

## PART TWO

### A PLAN FOR READJUSTING THE TAX SYSTEMS OF THE MUNICIPALITIES.

#### THE SOLUTION A TEMPORARY SUPPLEMENT TO THE LAND TAX.

In considering a plan for readjusting the financial systems of the municipalities of Saskatchewan it should always be kept in mind that the present adverse conditions are abnormal. The war itself is in large measure responsible, for although the depression was already present before the war began, it has undoubtedly been more lasting and severe in some of its effects because of it. The revival of prosperity which everyone expects after the war should of itself bring an adequate solution of the present financial problem, and in all probability it will be possible to return to the system which was so popular in the past but which is so inadequate at present. The wisest solution consists of the adoption of certain temporary expedients to meet the present emergency—expedients which may be disagreeable in themselves and more or less intolerable judged by the standards of ordinary times, but nevertheless much less disagreeable and much more tolerable than bankruptcy.

In devising means of meeting the present emergency, especial care should be used to maintain the advantage won by the establishment of the land tax principle. By asserting the community's claim to so large a share of the land values, the municipalities have developed an asset of great value and one which it would be sheer folly to dissipate or surrender.

Any plan for readjustment should be predicated on the assumption that the special taxation of land, to the extent that the same has come to be generally accepted as normal and proper, will be retained as the basis of the system. This source of revenue has demonstrated, however, its lack of dependability under conditions such as now prevail. What is needed, then, is a group of financial expedients to supplement the land tax during the present period of stress and which may be available for use in similar emergencies without the unfortunate delay which in this case has so accentuated the problem.

The plan of readjustment here proposed is framed with reference to the needs of the municipalities of the province in general and is not presented as a cure for the most acute cases. No mere rearrangement of the tax system can repair the financial damage done in a few of the municipalities by stupid and careless engineering, by selfish and mistaken policies of railway development and by extravagant and reckless municipal administration. But the seriously embarrassed municipalities are, after all, few in number. Indeed, when one considers that in spite of the highly dynamic conditions which have been present, only three among all of the three hundred and ninety-one urban municipalities in the province have failed to meet their obligations promptly, the record is creditable. But, as has been seen, a great many of the municipalities, which up to the present have met all obligations, cannot continue much longer on the present basis without directly courting disaster.

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