

WINNIPEG SECTION

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WINNIPEG'S FINANCIAL PROBLEMS.

Curious Situations, Complications, and Explanations in Civic Matters—Western News and Notes.

Monetary Times' Office,
Winnipeg, November 4th.

Favorable weather continues to the great good of western Canada; probably not in recent times has the West had a better October, and anticipations for November. The climatic conditions have averted the calamity of millions of bushels of tough wheat. The farmers have been given a good opportunity of preparing their soil for next year's crop; large areas have already been turned black, and the soil is in excellent shape for plowing. The ranching conditions for the fall are likewise better than in former years. Grass is abundant, and a large amount of hay has been secured for winter feed purposes.

Mayor's Financial Recommendations.

The civic financing is the all-important matter for not only the mayor and city council but for the citizens. The Mayor has come back with six recommendations on the financial situation as the result of his consultations with financiers in Great Britain. The council are to obtain legislation allowing the city (1) to issue securities in the form of stock for such terms as may be decided upon up to fifty years to allow of the city accepting the surrender of debentures now in the hands of investors and exchanging stock for same, and to issue further securities to cover any discount from the face value of those sold, charging the same against the property charged with the original amount; (2) That a financial agent should be appointed to represent the city in London; (3) To recommend the postponement of any expenditures except absolute necessities until the permanent securities are disposed of; (4) That no money by-laws be submitted to the people this year except those falling within the category of necessities, such work not to be undertaken until the present necessities are covered and arrangements made for the money required for new work; (5) To recommend the postponement of the Winnipeg River Power scheme until the financial arrangements for that work be carried out; and (6) Not to make purchases or to let work looking to the payment for same in the city's securities, as the effect of same would necessitate those securities being sold on the market in competition with our own offerings, and would have a very unsettling and detrimental effect.

Unquestionably the financial position of the city is not as it ought to be. This has been brought about largely from the position of the world's money markets, and the failure to secure a fair price for debentures before this time. Debts have been incurred in the neighborhood of six million dollars, of which payment is due before July next, and there have to be undertaken during that period considerable improvement works, which will necessitate the city securing further financial aid. Meantime the Mayor has been unable to find anything better than a promise that, should the money market ease, the city's debentures will be readily taken up at a better price than has already been offered. The situation demands immediate assistance, and the action of the Board of Control, who on Friday decided to sell five million dollars' worth of bonds at 91½, deserves some attention. This offer is in connection with the power plant.

Some Advantages of An Offer and Some Objections.

The City Council last year having undertaken to install plant for the production of electric energy for the city from the Winnipeg River, tenders were called for and offers received from many firms. The total cost of construction was to be about \$2,500,000, and the Anglo-American Engineering Company sent in an offer of \$3,094,000, which offer was accompanied by one to buy \$5,000,000 of the city's 4 per cent. debentures at 91½ net, provided that the contract to build the power plant was given to them. The Engineering Company proposed taking \$2,500,000 of the debentures on January 1st, with the balance on April 1st. Half of each sale was to be set aside for payment of the power development. The offer is not a very definite one, as it can be construed that the company can retain their part out of the proceeds and hand the city the balance.

The Board of Control and a large number of the citizens are in favor of accepting the offer, as it means the speedy completion of the power scheme, which will be to a large degree the salvation of Winnipeg as a manufacturing centre.

Moreover, it will provide work for hundreds of workmen during the winter, and the advantage of the contract being let to a strong company, should mean complete satisfaction in every detail, and should also give the city sufficient working capital for its immediate requirements.

On the other hand there is a strong consensus of opinion that everything connected with the offer is not as it ought to be. In the first place the offer of the Anglo-Canadian Company is \$340,000 above that of the next tenderers, and while the company would be responsible for the due completion of the plant, yet it is feared that considerable extras would later be added, which would make the spread much more between the other tenderers and the Anglo-Canadian Company.

Complications Might Arise.

Then from a financial standpoint there is one very undesirable feature about the whole affair, and the least attractive, that by handing such a large block of debentures to a company doing a certain work for the city there is no guarantee that these debentures will be sold at a price not lower than quoted in their offer, namely, 91½; and, again, if an Engineering Company in London is in a position to place five million dollars of Winnipeg's debentures, why should the city's financial agents not be in a position to place the same amount and at the same price?

It is felt that if the company produce large profits out of their power construction undertaking they might be able to sell these bonds at a much lower price than quoted in their offer, which would have a very detrimental effect on any futures of the city's securities. The matter will probably be decided during the present week, and it is hoped by the leading business men of the city that the company will be made bound to retain these debentures, or else not to sell them at a lower price than that named in their offer.

An estimate of considerable reliability has been given out by the Board of Agriculture for the Province of Saskatchewan, which places their area under wheat at 1,848,000 acres, with an average yield of 15.17 bushels per acre; the area under oats at 723,000, with an average yield of 37.74 bushels per acre; an acreage of 60,261 under barley, with an average yield of 30.08 bushels per acre; and the area under flax at 87,209 acres, with an average yield of 10.82. An approximate estimate of their grade wheat is 10,302,000, and 7,941,000 of 4 and 5 Northern, with 9,708,000 of No. 6 and feed wheat.

Wheat Statistics—Lumber Investigation.

On this showing, there is sufficient wheat for seed purposes, and a large amount for export, while the province has not fared nearly so badly as anticipated in the matter of the 1907 crop. Threshing is well under way throughout the province, and from the Prince Albert district results show that the greater portion of the wheat is 3 Northern or better. Considerable districts have threshed 22 bushels to the acre, while some fields of oats have threshed as high as 42 bushels. Farmers in general are receiving more money from their crop than they did last year, and only in cases of a complete freeze out will there be any loss to the individual farmer.

The inquiry into the Lumber Dealers' Association has now been completed, and the result of the proceedings so far is that W. H. Clark, a member of the Association, is committed to the Supreme Court for trial, where the case will be fought on its merits and many technical objections are expected to be raised. The Alberta Association is a strong one, and it is anticipated that the decision of the Court will either say that their standing has been contrary to law, or else give them a complete vindication of their action.

Manitoba Boundaries.

S. J. Jackson, M.P., of Stonewall, is the authority for the statement that the coming Dominion Legislature will grant Manitoba some 200,000 square miles or more to her area. She will then have a total area larger than Saskatchewan.

The Board of Railway Commissioners has ordered a new freight tariff from Winnipeg to the West, which will take effect on November 15th. This is the result of a representation to the Railway Commission by the Board of Trade of Portage la Prairie, who complained that discriminative rates were enforced from Winnipeg west, giving wholesale merchants a preference over merchants and others in outside communities of over 30 per cent. on the rate enjoyed by the Winnipeg wholesalers. The C.P.R. are raising the rate to the maximum.

Collections are much freer than they have been for some time. Speaking to an official of a Trust and Loan Company, he said that on Friday and Saturday his company had cash payments for over \$24,000. Outside of a cheque for \$3,000 odd it was all in small sums, payments of interest and installments on property. "We find conditions have gradually improved, and expect no difficulty whatever in the next month. I think the situation will right itself, and that money will be much easier a few weeks from now." Wholesale men also report good progress in collections and orders from country points.