

Municipal Debentures and The Money Market.

Last year we published an article by Messrs. Geo. A. Stimson & Co. as to the value of debentures. The prices this year are somewhat lower, and the above firm has, at our request, furnished us with the following explanation of the cause of the existing low prices, and the effect of the war on the money market generally:

"In June last we had the pleasure of answering an enquiry from you regarding the value of Municipal Debentures, and as we then stated, the present and future condition of the money market are great factors in the valuation of such securities. We doubt if anyone could have foretold the great change in the conditions that has taken place during the last eight or ten months.

The general prosperity of the country has been gradually increasing for the past two years, and aside from the war feature, the general commerce would have absorbed to a great extent as much money as the country was naturally producing. The war, instead of being, as was supposed, a matter of a couple of months, has now been eight months in duration and is likely to continue for some time yet.

The effects of these conditions upon money market generally can hardly be fully estimated. It is unnecessary to say that it has been largely the cause of the increased value for money, especially in England. As a country, we are closely identified with England, and the money which, under ordinary circumstances, would remain here for investment, has been taken home to meet the excessive demands at present existing there. This, together with the greater commercial demands, left much less money available for debenture investment. Moreover, in prosperous times such as the present, the average investor is willing to take a little more risk for the sake of slightly higher interest, and in this way finds an outlet for his surplus in other channels affording a slightly higher return than is usually obtainable from municipal debentures.

During the years, 1895, 1896 and 1897, trade was somewhat depressed, building operations were slack, and, generally speaking, times were dull. It was difficult for money to find a profitable use, and therefore the demand was naturally strong for investment in municipal debentures. This had the effect of producing an exceptionally high price for this class of security, and the various townships and other municipalities were able to find purchasers who were willing to take their debentures to yield a very small return on their investment. During the last two years, however, trade has been improving, manufacturing increasing and building operations extending, employing very large amounts of money, and thus naturally reducing the amount available for municipal debenture investments. These, we think, have now reached the

highest point, or very nearly so, and consequently municipalities have not been able to sell their bonds as advantageously as previously.

If war complications should arise with any of the foreign powers attendant upon the closing of the present war in the Transvaal, the chances are that the uneasy conditions, which this would produce, would still further temporarily depreciate the value of municipal debentures. If, however, the war should terminate abruptly, and satisfactorily (as appearances indicate) and without any foreign complications, general confidence would be restored without much delay, and money naturally return to its normal condition before very long.

The preferential tariff and Canada's prompt and patriotic assistance to England in connection with the war, will undoubtedly bring greater attention to Canada in general, and to Canadian investments in particular, than was heretofore given, and we trust will be the means of inducing larger amounts of capital to seek investment in this country.

Another favorable feature is that the Dominion government bonds, we understand, are to become a legal investment for English trustees. This will effect the ordinary municipal securities, in so much as they will receive a certain indirect benefit of the broader market thus created for low interest bearing securities.

The greater demand there is for municipal debentures, the better price will the municipalities receive, and thus as fast as money accumulates and cannot receive a satisfactory use in other ways it will be available for investment in debentures, and the prices will just be affected according to the demand.

The Chinese question unless rapidly disposed of will likely keep the market uneasy, and such a condition is almost less desirable than a really tight money market. Until the American presidential elections are over and war conditions take a much more favorable and settled turn, we do not look for the money market to regain its normal condition, and, therefore, the various municipalities will likely receive varying, if not lower prices, for their debentures."

LEGAL DECISIONS.

Canada Atlantic R. W. Co. v. Township of Cambridge.

Judgment in action tried at Ottawa. The defendants' assessor assessed not only the land occupied by the company, (the plaintiffs,) but also the rails, ties and telegraph poles. The plaintiffs did not receive notice of this assessment. The plaintiffs did not appeal to the Court of Revision by whom the assessment was confirmed, but did afterwards appeal to the county judge, who dismissed it on the ground that an appeal under the circumstances did not lie. It appeared on the face of the assessment roll that the value

of the rails, ties and telegraph poles had been added to the value of the land. Held following Central Vermont R. W. Co. v. Township of St. John's, 14 A. C. 590, that the assessment was illegal, and therefore this action lies. Judgment for plaintiff, declaring assessment illegal, and restraining the enforcement of payment of its amount. Costs to plaintiffs. Costs of defendant, Paquette, the collector of taxes for defendants, to be paid by them.

Taylor v. Town of Toronto Junction.

The plaintiff, moved for injunction restraining defendants from using plaintiff's premises, in the Town Junction, as a smallpox hospital. Held, having regard to the evidence that it cannot be said that the object of the defendants was to provide a temporary shelter within the meaning of sec. 93 of The Public Health Act, the scope of which seems to be limited to sporadic cases where immediate action is requisite to secure isolation as provided by sec. 110, and that the building being about 100 yards from plaintiff's house is against the prohibition of sec. 28 of the act, which applies to any use of land and building, temporary or permanent, for hospital purposes. (See sec. 2, sub. sec. 3). Injunction granted, saving permission, however, to retain and care for those now patients or convalescent until complete recovery. (Brendslow v. Worthing, 36 W. R. 168). Costs to plaintiff if case ends here, otherwise reserved to trial Judge.

Caldwell vs. Town of Galt.

Judgment on appeal by plaintiff from judgment of Rose, J., dismissing action with costs and giving judgment on counterclaim for defendants with costs. The plaintiff is the owner and occupant of the Central hotel, in the town of Galt, and the action is brought to restrain the defendants from removing the two-story verandah which surrounds it. The counterclaim asked for a direction for removal of verandah. It was contended for plaintiff that the verandah, which projects over the main street, was in its present position before the street was dedicated to the public, and that such dedication was subject to the rights of user of the plaintiff's predecessors in title, which rights are now vested in plaintiff and were vested 60 years before commencement of action, and that he could acquire a right of possession, prescription, or user to maintain such an obstruction on a highway against a municipality. It was contended for defendants that the onus of proving dedication lay upon plaintiff, which had not been discharged, and that the defendants had the right to acquire the removal of the verandah without compensation under sub-sec. 2 of sec. 557 of The Municipal Act. Appeal dismissed without costs and without costs of motion to allow further evidence or of the taking of further evidence.