

gage. In some instances the settlers were not fortunate in their farming operations on their second homesteads, and the cost of moving and starting afresh had so impoverished them, that they were unable to keep up the interest on their first homestead, and so the place passed into the hands of the loan companies. In other instances they were able to keep up the interest and even pay off the mortgage, but they lost in other ways. The buildings on the abandoned homestead were allowed to go to wreck, there being no person to look after them, and in some instances were burned by prairie fires. Fences were burned or carried off, and the cultivated land soon went back to its wild state and became overgrown with weeds. In almost every instance the taking up of a second homestead meant the loss of the improvements on the first homestead, and in most instances this loss was of more importance than the gain from the acquirement of additional land. In not a few instances farmers have abandoned their second homesteads and moved back to their first location, and this always meant a heavy loss of time in making improvements, expense of moving, etc. In almost every instance, where a farmer was prosperous, and desired more land, it would have paid him very much better to have purchased land near at hand, where he could have looked after his first homestead, even if obliged to pay a high price for the land, than to have moved away to a distant section where he could take up free Government land. The idea with many in moving from their farms to take up second homesteads was, that in a year or two they would be able to sell the farm for which they had the patent at a handsome profit. In this, however, they have been almost invariably disappointed, for where there is so much land in the market as in this country, prices could not naturally be expected to advance very fast. Where sales of the first homestead have been made after waiting a few years, the cost of moving to new districts, interest on mortgages and loss of abandoned improvements has usually amounted to more than has been gained by the move. Altogether the second homesteading privilege formerly permitted has been a very serious injury to this country, and it is to be hoped the Government will not listen to proposals to re-establish the system.

MUNICIPAL DIFFICULTIES.

The Manitoba Legislature devoted considerable time during the closing days of the session last week to the discussion of a rather awkward problem, and one which has been before the Legislature in various forms for the past two years. During the boom days of 1881-82, several municipal corporations in Manitoba contracted heavy indebtedness. Under the influence of the inflation which prevailed at the time, municipal corporations as well as individuals were led into many extravagant schemes, and the disposition to discount the future was followed up to an unwarranted extent.

Bonuses were granted freely to railway and other schemes, and heavy expenditures were made from which little or no good was derived. When the period of inflation passed away, some of our municipal corporations, like many individuals, found themselves so deeply involved that they were unable to meet their obligations. Inflated municipal assessment rolls dropped away to a fraction of their former amounts, and as the assessment roll went down, the proportion of liabilities to assets of course increased. The next step was that several municipal corporations surrendered their charters and the councils resigned, in order to prevent the execution of claims against the corporation. Various schemes have been proposed for the settlement of the difficulties arising from this unsatisfactory state of affairs, such for instance as the assumption by the province of a portion of the debt of the diseased municipalities, or the guaranteeing of interest thereon. This, however, was a very delicate question to handle. Should the province step in and assume the liabilities of a municipality, it would establish a very bad precedent, and the Government would be liable to be besieged with similar claims from all quarters. Another proposition was, that the Legislature should pass an act restraining the creditors of the diseased municipalities from proceeding to collect from the corporations, with the object of allowing disbanded corporations to resume municipal government. A radical measure of this nature to take away the right of a creditor to proceed according to law to collect his due, was, however, too monstrous a measure to find much favor in the Legislature. Finally a bill was passed providing for a commission to investigate the affairs of the bankrupt municipalities, under certain conditions, on the understanding that the Government would guarantee the interest upon a portion of the debt of the municipalities. The commission would make a report stating what portion of its debt the corporation was able to assume, and the rate of interest which it could pay upon such portion of its debt. If the creditors accepted the report of the commission, the Government would undertake to guarantee interest on the bonds issued under the new arrangement, or a portion thereof.

The question was revived during the late session of the Legislature, by the arrival of deputations from the towns of Emerson, West Lynne and Minnedosa, three of the corporations in difficulties, requesting assistance from the Legislature. In the case of Emerson and West Lynne, the Legislature has passed a bill introduced by the Attorney-General, providing for the amalgamation of the two towns under one municipal government, and for the guaranteeing of interest on the debt of the united corporation, to the amount of \$105,000, at three per cent. This does not represent the full indebtedness of the two corporations which are to be united, and the three per cent. is also a consider-

able reduction in the interest upon the debt, but it is understood the principal creditors have acquiesced in the arrangement. As security for the guarantee of interest, the Government will take a lien on the bridge across the Red River at Emerson, now owned by the corporation. This bridge is valued at an amount considerably in excess of the sum upon which interest is guaranteed by the Legislature, but its value as a merchantable commodity is probably nominal, unless at some future day it might be required for railway purposes.

In the case of Minnedosa, the Government will guarantee interest on the full debt of the corporation, amounting to \$75,000, but the interest upon the debt will be reduced to three per cent., the commission which investigated the affairs of the corporation having reported that the town was able to pay interest on the full debt, at the reduced rate of three per cent.

In the case of Emerson, where the guaranteed bonds are for a less amount than the full debt of the united towns, the bonds will be distributed *pro rata* among the creditors. A clause of the acts provides that the creditors shall not proceed against the towns for any debts contracted previous to the passage of the act, except in so far as the act provides for the payment of such debts, so long as the act remains in force. This of course takes away the right of the creditors to proceed against the corporations for any portion of their claims in excess of the portion provided for by the act. This is rather a radical measure, and one which can only be commended on the understanding that the creditors have agreed to the conditions provided for by the bill. If the creditors of the towns are willing to accept such an arrangement for the settlement of their claims, outsiders of course have no reason to object. It will be understood that the claims of the creditors remain in full, and that they are merely prevented in the meantime, by these bills, from proceeding against the towns to collect, while the act remains in force. At some future day some of these corporations may be able to meet their obligations in full, and if this turns out to be the case, the Legislature of the day should see that the creditors are given every facility to collect their claims. In the meantime it would appear the better plan for the creditors to take what they can get, and hope for more, rather than refuse a compromise settlement on any conditions.

As to the action of the Legislature in guaranteeing the bonds of the municipalities, the precedent thus established is certainly not a good one. However, the case is one which it is very desirable to have settled in some way, for the general credit of the province. The Government should make it distinctly understood, however, that the practice will not be followed up in the future, in the case of municipal corporations which may possibly hereafter get into difficulties.