

# The Monetary Times

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## The Monetary Times OF CANADA

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## CANADIAN MUNICIPALITIES' BONDS

It was not what he said, but the nasty way he said it, seems to sum up the injured feelings of Canadian municipalities regarding Mr. Horne Payne's criticisms of civic financing. Mr. Payne spoke in London of the "badly regulated borrowing of Canadian cities," and of their "risky and costly expedient of securing accommodation for a few months at a time," and of "callous destruction of municipal credit," and so on, jab after jab. There is some truth in Mr. Payne's strictures, and *The Monetary Times* believes that most of our municipalities recognize that they have made errors in financing, and that the time has come for a spell of strict economy. No one likes to take medicine before a big crowd, to the accompaniment of a brass band. Canada's civic rulers do not like Mr. Payne's peppery pills administered with such ceremony. Besides, that gentleman said much the same last year. It, therefore, looks as though it were becoming a painful habit.

Admitting that Canadian cities and towns have been heavy borrowers and that they have made minor mistakes, these facts remain—the volume of immigration brings every year thousands of new citizens to the urban centres. Their welfare has to be financed. Only two Canadian municipalities have defaulted on their bond interest. That was many years ago, caused through temporary circumstances, and the default in both cases was soon made good. Canadian municipal securities still hold a high place in the esteem of the British, Canadian and United States investor. The chief reason for the temporary lull in their sale overseas is exactly the same as that which is causing railroads, industries and other borrowers to stay away—because money is tight, there

is a glut of undigested securities, and few new loans are to be financed before the autumn. The municipalities are, therefore, not such great sinners after all. Letters received by *The Monetary Times* from the treasurer of nearly every important municipality in Canada show that they fully realize the necessity of economy and sane finance.

Mr. Horne-Payne has issued another statement in London, as director representing the Canadian Northern Railway there. Therein he details the the story of the recent Canadian Northern subsidy, and concludes as follows: "The facts are simply that the directors of the Canadian Northern system pointed out to the Canadian Government that the Canadian Pacific and the Grand Trunk Pacific had each received far greater assistance from the Parliament of Canada than the Canadian Northern, and contended that, considering the national character of their undertaking, they were entitled to further subsidies as a matter of fair treatment from the Canadian people. The Government of Canada, and subsequently the Canadian Parliament, have admitted the justice of this claim, and as a consequence have granted the subsidies above announced, a result which will be eminently satisfactory to holders of Canadian Northern securities, and finally disposes of the stories which have been circulated during the past few weeks, and which have been the cause of the heavy fall in the prices of Canadian Northern debenture stocks."

Now Mr. Payne is on the wrong tack entirely in giving these morsels to the London market, which is not a child in matters financial. He should forswear such criticisms, denials and statements, joyfully watch Canadian Northern debenture stocks rise, and encourage the sale of Canadian municipal bonds. There is enough money in Great Britain for all legitimate borrowers, and it is a pity to start an unnecessary quarrel in the family.