

MONEY AND MUNICIPALITIES.

News and Notes of Civic Finance and Progress throughout the Country.

These be troublous times for those who have securities to sell. Cities are apologizing, to no one in particular and everybody in general, for not having sold their debentures when the money market was healthy and credit was as plentiful as sunshine in August. Apologizing for getting wet in a rainstorm because you had no umbrella is as reasonable.

Municipal financing attracts public attention. Everything a city council does is severely criticized; it is usually utilized by the local newspaper reporter as an aid to accumulating wealth from the treasury of the big metropolitan dailies. Municipal authorities are human. When they have obtained an excellent price for their debentures, they refuse to entertain offers. This, for the reason that they expected more. Then the decline came. Town clerks, and mayors, and city treasurers found themselves confronted with a more or less reasonable rabble asking "Why did you not do this?" and, "Why did you not do that?"

The blame perhaps is in the fact that cities and towns acquired inflated ideas as to the value of their civic debentures, inflated anyway for the times that were. Every city has a right to name the price at which it will sell. If the figure does not harmonize with prevailing economic conditions, it is for the city to seriously consider the pros and cons of the new situation. The matter in the past was treated loosely. Now Canadian municipalities are facing mediocre bids for their debentures. But there is no necessity to apologize. Many made the mistake in not selling months ago. The only, and philosophic, course is to make the best of the existing circumstances, and to do without anything which even the carping critic would call a municipal luxury.

Another phase of this subject—the shunning of municipal debentures as investments by small investors. Many there are who appreciate the sterling worth of this form of security. The large business done by respectable bond houses is one proof of this. The sole reason why some hold aloof from investment is the fact that the stock markets are subject to frequent attacks of fluctuations. Stocks whose prices rise and fall as the thermometer mercury, are only one of many attractions. Municipal bonds are not subject to erratic fluctuations. They are the gilt-edged of gilt-edged securities. A default of payment of either interest or principal is almost unknown in this class. Bonds may be bought to yield from five to six per cent.

The Canadian municipality must finance its necessities according to current monetary conditions, and its luxuries when money is plentiful and times are exceptionally good. The investor who, at present has a wonderful offering of "good things" might do worse than look into the merits of municipal bonds and debentures as investments.

NEWS AND NOTES.

The Monetary Times takes particular interest in municipal progress. In its columns are printed news and notes of municipal finance and happenings throughout the country. We shall be pleased to receive from town clerks and secretary-treasurers reports, financial or otherwise, issued from time to time, and news items which they think will interest our readers.

Ellerman, a Saskatchewan village, is to be incorporated as a town.

Rigid economy, it is said, is to be exercised in Ottawa civic circles.

Weyburn, Sask., is considering the question of a water supply system.

Many important civic improvements are being carried on at Calgary, Alberta.

The Hanson gasoline lighting system has been installed in the Wapella, Sask., town hall.

A by-law to regulate the weight of bread offered for sale by bakers will be introduced at Souris, Man.

Olds, Alta., council have received an offer for their debentures of \$12,000 at 92—5 per cent., a fair offer considering money conditions.

Messrs. Wood, Gundy & Company, Toronto, have been given thirty days' option on \$250,000 civic thirty-year debentures at 98 net in Calgary.

The sale of \$9,000, Pembroke, Ont., $4\frac{1}{2}$ per cent., public school debentures has been made to estate J. W. Munroe, of Pembroke, at 97. Maturity part yearly for ten years.

The following by-laws will be introduced at future meetings of the Brandon City Council: Assessment committee, curfew bell, cemetery debentures, fire alarm, and street closing.

Woodstock, Ont., proposed to submit a by-law in January to raise \$60,000 for a new city hall. In view of the money and local industrial situation, it is probable that the action will be postponed for a year at least.

Consideration of a by-law to provide for the construction of a trunk sewer, sewerage disposal works and contact beds, at a cost of \$3,370,000, and of a by-law for the construction of a water filtration basis at the Island to cost \$1,750,000 has been adjourned by the Toronto City Council.

The Regina City Council has decided to accept an offer of 90 English capitalists made through the Bank of Montreal, for \$555,000 worth of debentures. Owing to the change from $4\frac{1}{2}$ to 5 per cent. in the rate of interest, the proposed ratification by the ratepayers will be necessary.

Messrs. Wills & Company, the well-known New York and Toronto bond house, have recognized for some time that a very large clientele for good bonds could be secured among small investors and savings bank depositors if such issues could be sold to them on the installment plan. The much larger interest they yield would appeal to them at once. Although it will require considerable capital to carry bonds for moderate investors, while they are paying for their purchases gradually, Wills & Company, contend the business thus created will be so large and profitable that the outlay will be justified.

The municipal works of Moosejaw, Sask., may be summed up as follows: General improvements charged to current expenses, \$50,000; granolithic walks, \$25,000; water extensions (new pipe line to Snowy Springs), \$100,000; electric light extension, \$90,000; sewer and water extension and house connections, voted upon three months ago, now being expended, \$125,000; total, \$390,000. When the municipal electric lighting and sewer and water systems were constructed three years ago, the city had a population of less than 3,000. The population, now 7,500, has increased in three years to what was expected in ten years.

In the treasury of Quebec province there is a satisfactory surplus. The increase over last year's surplus for the corresponding four months already amounts to over \$248,571.

In addition to the fact that Calgary needs money for civic purposes, there is another consideration which should influence the city to sell its debentures. The banks say they have no funds to spare for business men and manufacturers. The banks have some millions of dollars lent to municipalities. If the municipalities sell their bonds they can pay off the banks and that will be that much additional capital released for business purposes. What the West requires more than anything else just now is foreign capital and this is one way—and a very good way—to get it.—Calgary Herald.

The municipal finance committee have decided to recommend the Medicine Hat, Alta., council not to sell the city's debentures, but to recommend to the council to bond the waterworks and natural gas systems in accordance with the following suggestion, viz.:—To place a two or three year mortgage on the gas and waterworks system, for say \$200,000 at 6 or 7 per cent., and with the proceeds wipe off the present indebtedness, and proceed with the needed public works and retire the mortgage with the sale of the debentures when the market is in better shape. Using 90 cents as a debenture price, as an illustration, \$200,000 bonds sold at 90 cents would release \$180,000, or a direct loss of \$20,000 interest on that \$20,000 at 5 per cent. would amount to \$1,000 a year or \$20,000 in twenty years, or a direct loss of \$40,000. Mortgaging the city-owned assets for the same amount, \$200,000, and paying 7 per cent. for the money, would cost the city the interest difference on the whole amount as between the 5 per cent. paid on debentures and the 7 per cent.