

## CANADIAN MUNICIPAL SECURITIES CRITICIZED

### Railway Magnate's Advice to British Investors— Causes of Market Conditions.

The low price of Canadian securities, said Mr. R. M. Horne-Payne, chairman of the British Empire Trust Company, was due almost entirely to the loss of confidence consequent upon recent forced and badly regulated borrowing of Canadian cities, followed by news of fresh expenditure aggregating millions of pounds. Many Canadian cities had spent and were still spending large sums before they had raised the money, and consequently had been forced to risk the costly expedient of securing accommodation for a few months at a time, when finances were still in this dangerous position and they were embarking on further large outlays. The British investor had had his confidence shaken by witnessing the scramble for money by responsible municipal bodies.

The municipalities have been regardless also of the serious loss inflicted on those who previously bought city bonds.

#### Turning Point is Well in Sight

The British investor never favored municipal securities, and this last experience is not likely to increase his liking nor is the rate of interest, however high, likely to tempt more than a small section of the community to invest in city bonds.

The reasons alleged for this dislike are that cities raise a constantly increasing and practically unlimited sum on the same assets, and that the city assessment and valuation is not independent or reliable valuation.

This callous destruction of municipal credit has thoroughly unsettled the public mind. The Canadian provinces are great countries, and larger than Great Britain, with vast wealth and resources, but the prices of provincial government securities have fallen away under the influence of the fall in price of city bonds. Prices of railway and industrial securities have fallen in sympathy, and great harm been done, but I think the turning point is well in sight, it being made increasingly evident that British investors will take no more city bonds when this is once realized on.

#### Advice to Investors

On the other side of the Atlantic there should be no more expensive attempts to force issues on this market and other Canadian investments will gradually recover popularity and their prices on their merits, with the exception of these difficulties in city finances and the troubles of a few small enterprises. There is nothing to cause the least anxiety in connection with Canada. The prosperity of the Dominion is very great. My advice, however, is to leave municipal securities severely alone and to take this opportunity to invest what money you can in those sound Canadian railway and industrial investments, which have recently fallen most heavily in price. There never can be a more favorable opportunity of investing money at a high rate of interest, with certainly a great increase of capital, in the course of a few years.

#### Another Side Stated

A high London financial authority, whose position places him above all imputation of self-interest, made the following statement to *Windsor*, of the *Montreal Star*:—

"General surprise is felt in Canada that Mr. Horne-Payne should speak disparagingly of Canadian municipal securities, for he knows that far better judges than he can be had. They rank with the best class of investments outside of Britain. Mr. Horne-Payne's preference for railway industrial securities, with which his life has been associated, may be reasonable enough in its way, but it is regarded as playing it rather low down to seek this advantage with the investing public by disparaging rival and unquestionably superior public securities.

"What especially rankles in the minds of financial houses handling municipals is his assumption that blame for the entirely exceptional conditions in the Canadian market, which is chiefly due to far-reaching international causes, must be laid at the door of Canadian municipalities."

#### Singular and Biased

Mr. Horne-Payne's statements are regarded in London as quite singular and biased, says a Canadian Associated Press cable.

There is, however, a very general feeling in the London market, among Canada's best friends, that Canadian cities generally, and certain ones in particular, should for a time, at any rate, limit their commitments to strictly necessary undertakings. It would be invidious to mention names, but there is not the least doubt that two Canadian cities of secondary rank have created larger floating indebtedness than any cities in the Empire outside Britain. All the same, it is a fact that

London has practically never lost money by investments in municipal securities, and there is no Canadian city to-day, in the opinion of those in London, best qualified to know, which is not perfectly good for its obligations. They must, however, take the future into account, and if certain cities don't exercise greater care both as regards the amount and the method they will certainly bring trouble on themselves and on the whole situation.

Horne-Payne's orations, it may be added, do not always carry much weight, although his ability is unquestioned.

## DEBENTURES AWARDED

**Kingsville, Ont.**—\$14,906 5 per cent., to private purchasers.

**St. Vital, Sask.**—\$25,000 6 per cent. 30-years, to Western School Supply Company, Regina.

**Redford R. M., Sask.**—\$6,000 7 per cent., 10 instalments, Messrs. H. O'Hara and Company, Winnipeg.

**Odessa Village S.D.**—\$5,000 7 per cent. 20-year debentures, to Messrs. H. O'Hara and Company, Winnipeg.

**Manitoba, Saskatchewan and Alberta School Districts.**—\$23,000, Messrs. H. O'Hara and Company, Winnipeg.

## TALKING SPANISH RIVER MERGER IN MONTREAL.

An impending merger of Spanish River Pulp and Paper with Lake Superior Paper, a subsidiary of Lake Superior Corporation, is being talked in Montreal.

Mr. Garnet P. Grant, president of Spanish River, has been in London for some time.

The paid-up capitalization of the two companies is as follows:—

	Com.	Pfd.	Bonds.
Lake Superior	\$4,000,000	\$1,575,000	\$3,999,320
Spanish River	3,000,000	3,000,000	2,500,000
Total	\$7,000,000	\$4,575,000	\$6,499,320

The directors of Lake Superior are H. E. Talbot, president; Geo. H. Mead, vice-president; Capt. D. C. Newton, vice-president; T. J. Drummond, W. E. Stavert, J. Frater Taylor, and W. K. Wingham.

Those of Spanish River are:—E. P. Grant, president; T. H. Watson, vice-president; T. H. Sheppard, R. A. Lyon, A. H. B. Mackenzie, R. L. Innes, and James Bicknell.

## RAILROAD VALUATIONS.

In a letter to the Press, Mr. J. M. Fair, of the National Appraisal Company, says:—

"It must seem to ordinary business men that the ability required to appraise properly blocks of buildings in cities or large manufacturing properties, with special machinery, fixtures and other special tools, together with land and improvements, must be equal at least if not far superior to that required to appraise rights of way, locomotives, cars, bridges, station houses, terminals and other property involved in railway valuations.

"Ever since the question of the physical valuation of railway property was first mentioned, years ago, the reading public has been treated regularly, if not politically, to the very great difficulty or utter impossibility of doing such work and arriving at proper results.

"The decision of the United States Supreme Court just rendered clears away much that has been done and said regarding the difficulty by establishing, once and for all, the basis upon which the valuations are to be made. It is now simply a matter of method and detail."

The National Appraisal Company is one of the leading concerns of its kind and is doing considerable business in Canada.

## STOCKS AND BONDS TABLE—NOTES

(u) Unlisted.

† Canadian Consolidated Rubber Bond Denominations, \$100, \$500 and \$1000. Steel Company of Canada, \$100, \$500 and \$1,000. Sherwin Williams, \$100, \$500 and \$1,000. Penmans, Ltd., \$100, \$500 and \$1,000. Canadian Cottons, \$100, \$500 and \$1,000.

‡ Quarterly.

All companies named in the tables will favor *The Monetary Times* by sending copies of all circulars issued to their shareholders, and by notifying us of any errors in the tables.

\*\* Trethewey pays no regular dividend. They have paid—1906, 4%; 1907, 4%; 1908, 15%; 1909, 25%; 1910, 10%; 1911, 20%; 1912, 10%.

Montreal prices (close Thursday) furnished by Burnett & Company, 12 St. Sacrament Street, Montreal.

Figures in brackets indicate in footnotes date on which books close for dividends, etc.

(1) June 16-31 (3) June 16-July 2 (4) June 20-30. (5) June 24-July 2 (6) June 16-30 (7) June 25-July 3 (8) June 30-July 18 (9) June 20-July 2