

## Municipal Finance

JAMES MURRAY.

### PRINCE RUPERT'S NOTES.

Quite a rumpus has been caused in the English press because of the apparent default of Prince Rupert, B.C. in not meeting notes for £281,000 which fell due in London, June 1st. We say "apparent" default for the reason that the fault does not lie with the City itself, or its bankers — the Bank of Montreal — but with the British Treasury Board, which had unexpectedly, at the last moment refused to allow renewal of the certificates for the twelve months asked for. On June 3rd the renewal was allowed, but in the interval of three days the financial critics lost no time with their attacks. The London Daily Mail went on to say:—

"Days pass on and still the city of Prince Rupert is allowed to remain in default, in spite of assurances that a settlement is on the point of arrangement. Doubtless many of these small Canadian municipalities have been rushed in their borrowing, but this was rendered easy for them by financiers, whose profit it was that they should borrow. Settlement should now be rendered easy for them in these exceptional times by those who have profited. In any case, we do not want a Canadian municipality hanging about in default."

This criticism, which is somewhat cheap and tawdry, might be taken to heart by Canadian municipalities, perhaps, if there were any data to back up the insinuation of "and Canadian municipality hanging about in default". But this is the first instance of Canadian municipality even laying itself open to such a possibility, and in this case the responsibility lay on the British side, as an enquiry would have shown the writer of the criticism quoted, and thus have prevented an injustice to the financial status of Canada's municipalities.

### UNFAIR CRITICISM.

There is a little too much of this kind of criticism of Canadian municipal securities—criticism for the most part without foundation — particularly in the Canadian press. One reads week after week in the financial papers that the system of municipal financing is all wrong; that they should do this and do that; that they are borrowing too much; spending too much; expanding too quickly; in fact doing everything they should not do and nothing that they should. And though all are eager with advice no two agree. So what are the poor municipalities to do when the experts fall out? The truth is the experts do not know the individual situations of the municipalities. What is good for one is bad for another, and when it is realized that practically every municipality has its own fiscal agent — in most cases local bankers who know the local needs—the advice of these self constituted critics is somewhat absurd and out of place. One recognises that a few councils — very few — ignore the advice of the fiscal agent and take a leap in the dark, with the inevitable consequence that they fall very badly, but they recover, though at a big cost, and they don't usually repeat the leap.

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