

## BONDS FOR THE SMALL INVESTOR

The *Monetary Times* recently mentioned the experiment in municipal financing which is being made by the city of St. Paul, Minnesota. Several inquiries having been made for details, some further particulars are here given. The scheme was outlined by Mr. James J. Hill, the well-known railroad magnate, and a Canadian born. The various bond issues of the city will be purchased by Mr. Hill and his associates. The bonds will be placed in the hands of trustees and certificates issued by the Northwestern Trust Company.

All certificates will be of \$10 denominations, and will be sold over the counter of the Northwestern Trust Company. The certificates will pay the same rate the city pays, and the certificates will be protected by the bonds, which will be guaranteed by the trustees.

St. Paul appears to be the home of a movement to obtain the interest of small investors in the city's securities. The popular touch to the movement even went so far as a sale of city bonds in one of the large departmental stores. That idea, it appears, also emanated with the trust company mentioned, who purchased from the city \$200,000 short-time paving certificates. The suggestion of the sale was made to the store, which offered them to its customers. While the certificates will be issued only as the city requires the money, during May, June, July and August, practically the entire issue of \$200,000 has been sold to small investors. Each purchaser was limited to \$1,000, and most of the sales were in amounts of \$500 or less.

The Hill coterie having proved the investment strength of the small investor, decided to feature the 4½ per cent. trust certificates, as stated above. A first batch of \$25,000 4½ per cent. playground bonds has been purchased and against these, certificates in \$10 denominations will be issued and sold by the Northwestern Trust Company direct to investors. As soon as the certificates are disposed of, another lot of city bonds will be bought, and so on until the entire amount which the city has for sale is taken up and sold.

Speaking to the *Commercial West*, Mr. Louis W. Hill, of the Northwestern Trust Company, said: "It is our intention to foster and encourage saving among this class of investors by offering them from time to time choice securities, with a ready market, that will enable them to realize quickly, should they need their money. This experiment demonstrates that the small investor will buy good securities at a reasonable rate, and will place his confidence in reputable institutions, even to paying his money before the bonds are ready for delivery.

A similar plan for the disposal of Canadian municipal bonds has been suggested in London, Ontario. It is a matter of doubt, however, whether such a scheme would succeed. When money market conditions are good, there is little difficulty in satisfying the legitimate demands of Canadian municipalities for funds, outside of the borders of the municipalities themselves. The small investor locally is then busy in other channels. It is when money is tight, that we hear of novelties in finance. Taking the example of London, Ontario, which had \$764,500 for sale, greater benefit would accrue to the city by the subscription of that amount by outside rather than inside capitalists.

## A WORD ON THE CROPS

With the crop reports of the West, one must sometimes take a grain of salt. Many of the views on crop conditions in this country sent from Winnipeg are undoubtedly colored by the literary paint of the grain dealers in the Western metropolis. The reliable advices of *The Monetary Times* are that crop conditions could hardly be better than they are at present. Whether the crop is a week early or a week late at this season of

the year is absolutely without significance. We are receiving the most favorable weather, and it would be difficult to find a dissatisfied farmer at the present time. Crop predictions thus early in the season are of little value in any event, but the least useful are such discouraging stories as some which have appeared recently.

## TWO KNIGHTS AND THE DAY

Sir Rodolphe Forget in a recent interview predicted further declines in the Canadian stock markets. He mentioned, for instance, such a figure as 200 for Canadian Pacific. And his talk generally was strangely pessimistic. To the current situation and outlook he gave several nasty digs with knightly weapons. But Sir Henry Pellatt came to the rescue, and contradicted Sir Rodolphe's prophesies. Instead of low stock prices, Sir Henry says that next spring we will be more prosperous than before.

Now it is usually difficult to find a bear in the Canadian stock market. When in evidence, there is often a reason for his hug. May we ask on what grounds Sir Rodolphe bases his mournful conclusions? If only in self-interest, he would scarcely disturb the market with his wails were he carrying an armful of stock certificates. Perhaps the Montreal Knight has a light stock of scrip and is balancing accounts with a little innocent chatter.

The time when Sir Rodolphe sallied forth to capture control of the Nova Scotia Steel Company and came back a sad man is fresh in memory, as is also his bank enterprise. Sir Rodolphe, therefore, must not feel grieved if his counsel regarding the outlook is discounted considerably. One prefers to take Sir Henry Pellatt's view of the situation. While the Canadian stock market slumbers to-day, it slumbers only.

## PAVING THE WAY FOR LOANS

To be received in England as if he were a mere company promoter desirous of propounding some financial scheme, good, bad or indifferent, is the complaint of the Honorable W. A. Watt, prime minister of the State of Victoria. His was not a personal lament, but was made on behalf of the overseas dominions generally when seeking loans in London. He thought it strange that no official organization was prepared to receive the bearer of such a mission and assist him in the delicate matters which appertain to the floating of an important loan. This omission is remedied to a great extent by powerful financial interests which assist the Dominions, but at the same time, says Mr. Watt, it does seem remarkable that no official organism is in existence to mold in some measure such operations. A financial board attached to the Colonial Office, or some similar body, would seem to be in the mind of Mr. Watt. But as loans of all kinds are usually raised solely upon their merit, it seems doubtful whether such a financial organization would prove of any material assistance.

## OCEAN FREIGHTS

The question of advances in ocean freight rates, both import and export, has again been discussed by the Montreal board of trade. It was decided to call the attention of the government to the matter, with a view of learning whether Great Britain and the other maritime nations could be induced to take joint action for the control of rates. As a preliminary step the transportation bureau committee of the board recommended that the Dominion government should be asked to appoint a commission of inquiry with a view to arriving at all the facts in connection with the advances in rates that have taken place within the last few years.