

Monetary Times

Trade Review and Insurance Chronicle
of Canada

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THE OWNER AND THE HOUSING PROBLEM

GIVING evidence before the Manitoba Tax Commission, Mr. G. B. Hugg, K.C., dealt with the position of the owner, something which has not been considered in the extensive discussion which has been given to the housing problem. From the point of view of the tenant, he said, rents are too high and too big an item in the cost of living. On the other hand they did not pay a sufficient return to the owner of property, with the result that building operations have been suspended. There is not a sufficient margin between the rental income and the expenditure on taxes, etc., to yield the owner as large an income as can be obtained from other investments. Evidently investments in housing property will not be maintained if an adequate return to the investor is not assured. The income may, through extraordinary conditions, be reduced for a number of years, but new construction will then cease and sooner or later the shutting off of supply will raise rents to such a level as will again attract investments into new building.

That this has actually been the case with the owner is evidenced by the fact that the Building Owners Association of Winnipeg, the city which Mr. Hugg had more especially in mind, decided at a recent meeting to increase rents. The resolution is as follows:—

"Whereas, The cost of building and maintaining buildings both in material, labor and fuel has increased permanently and substantially in the past several years;

"And whereas, the tax system of Winnipeg imposes about 90 per cent. of all taxes levied in the city on land and buildings, which include patriotic tax, provincial government levies, and the Greater Winnipeg water district levies;

"And whereas, large increases in taxes are assured for this year amounting to an increase on the water district alone from 3.68 mills to 5.81 mills;

"And whereas, the patriotic levy amounting to one and one-half mills was assessed and paid only by real property during the war, and the new provincial government levy imposed during war times, which has been adjusted by the government for the present year on a basis of half a mill for patriotic purposes and two mills for provincial govern-

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ment levy—notwithstanding the impression that when the war was over these direct new charges against land would be discontinued;

"Now, therefore, in order to meet these new charges and to put improved property on a sound basis, it is the opinion of this board that rents should be increased at the expiration of the present leases to keep pace with the increased cost of maintenance and operation, and these new tax levies, and that a campaign of education by rental agents and owners of property would show to the renting population of Winnipeg how fair and just such an increase would be."

WAGES, RATES AND PRICES

WHAT some workers in the industries of the nation appear to fail to understand is that excessive wages and a reduction in the output of any one group of industrial workers adversely affects all. A case in point is the probable failure of an American steel concern to secure a contract for the furnishing of \$10,000,000 worth of steel rails to China. The prices quoted by the company in question were lower than those of their English competitors, but the difference was more than offset by the more favorable rates from Liverpool to Hong Kong as against the rate between San Francisco and Chinese ports. The British shippers of manufactured goods enjoy a decided advantage, the rate per ton on steel rails being twelve dollars less than the corresponding American charges. The manufacturers of the United States have brought strong pressure to bear upon the Shipping Board, demanding that the British rates, which were reduced 70 per cent. on January 27th of this year, be met by corresponding reductions on this side of the water. The United States Shipping Board state in reply, that the American ships cost to construct three times the normal price and that the British rates cannot be met unless interest on the investment and seamen's wages are sacrificed. Already there is a reduction in some lines in the steel output of American mills amounting to 20 per cent., and if contracts are lost because of high ocean freight rates the steel workers and the companies alike must pay the penalty.