

"WE DO NOT BONUS INDUSTRIES."

The Monetary Times' campaign against the unreasonable municipal bonus is receiving approval throughout the country. It would be well for municipalities to state their policy in this matter. The general public sentiment is in favor of the city or town which refuses to give the substantial for the elusive, or free sites, tax exemption, bond guarantees for industries which may, or may not, help the municipality's prosperity.

The Industrial Commissioner of Welland writes: "Your column of protest against the bonus is timely. Though the bonus is an economic absurdity, it has existed so long for two plain reasons: In the first place, no one will deny the impetus given to a small and stagnant town by the establishment of an industry even though the pay-roll has but fifty names. In the second place, the strong competition for industries leads one municipality to bid against the other. These reasons have perpetuated the bonus, and men have lost sight of the fact that the whole path of the bonus system has been strewn with wreck. One could give a score of instances from memory.

"The town of Welland has enjoyed a large industrial expansion in the past five years, and, as a consequence, it has been the constant target of the bonus hunters. There is never a week that one does not visit the town with a golden proposal that involves a guarantee of bonds, a cash gift, or a stock selling string. Only last week announcement was made of the location at a town east of Toronto, of an industry that actually peddled the whole Niagara Peninsula on bonus bent.

"In the past few years we have placed approximately twenty-five new industries in Welland. With hardly an exception these firms had in their possession offers of bonus from other municipalities."

The following cities and towns are opposed to the unreasonable bonus system:

Berlin, Ontario.
 Calgary, Alberta.
 Edmonton, Alberta.
 Lethbridge, Alberta.
 Peterborough, Ontario.
 Toronto, Ontario.
 Welland, Ontario.
 Winnipeg, Manitoba.

The list is growing and the municipalities deserve support. Mr. J. W. McNichol, Secretary of the Lethbridge Board of Trade, writes The Monetary Times as follows: "We note that you are making a list of cities which are opposed to the bonusing of manufactures or industries. We wish to state that this city comes in that list. Lethbridge owns sites which it is offering at reasonable prices, and is prepared to furnish electric power and water at cost price, but otherwise than this, we are absolutely opposed to bonuses of any kind."

The town of Berlin, Ontario, proposes to loan a furniture company the sum of \$15,000. The loan was to be repaid in fifteen annual installments, with interest. The required number of votes was not polled when the by-law came before the ratepayers. In favor of the by-law there were 939, while 267 opposed. It would be interesting to know the reasons of the opposition.

"The argument of The Monetary Times against bonusing is thoroughly sound," says Capital, Edmonton, "but we had not noticed that Edmonton had given any strong indication of the opinions in the matter. Where it has been necessary to make large concessions in order to secure something which will tend to the upbuilding of the city, there has been little hesitation in doing so, even though it has been recognized that the beneficiaries were securing an unfair advantage at the expense of the ratepayers. The terms made with the C.N.R. and the G.T.P. are in point. As industries knocked at our doors, provided they were of a substantial nature, it is quite likely that they will be able to secure very generous treatment as well. Nor under existing circumstances is the policy a bad one. If we do not make attractive offers some other municipality will, and we cannot afford to let anything slip through our fingers which will serve to build the city up. What is needed is a general law prohibiting such municipal aid. Then it will be impossible for promoters to play off one town against another and secure what they are not fairly entitled to. At the same time railways will be built to, and industries established at, only such centres as will tend to the general good. The bonus principle involves an enormous economic waste, and with the years of great development ahead of Alberta, the Legislature should make a move without delay to prohibit it. Cities and towns which have the greatest natural advantages should take the lead in such an agitation, for they have everything to gain and nothing to lose by the transplanting of so foolish a system from the East to the West."

The Ontario Municipal Association, representing more than forty municipalities of that Province, at their convention last week condemned the system of bonusing industries. Further, they resolved to ask the Provincial Government to make the practice illegal.

