

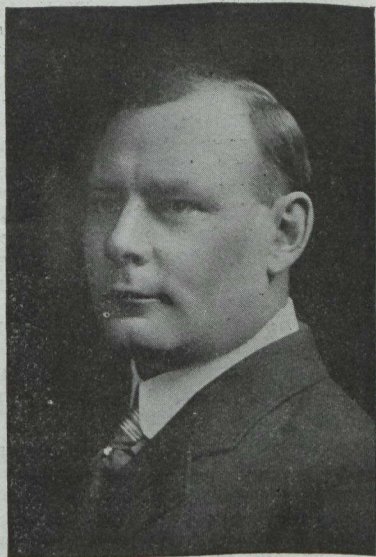
CONVENTION OF U. C. M.—(Continued).

HOW IS THE WEST AFFECTED BY THE WAR.

MAYOR COSTELLO (Calgary): When one considers how the world war has fundamentally altered the whole economic and social fabric of our time, it is only natural that this influence should be profoundly felt in the sphere of municipal government. It is my privilege to deal briefly with this phase of the problem with particular reference to Western Canada. In so doing I shall confine my attention principally to the cities and towns of my own province of Alberta. While each province has its own special problems and peculiar conditions, I think that you will agree that in the main what is true of Alberta is true of the three prairie provinces and to a less extent also of British Columbia. Doubtless, the discussion will bring out special features relating to these other provinces.

When the Storm of War Broke.

In the opinion of many the West was saved from severe economic distress, if not disaster, by the outbreak of the war in 1914. For seven years the country had enjoyed unprecedented prosperity, the source of which was undoubtedly the double stream of wealth brought in by a multitude of immigrants, and supplied in copious amounts by the British investor to finance various private and public undertakings. But productivity had not increased sufficiently to warrant a continuance of this state of affairs, and the cities which shared in the mad race and to a certain extent were guilty of stimulating development beyond legitimate needs had begun to mark time and wait for the rural development to catch up. The real estate boom had spent itself and the reaction had begun. Unemployment was rife and altogether things were in a bad way, when the storm of war broke upon us.



Dr. Costello, Mayor of Calgary.

How the War Saved the Situation.

While it is undoubtedly true that the war in an economic sense saved the day for both individuals and municipalities, still it remains also true that the most of our financial difficulties have for their tap root the pre-war conditions just enumerated, and to a very large extent the day of reckoning has been merely postponed and threatens when it comes to be just so much more dire.

The Financial Problem.

Undoubtedly our most serious problem is that of uncollected back taxes. These amount in my own city of Calgary to \$4,006,232 up to December 31st, 1917; in Edmonton, for the same period, to \$6,157,075, and a similar condition exists in many Western municipalities. The situation is most anomalous in this respect that though the past three years have been years of unparalled prosperity throughout the whole of Canada, there has been but slight, if any, increase in the proportion of the tax levy collected each year. This is due in part to the moratorium, but in very large measure to the huge areas of vacant land on which little or no taxes are being paid. The steady decrease in the assessment values has been accompanied by a steady rise in the mill rate.

Just how far these taxation difficulties are due to the war it is very difficult to say. But it appears probable that had the war not occurred these difficulties would have been well on the way to solution ere now.

One thing which the war has demonstrated is the need of a more scientific method of taxation. Western Canada before the war had adopted the principle of single tax to a considerable extent. With the slump in land values, the tendency at present is to revert to taxing improved property more heavily.

Municipalities Find it Difficult to Borrow.

The coming of the war put an end to municipal borrowing in Great Britain. When one considers the extent to which Canadian municipalities had been dependent on the British money market the marvel is that we were able to carry on at all. But for two years we were able to turn to the United States for help though we had to pay higher interest rates. When the U. S. entered the war a little over a year ago, that avenue also was closed to us. We had at last to depend upon ourselves and Canadian municipal securities have been absorbed by the Canadian money market in a steadily increasing degree which is another evidence of the general prosperity of the country and its ability to ride out future financial storms.

But here again the municipalities feel the pinch. Both the Dominion and Provincial Governments have been looking around for new sources of revenue. They take the pickinies and restrict the borrowing powers of the municipalities. Patriotic Fund, Red Cross and various war funds still further deplete the source of all municipal revenue, the people's pockets.

Compensatory Features.

But these conditions are not entirely discouraging. Municipalities have had to put their houses in order. Retrenchment has been the order of the day and better business methods are being everywhere introduced. The result is that we have probably better municipal administration in Western Canada than we ever had before as well as a keener interest on the part of our citizens in municipal government.

This latter feature is a great gain. We can never expect efficient municipal government in the face of an apathetic electorate.

The War and Municipal Ownership.

Undoubtedly the war has put municipal ownership to a very severe test. The end is not yet, but the whole municipal ownership is standing the test well.

In the early days of the war it found itself facing decreased revenues shrinkage in population and increased cost in wages and materials. In the last two years most Western cities have increased considerably in population due largely, no doubt, to the fresh influx of settlers from the United States.

In Calgary the electric light connections now number 15,337 as compared with 12,317 in 1913, and 14,149 in 1915, water connections number 13,500 compared with 9,066 in 1913, and 11,030 in 1915. The street railway revenue for 1917, and this in spite of very slight increase in rates, was \$582,553.97, as compared with \$767,891.14 in 1913, and \$561,683.18 in 1915. But operating costs in all utilities are rising more rapidly than the revenues.

I think it can be confidently stated that municipal ownership has in the main been a source of financial strength to our western cities. There has been no case as yet of a Western city abandoning the principle of municipal ownership.

The War and Agriculture.

The war has brought home to us in the West the extent to which agriculture is our basic industry and the folly of urban development outstripping rural development. It has also brought the farmer and the city man into closer contact and into a better understanding of each other. This means a great deal in the building up of the West.

The war has also compelled the city dweller to become a producer and food produced in city gardens is proving no small factor in solving the food scarcity.

Municipal Activities Enlarged by the War.

If the war continues, it is altogether likely that the municipalities will have to enlarge their activities and still further assist the federal authorities in the matter of food regulation and distribution as well as in other special war activities.

To meet these problems arising from the war in the municipal sphere, will call for the best energies of the nation. But it is not the province of this paper to deal with solution, but merely to indicate the problem.