

classes of persons involved for discussion, but in the meantime most of the discussion has proceeded without definite knowledge of facts and conditions.

Division of Taxation Needed

R. F. McWilliams stated that the principle of the income tax is thoroughly sound and is rapidly being adopted by all advanced countries, and will probably, in time, become the only form of taxation. "It is consistent with the principle of the ability to pay," he said, "now being recognized as the sound basis of taxation, rather than the principle of service rendered, except in particular cases. The principle, however, must be applied with regard to present conditions and its full existence must be based on conditions which permit of no other form of acquiring wealth than through personal services or interest derived from personal saving. As long as it is possible to acquire wealth by speculation the income so derived should be taxed directly or indirectly and more heavily than a true income.

"The question of an income tax for the city of Winnipeg, or for the province can not be considered apart from the general burden of all taxation paid by the people, whether municipal, provincial or Dominion. At the present time new taxation must be imposed by the Dominion in order to pay the cost of the war, and the amount of taxes necessary for these purposes is so great as to over-balance all other questions of taxation. The war debt of Canada now stands at \$1,400,000,000, on which interest charges will be \$75,000,000, and to this must be added the pension payments amounting to at least \$25,000,000. Speaking in the House of Commons last week, Mr. Carvell placed the additional amount of revenue required at \$150,000,000 a year. Manitoba's share of any Dominion tax amounts to about 8 per cent., so that it will be necessary to impose new war taxes on the people of Manitoba, in some form, to the amount of \$8,000,000 a year.

Comparison of Sources

"It is obvious that so large a tax can only be raised upon some very broad basis, and there are only three forms of taxation wide enough to be considered in meeting such an additional tax—viz., increased tariff, a land tax, and an income tax. Paying the war tax by increased tariff taxation would be opposed by the people of this province, regardless of politics, and would bear most unfairly on the consuming population and upon those engaged in the production of natural resources and particularly upon all the west, in other words, upon the very elements that have least accumulated wealth. Further, it is very doubtful whether an increased tariff would produce any additional revenue and by reason of the increase in price of all goods whether imported or manufactured in Canada the result would be the most burdensome form of taxation. All sound economic theory favors direct taxation to the exclusion of indirect taxation as rapidly as public opinion can be educated to it. Similarly the land tax would bear with undue hardship on the newer portions of the country and those least able to bear the tax. The land tax could only be levied upon the basis of the market price of land, and it is recognized in all countries that lands in newer parts are, like everything else, subject to inflation. The price of a home in Winnipeg far exceeds the price of similar accommodation in almost any place in eastern Canada. Further, the land tax properly belongs to those services directly connected with the land and should be reserved for local purposes and bears no relation to the benefits received from the conduct of the war. On the other hand, an income tax will distribute the burden of the war over the entire country in proportion to the ability of the people to pay and would be the most just form of paying for the war, as charging every one in proportion to the product of his energies in a country preserved by the war. Further, it will impose the tax on western farmers, and others whose incomes fluctuate at the time when they are able to make payment, and be light in bad seasons. My contention, therefore, is that the war charges should be paid for by income tax covering the whole of the war charges and applied exclusively to that purpose.

Recommendations

"As a practical proposition for immediate action," said Mr. McWilliams, "I recommend the imposition of an increment tax to begin at not less than 10 per cent. I would have the assessment in the city accepted as a true criterion of present prices and have the tax paid on all property as the price advances beyond the present assessment rating. The rate of the increment tax should be raised to 15 per cent., and then 20 per cent., and then 25 per cent., and as much higher as is necessary to prevent any large inflation of the values. The object should be, primarily, prevention, and secondly, income, and the tax should be made stiff enough to effect the result desired. In view, however, of the fact that this kind of taxation was not in the contemplation of any investor, at the time lands were purchased, the tax should not be made so heavy as to decrease the price of land, except as to such properties as have been unduly inflated. A uniform tax would squeeze out such weak properties and put the land back in the hands of the city at a cost equal to the taxes, and this appears to be the only means of solving the present housing difficulty.

Higher Provincial Subsidies

"The only suggestion I wish to make in this connection is that careful consideration should be given to the amount of the provincial subsidies. These subsidies were established at Confederation, not as a bounty to the provinces, but as a means of readjusting the balance of revenues and expenditures which resulted from the distribution of the functions of the respective governments. The total of the subsidies was intended to be a proportion of the Dominion revenue, but with the vastly increased revenue of the Dominion, there has not been a corresponding increase in the provincial subsidies. With a careful management of the natural resources and with increases in the rates of succession duty as fast as the several provinces can be persuaded to accept a fairly uniform rate, a proper subsidy should meet all provincial requirements. The provincial addition to the municipal taxes is bad in principle and should be avoided if other means of raising the revenue can be found."

LIVERPOOL, LONDON AND GLOBE INSURANCE CO.

The seventy-first annual statement of the Liverpool, London and Globe Insurance Co., Ltd., which was issued last week, shows total assets of \$17,084,397, with unearned premiums and other liabilities of \$12,203,190, leaving a surplus of \$4,881,207.

PACIFIC GREAT EASTERN FINANCES

A bill has been introduced into the British Columbia legislature to guarantee a loan secured from the Bank of Commerce on the security of Pacific Great Eastern Railway debenture stock. There are two debenture stock issues of the railway outstanding, the one being first mortgage 4½ per cent. stock and the other second mortgage 4½ per cent. stock.

Part of each issue, to an amount totalling £1,217,522, was pledged by the railway company with the Union Bank of Canada as collateral security for the repayment of a loan of \$4,800,000 at 6 per cent. The Union Bank wished to have this loan repaid, and arrangements were made by the railway with the Bank of Commerce to have the money advanced by the latter. This latter loan becomes due on June 30th, 1919, with interest at the rate of 5½ per cent. At the time of making the arrangements with the Bank of Commerce the provincial government agreed, subject to the approval of the legislature, to guarantee the repayment of the loan. Authority is also given in the bill now introduced to permit of the loan being renewed from time to time with the same provincial guarantee.