone, according to the London *Economist*, of \$69,578,000, or \$249 per head of the population; Queensland has a population of 150,000, and a London indebtedness of \$28,833,000, or \$191 per head; Victoria, with 696,000 of a population is indebted \$55,756,000, or \$80 per head; whilst the Dominion, whose population was, in 1870, 3,600,000, has a total aggregate funded debt, at home and abroad, of \$135,220,000 or merely \$38 per head, and with all the municipal and unfunded debts added to this, only \$55 per head. From these figures, and a knowledge of this country's resources and wealth, Canadians will judge for themselves whether their finances do or do not require attention.

The powers which our municipalities have of borrowing, under the Municipal Acts of the Province of Quebec, and under the Consolidated Municipal Loan Act, which applied both to that Province and to Ontario, are limited to twenty per cent. of the aggregate valuation of the property in the municipality when the last By-law authorizing a loan is passed. Under the Municipal Institutions Act of Ontario there does not appear to be such a limitation; but municipalities are restricted from contracting debts which would require a greater rate to be levied than an aggregate of two cents on the dollar annually on the actual ratable property. It would be better for the credit of all municipalities, and would result in a wider market and a better price for their bonds, if not only there were such a limitation in every Province, but also if the limit did not exceed ten per cent. of the aggregate valuation of the property in the municipality. It is not an unfrequent circumstance to hear English investors refer to the fact that five per cent. is a common limit in such cases in the United States, and contrast it with the more extended powers conferred on Canadian Municipalities. This is a matter which, in the interest of the country at large, should receive the attention of the Government.

In each case, excepting where a By-law passed by a city council affects Local Improvement Debentures, which are necessarily limited in amount, and where, passed by a County Council, the proposed loan is