CAUSES FOR WESTERN MUNICIPAL DEFAULTS

Municipalities Were Too Anxious to Grow, and Took in More Land Than Was Necessary—Suggestions for Land Grants

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THE discussion at the meetings, a few weeks ago, of the Dominion Mortgage and Investment Association over the defaults of certain prairie municipalities in the payment of the interest on their bonds, whilst emphasizing the effects of such defaults on provincial and Dominion credit, has not fully developed the causes which have brought these municipalities into such financial difficulties, nor have remedies been suggested to prevent their recurrence. Brokers and their bankers have, in the past, been too ready to purchase large amounts of the bonds of the western towns and villages on a mere official statement of, among other matters, assessment values, without first enquiring what the area is in acreage within the town or village limits covered by the assessment rolls, what are the number of buildings erected and the population of a permanent nature, and what the immediately surrounding sources of business.

Grants Covered Wide Area

Two leading causes can be cited that, in the case of very many towns, stand at the root of their financial troubles: The want of concentration of the settlers around the towns and villages, and the practice of so many of them in their ambition to be future important cities, and to at once increase their assessment rolls, to take within their limits adjoining quarter sections which have no chance for one or two generations of being built upon.

It will be recalled that the desire of the Dominion government to attract population to the western prairies, originally led to the settlers receiving, but only in alternate sections, free grants of land, each in area half a mile by half a mile, equalling one hundred and sixty acres, and to their being allowed to locate wherever land was available, even if 25 to 50 miles away from a railway, as constantly happened. There was no policy of concentration, under which, when a town was founded on a new main line or branch railway, it was because there was immediately surrounding it a farming population of considerable size to feed it. As a fact, settlers everywhere have been from half a mile to one mile and generally more, from each other, whilst, with limited help, few of them could satisfactorily cultivate even one-third of the 160-acre grant. Thus, with settlers relatively few in numbers around it, and so much of the land uncultivated, the business of the new town was necessarily circumscribed, and will remain so until, in the lapse of years, land becomes subdivided into smaller farms and population largely increases in the rural areas.

Vacant Land Taken In

But there has often been a serious cause within the town itself. Very many of the scores of new towns laid out by the three transcontinental railways appeared to have visions of, in a short time, becoming important cities, possibly another Regina, or Calgary, or Edmonton, and appropriate preparations were planned. Originally, in most cases only 80 or 160 acres were surveyed by the railway company into lots, but speculators, or the railway company itself, made subdivisions of further quarter sections alongside, and these subdivisions with, in most cases, not even a hope of a population upon them for a quarter or perhaps a half century to come, were eagerly incorporated into the town sites by municipal councils, which were thereby enabled on their own valuations, to largely increase not only the assessment rolls, but the apparent security for municipal debts which they then proceeded to incur. That during the past seven or eight years, many outlying lots in the original townsite, and considerable portions of these added subdivisions, should become town property through failure to pay the taxes, was inevitable. The rigid laws enacted by the legislatures of each of the prairie provinces, imposing not only very heavy penalties for non-payment of taxes, but additional taxes on the land for provincial revenues, greatly aggravated the matter. Thus it is that many towns in these three provinces have been faced with high taxation, large arrears of taxes, and of increasing accumulations of unsaleable property, in most cases, of no value beyond that of the surrounding farm land, although possibly still entered in the assessment rolls at the speculative figures of seven or eight or more years ago.

Legislation Should be More Strict

Legislation is urgently needed under which no city, town or incorporated village would be allowed to annex any new areas unless a given number of approved buildings had been erected and been permanently occupied on, for instance, each ten acres proposed to be annexed, whilst no village should be incorporated unless its boundaries were limited to a quarter of a section, or even less.

There should also be legislation under which, unless for public utilities which are purposed from the start to definitely pay their own way, municipalities, under stated populations, could not incur debts beyond a fixed proportion to their assessed property actually paying taxes, whilst as to these public utilities, no municipality should be permitted to undertake or share in any proposition which it does not entirely control, and which is not wholly within the municipal limits, as would be the case of an interurban railway. It is suggestive that all matters affecting the extension of municipal boundaries, and of borrowing capital for municipal purposes or undertakings, should be subject to the investigation and approval, not of the government of the province, or of any commission or body subject to it, but of an independent and uncontrolled board founded somewhat on the basis of the Ontario Railway and Municipal Board.

Make Settlement More Concentrated

The subject of limiting the free grants of land throughout the northwest to 80 acres, wherever these free grants are still available, rests with the Department of the Interior at Ottawa. It is, however, well aware that many, probably most, of the American settlers there purchase their land, and that to the British immigrant a free gift of eighty acres would be considered large. It also must see that a policy of concentration would lead to the number of settlers around each town being doubled, and the business of the town, including grain deliveries, correspondingly increased, whilst social conditions among these settlers would be greatly improved, land values would increase, and the distance from the town would, for most settlers, be greatly diminished. It is not too late for the government with its remaining crown lands to prevent a further repetition of what is now a marked detriment to the prosperity of the hundreds of towns and villages on the western prairies, and to the social and material advantages of the settlers themselves.

HIGHER OCEAN FREIGHT RATES

Passenger and freight rates on the transatlantic steamship lines between the United Kingdom and North American ports during the summer, will be increased as from April 1 on account of heavier working expenses and the rise in the cost of bunker. An increase of ten per cent. over existing rates, which are in some cases one hundred per cent. in excess of pre-war rates, may be made in passengr fares. Freight rate increases will be "substantial," it is stated. This action is being taken as a sequel to a decision at a conference of representatives of shipping interests now being held in Paris.

It is also reported that the present surcharge of 33⅓ per cent. on rates now payable to balance exchange differences will be reduced to 25 per cent., although it was only a few weeks ago that the surcharge was increased from 20 per cent. to its present level.