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## MUNICIPAL FINANCE.

Mr. Thomas Bradshaw, commissioner of finance for the City of Toronto, has lately published an annual report upon the funded debt and sinking fund of his city, that bids fair to become a classic of its kind. It would be a great advantage if this exact and most illuminating document could be thoroughly studied by every Canadian municipal official whose duties are concerned with city and town finance, and a copy should certainly be included in the library of every large institutional or private investor in Canadian municipal securities. The report admirably illustrates the advantages accruing from the employment in the public service of the thoroughly-trained and scientific mind. The Toronto city authorities can be congratulated upon their recognition of the fact, not always emphasised in Canadian municipal administration, that exact knowledge as opposed to slovenly half-knowledge, means the whole difference between success and failure, between doing business in the right way and doing it somehow. There is too much muddling-through by mediocrities in Canadian municipal finance. Toronto, in choosing the better part, has not only set a worthy example, but has already benefited substantially, and will benefit to a much greater extent in the future, in the increased confidence of financial and investment interests in regard to the City's securities and a consequently improved credit.

While Mr. Bradshaw's searching analysis of Toronto's funded debt is naturally primarily of local interest, the report contains a number of observations which are of general importance. For instance, the probabilities of an extension of the City's borrowing powers through an increase in the assessed value of real property are discussed. It is pointed out that at present population and assessed value are practically stationary, owing doubtless to the extraordinary times which have recently been passed through. There is a possibility that values of certain classes of property, or properties in certain districts, may have been inflated to some extent prior to the war. This, together with the uncertainty of the outlook and of *post-bellum* conditions everywhere, suggests danger in estimating or relying upon probable increases in borrowing powers. Toronto has at present only a small margin of borrowing powers. In view of the foregoing considerations, it is clear, as Mr. Bradshaw remarks, that until there is a substantial increase in population and assessed values, care must be exercised in encroaching upon the borrowing margin. In this matter, Toronto does not stand alone. A number of the Canadian cities are in a quite similar position, and equally to them as to Toronto, the

counsel of care applies. There is fortunately reason to believe that this moral of present conditions is being emphatically pointed by bankers and other financial advisers of various municipalities.

The report criticises sharply a policy followed in Toronto some years ago, before the advent of the present regime, of undertaking permanent works without making the necessary arrangements for permanent financing, and carrying them on by temporary borrowings. As a direct result, the permanent indebtedness of the City will be substantially increased during the current year through the necessary financing—and that at a time when encroachment upon the limits of borrowing power is distinctly inadvisable. In addition, the practise has the effect of disguising from the taxpayer the real extent of the added burden which new debts and debt charges involve. The practise of temporary municipal financing, which Mr. Bradshaw proposes to discontinue, arose in the hopeful days when repayment of borrowings was the last thing considered. Many of the municipalities, however, have had in recent years and are having, such severe lessons in regard to the maturity at awkward times of temporary borrowings, that the practise is not likely to make much headway again, at least for some years. Allied with this temporary borrowing evil, was the reckless practise of adoption of ambitious projects without first determining their ultimate cost. Schemes and plans have been carried through, remarks Mr. Bradshaw, which might well have been deferred for years to come. Here again, the present necessity of "paying the piper" is likely to have an exceedingly salutary effect upon the future ideas of our Canadian city fathers.

The prospective taking-over by the City of the Toronto Street Railway in 1921, suggests to Mr. Bradshaw an additional argument for the present regulation of the debt burden upon extremely conservative lines. "During the next five years," he writes, "slightly over \$14,000,000 of our debt will fall due and will be retired. If in addition to reducing our debt by this amount, we were to refrain, in the meantime, from incurring fresh debts, we would, when the time arrived, be in an excellent condition to cope with the situation. While we know, because of undertakings to which we are committed, that the ideal course cannot be pursued, it should be our constant aim to minimise the amount of new securities issued in every possible way and thus fortify ourselves for the day." It could be wished that all our other leading Canadian cities employed as their financial advisers those so competent in counsel and so farsighted in policy as Mr. Bradshaw. The effect upon the credit of the municipalities would be certainly remarkable.