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Toronto, December 8, 1870.

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THE

Monetary and Commercial Times.

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THE MONTREAL TRADE REVIEW.

TORONTO, CAN., FRIDAY, DEC. 23, 1870.

MUNICIPAL TAXATION.

The Municipal Assessment Act is again to occupy the attention of the Legislature of Ontario this session. At present there are, and have long been—perhaps always—various classes and kinds of property exempted from taxation. Within the last few years there has been a growing disposition in the public mind to challenge these exceptions from liability to bear municipal burthens. Already there is a proposition before the House to abolish, at one stroke, all the exceptions; a proposition which is sought to be supported by the general principle, that all persons should bear a share of public burthens proportioned to their means. The principle is sound, when applied to the general burthens of the commonwealth; but can it be applied in the way proposed? For the unsophisticated, apparent simplicity has irresistible charms. But it will often be found, on examination, that, what, at first sight looks most simple, is really most complex; what to the superficial observer seems the most rigid justice, is really the very reverse.

There can hardly be a question that the exemptions which have grown up in the Assessment Act, are too numerous, and some of them altogether unjustifiable. But, such as they are, successive legislatures have insisted on retaining them. They cannot all be swept away without raising questions of

the limits of the power of municipalities to raise taxes, and almost certainly causing the bill, which should so deal with them, to be disallowed. For instance, among the exceptions are Provincial and Municipal Debentures. What would be the effect of placing a municipal tax on provincial debentures? It would be to depreciate these securities in the market to the extent of the tax; and this would be equal to the Province making a subvention to the municipalities. The taxing of municipal debentures would depreciate these securities; and the result would be that the municipalities would lose, in this way, all they would gain by the tax; besides being put to the cost of collecting it, so that in reality they would, on the whole, lose more than they would gain by the transaction.

Clerical incomes, parsonages and grounds adjoining, churches, and the salaries of the officers and servants in the Public Departments at Ottawa and Toronto, are the excepted items to which most objection has been taken. In regard to the first class of these subjects the law has sometimes been stretched beyond its true intent. Persons who have been ordained ministers, at some period of their lives, but whose incomes are not derived from the service of the altar, have claimed the exemption; and others have demanded it, in respect to private property, which was never intended to be exempted. The general feeling of the community has, up to a very recent period, sanctioned the smaller exemption. Clergymen are a class to whom most persons are inclined to make some indulgence. Railroad and steamboat companies often carry them free or at reduced fares. It has been customary for the government, with the consent of all, to make free grants of sites for churches, of all kinds, where it had land; though this has not been done with any kind of uniformity. The republican and not specially religious city of Chicago, is, not less than ourselves, guilty of the amiable weakness of exempting churches from taxation. Perhaps we inherit this practice from those times when the clergy held a large part of all the land in England; and the exemption which their lands enjoyed from taxation, growing into the magnitude of an oppressive burthen on the laity, whose estates had to bear all the taxes levied in this form, led to the enactment of the statutes of mortmain. If the dregs of the evil have come down to us, they may almost be reduced to a matter of feeling, and in that way they might arouse the enthusiasm of some new John Thoroughgood. In Quebec, the evil of untaxed church property is one of sufficient magnitude to constitute a serious grievance, and it is bringing

its own remedy. Better it would be in Ontario, to make all church property pay its due share of public taxes: for what is thus exempted has to be laid on elsewhere; and the practice necessarily carries with it inequalities that savor of injustice. Nor is anything gained by anybody, not perhaps even the individual supposed to be favored by the clerical exemptions; for additional taxes have to be raised on the congregations, and if the amount is almost inappreciable, it is pretty sure to be magnified in the minds of those by whom ministers are paid, and made to do duty in the way of set-off to several times its real amount.

Some of the exemptions come properly under the head of anomalies, more or less inexplicable. What, for instance, can be the reason for exempting "all property, real or personal, which is owned out of the Province?" The income which a farmer derives from his farm goes scot-free, on the ground, no doubt, that his farm is taxed; but the income of a merchant is taxed, notwithstanding that the goods, out of the profits of which his income is derived, are also taxed. Stock in railroad companies is exempted, properly enough, perhaps, because it may yield no dividend; but does this apply to the income, when any, derived from such stock? and if so, why?

The exemption of official salaries will probably go by the board; yet they are not without their grounds of defence, whether complete or not. Only two cities, Ottawa and Toronto, are interested in the removal of these exemptions. It is said that the salaries ought not to be supplemented in this way, and that, if they are too low, they ought to be increased. But, the answer is not without force: that Toronto and Ottawa enjoy great advantages from their position as seats of government; and that they may fairly be asked to give a small equivalent in this shape, rather than throw the charge on the country at large. If the seat of government, either of Ontario or the Dominion, were in the market, any town would gladly take it on these terms. This is no doubt true; but now that both are pretty well settled, other terms are asked. The feeling in favor of the abolition of this privilege has probably now become stronger than any argument by which it can be supported; and if so, the privilege will be abolished.

But that a clean sweep cannot be made of the exemptions is obvious from many considerations. If a municipality is to tax the Provincial Penitentiary, then a municipality may expect an income from the expenditure of the General Government; and the lowest taxing power in our complex system of government would have the right to tax the highest, an anomaly that conflicts with every