

# The Chronicle

## Banking, Insurance and Finance

ESTABLISHED 1881. PUBLISHED EVERY FRIDAY  
F. WILSON-SMITH, *Proprietor and Managing Editor.*

Office:

406-408 LAKE OF THE WOODS BUILDING,  
10 ST. JOHN STREET, MONTREAL.

Annual Subscription, \$3.00 Single Copy, 10 cents.

MONTREAL, FRIDAY, AUGUST 29th, 1919

(Continued from front page)

of inheritance or succession taxes, supplementing those which are at present imposed by several of the provinces. That those who merely inherit wealth should be subject to more heavy taxation than those whose accumulations have been due to their own energy, initiative and industry, there can be no question. An idle rich or even moderately wealthy class is no benefit to any community and it is not desirable that in the years to come, or should be allowed to grow up in Canada. As regards the Income Tax, there can be no objection to this on general principles, but an interesting suggestion has been made in England, which is worth while bearing in mind that a differentiation should be made in income tax, according to the use to which the income is put by the taxpayer. Since the active saving is the only method by which capital can be provided for industry, and the economic progress of the Dominion, accordingly furthered and expanded, on economic grounds there is every reason for doing everything to encourage the savers. An eminent English economist, Professor Marshall, has suggested that if it were possible to exempt from the income tax that part of income which is saved, to become the source of future capital, while even property to be taxed on inheritance and in some other ways, then an income tax graduated with reference to its amount, and the number of people who depended for their support on an exact income would achieve the apparently impossible result of being a graduated tax on all personal expenditure. Technical difficulties, of course, bristle in the way of such a scheme. But it is vital to bear in mind in connection with the taxation problems which lie before the Dominion that merely to levy taxation to raise a certain revenue, without regard to the ultimate economic effects of such taxation, will not be a sufficient solution of our taxation problem. What is required in the taxation policy of the future, is that it should stimulate industrious citizenship, and penalize idleness. But as Mr. Hartley Withers points out, "In all these problems of taxation, a Government cannot go far ahead of the intelligence and goodwill of the community it is taxing. There

are limits to the extent of which money can be extracted from citizens, even the richest of them, against their will. The idea that the rich can be taxed to any extent that idealist reformers think fit, without any regard to the feelings of the rich, is to a great extent a mistake; even if it were possible, there would come a point at which it would not pay to grow rich, and the accumulation of riches, badly as they are often used, is in fact the process by which economic progress is at present furthered, and can only be furthered until some better system is found." What is wanted in connection with the problems of taxation that lie before us, is a public opinion intelligently educated to the point of recognizing that taxation has its place in the financial prosperity of the community and the economic betterment of all classes.

### THE GENERAL FINANCIAL SITUATION.

A much-needed tonic was added to the land market in New York this week, and the improvement may be further increased as a result of the decided stand taken by the President against granting the full demands of the railroad workers.

Trading in Libertys on the New York market, continues to be of large volume; as a matter of fact, the bond market would present a rather sorry appearance, were it not that these issues are now available.

While negotiations for both domestic and foreign loans are engaging the attention of the bankers, it is unlikely that in the present condition of the investment market any large issues of new securities will be offered.

It is understood that details of a substantial loan to Italy are being rapidly completed, and from what could be learned, only awaits the approval of Washington and the final signing of the peace treaty before being announced. Other loans of this character are believed to be in the making, and are expected to come along within the next few weeks. J. P. Morgan's visit to Europe may have some bearing on them.

Bernard Dernburg's plan for a huge international loan to be financed in the United States by the League of Nations for the benefit of Germany and all other European nations needing money is greeted with some amusement by New York bankers. As one banker said:

"It certainly would be a good plan—for Germany. By this means she would be securing accommodation under the benefit of the better credit standing of the victorious nations in Europe."

It may be, however, that later on, when the treaty of peace is ratified and the League of Nations properly established, the American Govern-

Continued on Page 895