

Municipal Ownership, Debt and Taxation

(By ROBERT DONALD of Glasgow.)

Municipal effort is judged by a standard of its own. It has to set an example. It is expected to be a model. In all comparisons with private enterprise it is seriously handicapped. The critics, in fact, put the municipal standard so high, not from sympathy but from malice, that there is no overtaking them, and they shift their ground so that there is no pleasing them. I will illustrate what I mean. If a town council adopts the policy of supplying cheap services—gas, water, or tramways—rather than seeking profits, it is attacked because it is not pursuing a commercial policy, and invidious comparisons are made between it and companies which make large profits. No mention is made of the fact that the companies charge higher prices. If, on the other hand, the municipalities pursue a commercial policy and pile up profits from gas and other services in relief of rates, the company critics turn green with envy, attack the system as utterly immoral, and attempt to prove that the profits should not be there at all if adequate depreciation were allowed, and, according to them, no depreciation is adequate unless it turns a profit into a loss. Many absurd statements are made on this question of depreciation. The critics profess to be extremely anxious that the municipal works should be conducted on a sound financial basis, while their real object is to so burden them with charges as to render them unprofitable, and therefore unpopular.

A municipality which pays back its loans on, say, electricity works on an average of twenty-five years, on the assumption that by the end of that period the buildings will have utterly decayed and the sites vanished altogether, does not require a depreciation fund, because, unlike a company which may have a limited existence, the municipality must keep its works in a thorough state of efficiency all the time, so that at the end of the loan

period it will not only have up-to-date works but money to replace them. A reserve fund is necessary not for depreciation, which is not permitted to take place, but for obsolescence. The municipality must also, according to the critics, perform industrial miracles; it is expected to make a profit before it has earned a revenue. When electricity works are started by a company, the shareholders do not expect a dividend for several years, but a municipality must pay interest, equal to a dividend, as soon as it gets the capital, and also set aside a sinking fund. The two amount to about six per cent. Rate aid is therefore necessary in the first years, as the critics promptly point out. In all matters of initial organization and powers the municipality has the disadvantage. The anxiety for early profits is a short-sighted policy. In the case of electricity, for instance, the business is started on too small a scale. A company is armed with wide powers. It can hire motors, wire houses, spend money in canvassing for customers, sell lamps, and do everything, but the municipality is not given the same freedom or equal power. A London tramway company could run 'buses to feed its cars, but the L.C.C. was stopped doing the same thing by the House of Lords. Municipal tramways are expected to show no diminished return when they are being reconstructed, and they are expected to pay the cost of street improvements, although improvements benefit the general traffic more than the tramways. Companies, however, which are called upon to make a contribution to street improvements receive the greatest sympathy, and pose as victims of the blackmailing municipalities. In spite of being handicapped in many ways, and being compelled to live up to a higher standard of commercial morality and efficiency, municipalities throughout the country are yet able to supply the cheapest gas, electricity, and other services.

Evil Communications Corrupt the Manners of Communities and Individuals

"The columns of the *H—d* are always open for the discussion of any public question or any matter that may further the interests of the town or community, therefore we respectfully ask our correspondents to 'cut out' personalities and 'mud slinging.' The property of one individual and every improvement made enhances the value of all property in the corporation. Our town is simply one big family. When this is discarded, there is little progress. When there is united pull for anything its accomplishment is made easy. Envy, jealousy and hatred are things to be despised. Envy is a canker that gnaws at the heart and makes folks sour, disgruntled and unhappy; jealousy warps the intellect and makes us unfair in passing judgment. Hatred doesn't pay even from a sordid point of view. There should be a mutual interest in the prosperity of our people. Success and failure are each a part of life, and often those who have made the hardest fight are vanquished in the race. Granting that every assertion that either 'Bowser' or the writer of the above letter has made be true, we fail to see where any benefit is to be derived by the resurrection of 'old sores.'"

The above was written by the editor of one of our local papers in reference to abusive communications, which he was asked to publish from two prominent men in the town. Every word of the article is true, and the extent to which small towns and rural districts are injured by just such unfortunate communications and the spirit which prompts them can scarcely be judged by the residents. Every local paper has more or less of a foreign circulation and letters of the type referred to, and which are to be seen only too frequently, if read by a home-

seeker, are quite likely to cause him to look in an opposite direction for a home, as very few people care to make part of a settlement in which local jealousies and personal prejudices are the ruling features.

Then, again, as the editor says, when such envyings and bickerings are prominent the town suffers, and the above instance is a sample, as the prominent men in one end of the town are continually at odds with those in the other, and any measure proposed by the one, whether conducive to the welfare of the town or the individual, is promptly opposed by the other, with the result that the town is making no progress whatever, but retrograding, whereas by united effort much might be accomplished. Situated as it is, on the main line of railway and the junction point of a branch line, with another main line being constructed within a mile of the town, thus bringing to its gates markets for all kinds of vegetables, poultry, stock, etc., and with plenty of elevator accommodation for the rich yields of grain, the town and district should at least be holding its own, if not going steadily ahead. The article quoted above, while referring to a particular case, is general in its application, and might be used in reference to communications to be found in many of our local papers, not one of which breathes of that spirit of unity and progress which should prevail in every community in this western land where there is abundance of room for the communities of broad-minded, progressive citizens who will surely prosper above the small and narrow-minded, as Nature's law of "the survival of the fittest" works out as certainly with reference to the community as to the individual.—*M. S. in the Western Municipal News.*