

# The Municipal World

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ST. THOMAS, ONTARIO, OCTOBER 1, 1907.

A citizen who loves nature and admires symmetry in the old dame's works says in effect that what professional and amateur pruners do not know about trees would make a considerable pamphlet. Trees may not only be butchered into a formless figure by wrong pruning, but they may be killed. Here is a pointer for a council—one that they often had before. No man should be allowed to put his profane hand on a public tree who does not understand how properly to help and direct nature.

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The representatives of the townships and counties in attendance at the Municipal Association meeting held a separate session to consider resolutions of particular interest to them and their decisions were reported by the committee on resolutions. At this session ex-Warden BEAM, of Welland, vice-pres. of the Association, presided. It was the general opinion of those present that the holding of separate sessions by the rural representatives would do much to increase their interest in meetings of the Ontario Association.

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There appears to be some misunderstanding on the part of the directors of the Canadian Union of Municipalities as to the position taken by the Ontario Association in reference to federation. When the secretary of the Canadian Union issued notices of meeting to consider the matter, the Executive of the Ontario Association appointed President ELLIS to attend and present their idea of how a representative federation of municipal associations could best be brought about. At the meeting held in Ottawa, Mr. ELLIS presented the resolution of the Ontario Executive. This did not meet with the approval of the other delegates present and Mr. ELLIS so reported in his opening address at the annual meeting in August. The resolution of the Executive was there introduced to obtain an expression of the meeting in reference thereto, with the result that the new Executive was directed to confer with the Canadian Union, arrange a basis of federation, and report next year.

## DEBENTURE BY-LAWS AND RATE OF INTEREST.

A few years ago the City of New York sold its three per cent. bonds at par. An unsuccessful effort was lately made to sell similar bonds, carrying four per cent. Now the city is seeking a loan of \$50,000,000, to extend over a period of fifty years, at four and one-half per cent. The increase in the rate on municipal borrowing is not confined to the United States. Guelph, which could have borrowed at four per cent. a year ago, so we are told by The Investor in *Saturday Night*, has to pay five and five-eighths now; the rate on Port Arthur and Fort William bonds is five per cent. to-day, as compared with four and one-half and four and three-eighths a year ago, while progressive towns in the West are paying five and one-quarter and five and one-half. Even with the increase in rates, municipal bonds aggregating nine and one-half millions, issued by Edmonton, Vancouver, Calgary, Winnipeg and Ottawa are still unplaced. It is a bad time to borrow money, either for public or private purposes.

In this connection an important official statement was made recently by the Ontario Railway and Municipal Board on applications for approval of by-laws increasing the rate of interest on debentures. Speaking generally, the Board is not encouraging applications of this kind during the present stringency in the money market. The Board is of the opinion that it is a good policy for municipalities to postpone the construction of municipal improvements for some time until the monetary conditions have improved. The present stringency may only be a passing condition which will right itself in a short time, and in that view it will be well for municipalities to borrow as little as possible at the present excessive rate of interest.

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Municipalities which contemplate raising money for public purposes should, for the present, move with extreme caution. Because of their inability to procure funds, a number of Ontario municipalities have been unable to proceed with public improvements. A case has come under our notice of one town which wished to borrow money for paving purposes. Although 5 per cent. was offered, no cash was procurable. About a year ago Vancouver, B.C., offered a block of \$5,000,000 city debentures for sale. They were repayable at the end of twenty years and bore 4 per cent. interest. A Toronto broker offered to take them at 99½, but owing to his solicitor having discovered some defect in the wording of the debenture by-law, the bonds could not be sold. The city had to hold them until the Legislature of that Province met and legalized its by-law. This postponed the matter until the middle of the present year. The block was again offered for sale, but owing to the condition of the money market, only \$100,000 of the half-million issue has been sold and instead of receiving 99½, which was offered a year ago, it has accepted 90 and is glad to get it. These debentures were a straight issue, the whole amount being payable at the end of 20 years. It is plain that municipalities generally will require to pay a higher rate of interest on their debentures if they desire to dispose of them at par.