Mayor Hahn, of Berlin, started the discussion by attacking the bonus system in all its forms. He said that in Berlin one manufacturer had enjoyed a clear field for years. When a

competitor wanted a bonus he voted against granting it, and thus slew all rivals by the ballot rather than by energetic business methods.

Mayor Harrison, of Owen Sound, did not want to see the bonus exterminated. "The towns near the Hydro-Electric lines will get cheap power, and, consequently, do not need to give bonuses. But some of us are too far away and have to give bonuses to attract industries."

Ald. Buchanan, of Galt, thought that it was unjust to bonus a firm to begin competition against a local firm which had established itself without assistance. Assessment Commissioner Grant, of London, said that the bonus system was vicious because it attracted only weak firms. "A firm that cannot live without a bonus is not worth having," he said. "What is \$500 of tax exemption to a healthy firm?"

COMPANY PROMOTION.

There is a Tendency to Copy the British Legislation—Publicity is Exacted.

Since the passage of legislation in England in 1908 designed to open up for the information of the public the financial status of companies obtaining their right of existence from the State there has been a tendency throughout the overseas empires to pass similar legislation. The Ontario Act is based on the English Act and in the Transvaal, a law has been passed which copies almost verbatim the English law and similar action is pending in Rhodesia and in Queensland.

The English statute designed to "compel publicity of material facts" has been regarded as highly successful in operation, although as in the case of Federal legislation here the immense volume of tabulated information supplied under its provisions has proved something of an embarrassment to the Government. In a blue book dealing with the working out of the law the trials of the Government officials in merely finding storage room for documents are recited:

"The difficulty has been rendered much more acute by the legislation of 1907, under which companies were required to furnish additional information, and, consequently, additional documents, and foreign companies also were, for the first time, required to file certified copies of their charters of incorporation and other documents. The difficulties with which the Registrar of Joint Stock Companies in England has to contend may be gauged from the fact that he reports that the length of files at present stored in the cellars of Somerset House now extends to 2 3/4 miles, and that the present yearly rate of increase is about 600 yards."

Notwithstanding the rigid requirements of the law and the completeness of the information available under its provisions, its benefits seem, according to the Blue Book, not to be fully availed of by the public, who are thus warned in the annual report to the Board of Trade:

"The principle underlying company legislation in this country is the compelling publicity of material facts for the information and guidance of would-be creditors. Many persons, however, seem to be ignorant of the provisions which exist for their protection, or in the competition for business are prepared to neglect them, and it cannot be too strongly impressed upon the commercial public that if they deal with a limited company they must be on their guard to protect themselves by inquiring about debentures before giving credit, and must not rely upon the law to save them when they neglect to do so."

Companies of Small Capital.

The returns to the Controller last year show that the formation of companies of small capital continues to increase. When the Limited Partnership Act was passed, in 1907, the basis of the present law, it was predicted that there would be a falling off in the number of small companies. Such has not proved to be the case. There were, in fact, more companies registered in 1909 than in any year since the Companies Act of 1862 has been in effect. The total registered in 1909 in England and Wales was 5,833; but the returns from Ireland and Scotland brought the aggregate up to 6,373 for the kingdom. Besides being the largest on record, the total for 1909 is remarkable for exceeding the previous high-water mark, that of 1908, by 1,000. The increase still continues, and a new high record is promised for 1910. So far this year, up to the end of June, there has been a total of 3,744 companies registered in England and Wales alone, with a total capitalization of £130,292,579. Says the Blue Book:

"The total nominal capital of the companies registered has increased from £104,441,189 in 1908, to £141,630,296 in 1909, a difference of £37,189,107, due partly to the increase in the number of companies and partly to the average nominal capital of the companies registered in the United Kingdom, being £22,223, as compared with £20,788 in 1908. The increase of the average nominal capital is caused by the registrations in England and Wales only, that for Scotland and Ireland having materially decreased."

The total number of companies on the register of England and Wales on December 31, 1909, was 43,000. Because of the State power of giving charters in this country it is not possible to make any comparison with the English figures of corporate organizations.