

E. G. Long, Esq.—

Dear Sir,—Mr. W. D. Lighthall, K.C., Honorary Secretary of the Union of Canadian Municipalities, has forwarded a copy of your letter to me of December 11th, containing several suggestions regarding the municipal securities of the Dominion.

Before taking the matter up with our Executive Committee I thought it advisable to write you asking if you were yet in a position to set down in more detail the various matters referred to.

I take it there can be no objection from the standpoint of the municipalities of power being given to trustees authorizing them to invest in debentures issued by municipalities in any of the provinces of the Dominion. The matter of debt limitation, however, is one that may cause some discussion. As you are probably aware, we have in the Municipal Public Works Act of Saskatchewan a measure which gives very wide borrowing powers for certain purposes, and in my own personal view very much wider powers than should be given. The work of the Local Government Board in this Province will, however, probably tend to keep the borrowings of the various municipalities within reasonable bounds, to a greater extent than would be possible if such a Board did not exist, but even with this there is room for considerable discussion as to what the debt limitation should be.

With reference to the form in which municipal debentures may be issued, in so far as Saskatchewan is concerned the school boards have the right at the present time to issue serial bonds as referred to in your letter, and I do not know of any objections having been made to the issuing of installment debentures in the even amounts of \$1,000.00.

With reference to bonusing industries, as you are probably aware legislation has recently been enacted in this Province, primarily at the request of the Union of Saskatchewan Municipalities, eliminating this altogether.

At the present time the City Act of the Province is being revised and consolidated and it would be a very opportune time for any suggestions which your clients may wish to make to lay them before the Department. The Union of Saskatchewan Municipalities has a Legislative Committee, and on receipt of further details I would be very pleased to take the whole matter up with them.

(Signed) W. F. HEAL, Secretary U.S.M.

#### Victoria, B.C.

I am duly in receipt of copies of correspondence which has passed between yourself and Mr. E. G. Long, of the firm of Malone, Malone & Long, Toronto, with reference to Municipal loans, etc.

In reply, I have to say that I agree with what you say in the first paragraph of your reply to Mr. Long, and in this connection I would point out that the Provincial Government of British Columbia, did institute a Municipal Department for this Province a few months ago, and at the Annual Meeting of the Union of B. C. Municipalities, held in Kamloops recently, the Municipal Inspector, addressed the Convention at considerable length. A report of his speech appeared in the last issue of the Canadian Municipal Journal.

With reference to paragraphs two and three of your letter to Mr. Long, I heartily concur in all that you say.

Referring to paragraph Four of your reply to Mr. Long, while agreeing with what you say, I would state that I am most emphatically opposed to the bonusing of any industry.

A. STEWART, Mayor.

#### Montreal, P.Q.

In reply to your letter of the 15th instant, I wish to enclose you, herewith, copy of a report from the Chief City Attorney, in reply to your letters, and I may state that the City should not be interested in the questions submitted.

MEDERIC MARTIN, Mayor.

To the Mayor, Montreal:

Your letter dated December 18th contained copy of letter from Mr. E. G. Long and Mr. W. D. Lighthall, barristers, and you requested me to report on same.

After going over Mr. Long's letter, I understand that the City of Montreal has no direct interest in the subjects submitted.

The City generally raises all loans on the English market. Its borrowing capacity is already limited. The city does not grant any bonus to industrial companies.

It is for you to decide whether it would be in the public interest for the city to lend its assistance to the Union of Municipalities for obtaining from the governments the particular matter it now asks.

CHARLES LAURENDEAU,  
Chief City Counsel.

#### Brantford, Ont.

Mayor Spence has sent me the copies which you were good enough to send of your correspondence with Mr. E. G. Long, of Malone & Long, the solicitors for the Bond Dealers Section of the Toronto Board of Trade with respect to certain suggested changes in the legislation of the several Provinces re Municipal Debentures.

I agree in the main with your opinion as set out in your letter to Mr. Long, and I am writing to him suggesting that he take up the matter so far as this Province is concerned, with the Ontario Municipal Association.

A. H. BUNNELL, Treasurer.

#### U. M. M. Manitoba.

With regard to the letter of Malone, Malone & Long, re Municipal Loans, I think that Mr. Lighthall's reply is all that need be said at present.

At the recent convention of the U.M.M., a resolution was passed requesting the Provincial Government to devise some better means of marketing the debentures of the smaller municipalities than exists at present. It will be the duty of the executive to take this matter up at the coming session of the legislature.

CHAS. E. IVENS, President U.M.M.

#### Winnipeg, Man.

Your favor of the 15th instant, has been duly received and noted.

So far as I know, I do not think the City of Winnipeg, which is probably in the best financial position of any City in Canada, will view with any favor any attempt to curtail her rights to self government, as the members of the Municipal Government of Winnipeg believe they are as competent to judge what is in the best interests of the city as any person else. However, I will refer your letter to the proper quarter.

THOS. R. DEACON.

#### Ottawa, Ont.

I enclose herewith copy of memorandum from Mr. W. H. Cluff, City Auditor of Ottawa. He deals with all the questions involved in Mr. Long's letter, except the first.

With regard to that particular question, personally, I see a great possibility of danger in acceding to the suggestion, unless some bureau or clearing house were established in order that latest data with regard to every city, town and village were available on practically a day's call. Some trustees do their work in rather a slovenly manner, and I would not be disposed to invest any funds of mine in some municipalities. This particular concession should only be granted under the greatest possible guarantees of safety.

FRED. COOK.

I have yours of the 21st covering copy of letter from Malone, Malone & Long, solicitors for the Bond Dealers Section of the Toronto Board of Trade, addressed to W. D. Lighthall, Montreal, on the subject of bonds issued by municipalities. With regard to the itemized matters:—

No. 1.—Have no comments to make.

No. 2.—I would be very strongly in favor of a very strict limitation of the amounts that municipalities are allowed to borrow, and that this limitation should cover all borrowings whether for general purposes, local improvements, water works, schools, or any other purpose. Heretofore, practically no limit has been placed on borrowing in Ontario except where municipalities have become so burdened with debt that they apply to the Legislature for relief. Would it not be better to lock the stable doors before the horse is stolen?

Unless such a limitation is made very stringent and the practice of some municipalities going every year to the Legislature for permission to borrow without a vote of the ratepayers is discountenanced, the limitation will be of little use.

No. 3.—The issuance of "Serial Bonds" would be a step in the right direction, in fact, anything that will do away with the accumulation of large sums of money as Sinking Funds lying year after year in banks at a low rate of interest, with its attendant dangers of manipulation. To my knowledge there has never been a default in Municipal Funds that was not connected in some way with the Sinking Fund of the Municipality.

No. 4.—The bonusing should be absolutely wiped out, and steps should be taken to guard against any plausible evasion of the law in regard to such bonusing.

The above are, of course, my personal views, after considerable experience in municipal affairs.

(Signed) W. H. CLUFF, City Auditor.