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## MUNICIPAL BONDS IN U.S. MARKET.

The rapidly increasing importance of the United States as a market for our municipal issues is shown by the fact that last year, according to Mr. E. R. Wood's compilation, the American market purchased 20 per cent. of our output of municipal bonds as compared with 8 per cent. in 1912. It is generally believed that the impetus which has been given in the last two or three years in this direction is mainly due to the fact that our municipal bond issues now offer more attractive rates than formerly. It could not be expected that American investors would largely interest themselves in our bonds at a time when they produced a very low yield—no larger than could be easily obtained from first-class municipal issues in the United States. Of course, a certain amount of high-class Canadian bonds have always been taken in the United States and the insurance companies in particular have been large purchasers. But the market in the United States for our municipal bonds has now widened out. Canadian bond-houses have aggressively pushed their wares in the States, and American bond-houses have been active in recommending our municipals to their clients, these houses including several of front-rank importance whose names and high reputation are matters of international knowledge.

While the American bond-houses generally restrict, either by location, population or in some other way, their willingness to consider our municipal bond offerings, it is obvious that the opening-up of this market for our municipal issues is well worth cultivating. It appears that to some of the American bond-houses both the assessment and the net debt of some of our cities form a considerable stumbling block. Our municipal debts *per capita* are very much larger, it is stated by the *New York Times Analyst*, than municipal debts in the United States *per capita*. The latest census returns in the United States make the average net

debt of 193 cities and towns \$65.84. On the other hand, figures lately got together by the *Financial Post* show the average net debt of 58 Canadian municipalities as \$104. This figure is mainly a result of the borrowings of Western cities. The average for the cities in the province of British Columbia is \$177; in Alberta, \$149; in Saskatchewan, \$126; in Quebec, \$120; in Ontario, \$67 and in the Maritime provinces, only \$38. The Western municipalities have borrowed largely on account of public utilities, these borrowings not being included in the figures given, and their higher figure of *per capita* debt would appear to be simply due to the fact that they are new and have had to provide the necessities of civilisation in a hurry. This view is corroborated by the figures given regarding some of the Eastern cities which are new; Port Arthur's figure is \$172; Outremont, \$179 and Maisonneuve, \$197.

Among other points put forward from the United States regarding our municipal bond issues, is the suggestion for uniform laws in the various provinces to govern the borrowings of the municipalities. It is urged that the debt limitations of 20 per cent. which now appear in many of the provinces give too much latitude to the various municipalities, and that it is advisable that these limitations should be reduced to a much lower amount, especially when there are exemptions to the limitations for various issues. It is also urged and with some point that the life of municipal bonds should correspond more closely to the life of the things for which they pay. These various suggestions are of distinct interest. Of the thorough reliability of Canadian municipal securities as high-grade investments there has never been the least manner of doubt. They have an admirable record, and municipal officers are, we believe, fully cognisant of the necessity of vigilance in guarding the credit of the municipality and the interests of the holders of its securities. However, this does not make the less desirable the arrangement of our municipal financing on such lines as conduce to necessary borrowing upon the easiest and best terms.