

financiers in London do not care to undertake the negotiation of loans under £100,000 stg.

It is well that discernment and prudence should be shown by municipalities in exercising their powers to issue debentures. There may be occasions when, with the money market unfavourable, public confidence unsettled, or previous issues of bonds at a discount, it would be very impolitic to offer a fresh issue to the public, besides being an injustice to existing bondholders by further depreciating the value of their securities. Were the people of each municipality, who certainly know and should have faith in its resources, always ready, as they are in Great Britain, themselves to take up the bonds of their own municipalities as they are issued, there would not be the most remote possibility of any such municipality being allowed to incur an unreasonable indebtedness. As yet there is not wealth enough in the country to do this, and a very large part of each municipality's indebtedness is in reality held outside of the municipality; in the case of Canadian cities is chiefly held in Great Britain. Now the measure of confidence which the public have in a bond is the measure of its value in the money market. It is, therefore, of the utmost importance that such holders of Canadian municipal bonds, living as they do at a distance, and having fewer sources of information than residents, should have no colour of reason afforded them for in the least doubting the resources of the municipalities, and of their ability to meet their indebtedness. The trans-Atlantic investing public are very nervous lest there should be over-issues of bonds, and lest our cities and provinces should incur more liabilities than they are able to bear. New loans recently placed, and rumours of fresh loans, as well as other exciting causes, have recently occasioned very serious falls in the values of the debentures of two of our Canadian cities on the London Stock Exchange. We are further told—with much exaggeration however—by one whom the *London Times* terms a leading shareholder of the Grand Trunk Railway, that at present Canadian city bonds are almost unsaleable in the English market. Every Canadian will be ready to affirm, and with good reason, that there are in reality few better securities quoted on the London Stock Exchange than

Canadian municipal bonds, and every banker in this country is aware of their unexceptionable security. The depreciation in these particular cases proves how sensitive the British investing public are. The effect of the depression in these bonds is that not only will any projected loans of these cities, if issued now, whether here or in London, require to be sold at a considerable discount, and perhaps with difficulty, but their previously placed securities may be still further depressed whenever such fresh issues take place, and all Canadian municipal bonds in the English market will be more or less affected.

The debenture debt of any province or municipality, held as it always more or less is by trust and other corporations, and by individuals living beyond its limits, should be regarded as the most sacred obligation which the province or municipality has. The debentures and the coupons attached are its promissory notes, and the promptitude or carelessness with which these are met enhance or lower its reputation and credit. States, provinces, and municipalities, like individuals, have a reputation to maintain or lose, though they differ from individuals in this respect, that this reputation once lost is not easily regained. The default of a state, province, or municipality is, through the public press, heralded everywhere, and frequently referred to in after years, in the course of political as well as commercial and financial allusions to the country; and this default is the more serious because of its lowering effect on the securities of integral parts or other sections of the country. Some years since one of our Canadian municipalities, whose position is now above question, allowed its securities to go to default, and every holder of Canadian bonds who has endeavoured to float them in Great Britain is aware how inimical to the best existing and future interests of that municipality the default has been, and how much it has impeded the negotiation of other Canadian loans. The remedy, however, which bondholders have in cases of such default, under our Canadian municipal laws, is clear. In every municipality the ratepayers and their property are liable to assessment to meet the indebtedness under the bonds, and on a judgment obtained and writ issued, the Sheriff will make such assessment and levy the taxes under it.