Monetary Times

Trade Review and Insurance Chronicle of Canada

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GAMBLERS AND FARMERS

People cannot build fine cities in Western Canada, stroll along the streets, smoke expensive cigars, and visit the show, while the farm is allowed to run to seed. This was the purport of an address at North Battleford by Dr. J. G. Rutherford, superintendent of agriculture for the Canadian Pacific Railway. He is another authority among many, both east and west, who are preaching the gospel of mixed farming. It cannot be ignored. It is a matter of great importance to the entire country. Mr. F. M. Sclanders, of Saskatoon, the other day said that the two most tragic aspects of merely wheat growing are that at least one-third of the cultivated land in the three prairie provinces is summer fallowed each year, and that the wheat growers themselves indulge in winter fallow. Professor E. W. Elliott, principal of the government agricultural school at Olds, Alberta, is impressing upon his students the advantages of having live stock on the farm. His school is discouraging the idea that a farmer can grow wheat alone and live. Professor Elliott even ventured to say that the wheat farms of the west at present are not paying expenses.

The remedy for the illusion cited by Dr. Rutherford at North Battleford, is mixed farming on a sensible plan. "We have gone into the extensive occupation of land," he said, "and not for the intensive farming of it." Western farmers are losing large sums of money by selling their wheat and exhausting the soil, instead of feeding their grain to stock. The man who tears up a few thousand acres with a steam plough, feeds it, waits for results and spends his winter in California, Dr. Rutherford correctly described as a gambler and not a farmer.

Where is John W. Moyes of West Shore Railway fame?

Mr. H. Pollman Evans is said to be in Paris, a good place for rest when the weather is hot in Canada.

MUNICIPAL ASSESSMENT

A large number of letters have been received from Western Canada regarding the question of assessment. A Moose Jaw correspondent writes a letter on this subject and it appears on another page. Other letters have come from points in Saskatchewan and Alberta. The problem concerns the increase of assessment when it is for the purpose chiefly of creating greater borrowing powers. Where this policy is carried to excess it obviously brings trouble. On this point, a Moose Jaw correspondent of *The Monetary Times* says: "There should be a practical limit to the borrowing powers of our cities and towns. At present it appears that the only limit is a certain rate on assessed valuation, which experience proves is not sufficient. . . . There is nothing to prevent city or town assessments from being two or three times actual value, which means that there is no limit to borrowing powers."

A letter, from another part of Saskatchewan, recalls the fact that in 1912 there was extraordinary real estate activity in a certain town. Prices rose and are high enough to-day for a town of far greater population and prospects. "No person here," says a prominent land owner in that town, "having common sense, thinks that the price of real estate here in the next decade can increase except in some particular cases where industries may be established. Notwithstanding the boom prices, our city officials assessed property higher than the prices offered or obtained, so that we have one of the most ridiculous assessments imaginable." The writer then cites some striking examples of such assessment.

In the case of another city, its bankers were shown the assessment figures and told the city's representative that those figures were valueless to the bank. The bankers did not know what their assessment should be, but knew, they said, that it was not represented by the statistics presented.

We have quoted here letters received only from Western Canada. The feeling on the matter is just as strong in the east. Such assessment policies are not in the best interest of Western municipalities. The buyers of Canadian municipal bonds, not only in Canada but also in Great Britain and the United States, are raising questions regarding municipal assessment in the Dominion. Writing in *The Monetary Times Annual*, 1914, Mr. W. E. McGregor, associated with one of the largest bond purchasing houses in the United States, and one interested in Canadian purchases, said:—

"Whenever a United States investor, who is educated to analyse a financial statement of a city, is offered an issue of Canadian municipal bonds, about the first criticism he offers is to the financial statement. The net debt is usually so large in proportion to the assessed valuation that he hesitates very much even to consider the purchase of the security. On further analysing the debt statement, as to the assessed valuation per capita, he is very likely to find that this ranges from $1,500 to $3,000 (showing inflated value). It is particularly true of the western cities that their assessment per capita is very large. It is generally considered in the United States that an assessment of $1,000 per capita is about as high as it is conservative to figure on, a great many of our cities averaging even lower than this, though actual value is more. The total debt per capita is also from his view-point excessive. The net debt, that is after deducting the waterworks debt and sinking funds from the total debt, figures 10 per cent. to sometimes 20 per cent. of the assessed