

The Chronicle

Banking, Insurance & Finance.

ESTABLISHED JANUARY, 1881

R. WILSON-SMITH, Proprietor

PUBLISHED EVERY FRIDAY

Vol. XXIX. No 21.

MONTREAL, MAY 21, 1909.

Single Copy - . 10c
Annual Subscription, \$2.00

TAX-PAYING— **A PRIVILEGE** **UNESTEEMED.** **THE** monosyllabic history of a "lad who was a sad wag" used to give excitement—of a mild type—to the pages of certain old-time "first readers." One might almost suspect that storied youth to be now masquerading in the guise of Prof. Adolph Wagner, as a wag of larger growth. That a German professor of economics, in his own proper person, should be guilty of joking is scarcely credible. Be that as it may, Prof. Wagner lately proclaimed in a public meeting at Cologne, that increased taxes should be hailed with joy rather than anger—and that the rich should consider heavier contributions as among their class privileges. Having heard a lady in a railway carriage remark disparagingly that her new hat had cost only some 750 marks, there occurred to the professor the possibility of cultivating the same disdainful attitude towards tax levies. So that, in time, the wealthy man-'bout-town might inform a fellow clubman—carelessly and almost apologetically—that, really he was paying the Government scarcely 15 per cent. of his income.

So far this new philosophy of contentment seems to have made but slight headway throughout Germany. Instead, as one observer puts it, "All sections of the German people seem to be united in a patriotic determination not to contribute the new taxation which the augmentation of the navy requires." Faced with an annual deficit of £25,000,000, the Reichstag so far refuses to accept the additional taxation proposed by the Government. So that in Germany, even more than in England, it still seems, as Burke once put it, "impossible to tax and to please."

CANADA FORTUNATELY **CIRCUMSTANCED.** **I** **NCREASED** taxation, direct or indirect, was not foreshadowed in the budget speech of the session just ended at Ottawa. In this the Dominion enjoys a prospect contrasting fortunately with that of most other countries. The United States is now considering the possibility of the federal government levying income and inheritance taxes, to supplement customs revenues after tariff revision comes into effect—although there seems small likelihood of any material reduction in the rates of duty to be imposed. In France, largely increased income taxes are to be enforced, not only by the republic itself, but probably by the various communes and departments as well. Great Britain and Germany, with their somewhat related yet wide-

ly differing fiscal problems, are bending their backs to new burdens—burdens under which the latter, if not the former, already shows some signs of staggering.

But in Canada the Minister of Finance was able to announce that by economy in administration and conservatism in undertaking new expenditures, any increase in taxation could be obviated. As **THE CHRONICLE** pointed out at the time, the \$46,000,000 addition to the debt during 1908-7—which represented the real difference between income and outgo—consisted largely of items which were quite properly charged to capital account, and which must make for future economic weal. During the current year, with gradually recovering customs receipts, the revenue may be expected to cover not only all ordinary expenditure but also a material part of capital expenditure.

LOOKING TO **THE FUTURE.** **O** **N** motion of Hon. Mr. Fielding a bill was this week passed at Ottawa authorizing the Government to raise by way of loan a sum not exceeding \$50,000,000 to redeem maturing loans. The Finance Minister explained that a loan of 1885 for six and a half million pounds sterling was about to mature, for which \$20,874,000 would be required. There were also temporary loans maturing, amounting to \$11,277,333, and a four per cent. loan of \$17,750,000, upon which the Government had an option, or a total of \$49,901,333.

In referring to these repayments, Mr. Fielding reaffirmed his intention to attach a sinking fund to all future loans—a plan certainly to be commended. In this connection, **THE CHRONICLE** has all along favoured the consolidating of the whole present indebtedness, so as to have a certain figure or sum recognized as the consolidated debt of Canada. All borrowings in excess of that should be with sinking fund that would extinguish them within a period of say fifty years, or any other period considered desirable from the date of the respective new borrowings. The proviso would have an excellent effect upon the Dominion's credit, and it would also enforce upon us the necessity of beginning right away to provide for payment of new enterprises.

Avoidance of over-frequent borrowing is another important consideration in relation to the Dominion's credit standing. One large loan, if evidently warranted by real requirements, should more favourably impress the British investor, than three or four smaller borrowings.