Monetary Times

Trade Review and Insurance Chronicle of Canada

Address: Corner Church and Court Streets, Toronto, Ontario, Canada.
Telephone: Main 7404, Branch Exchange connecting all departments.
Cable Address: "Montimes, Toronto."
Winnipeg Office: 1206 McArthur Building. Telephone Main 3409.
G. W. Goodall, Western Manager.

SUBSCRIPTION RATES

One Year	Six Months	Three Months	Single Copy
$3.00	$1.75	$1.00	10 Cents

ADVERTISING RATES UPON REQUEST.

The Monetary Times was established in 1867, the year of Confederation. It absorbed in 1869 The Intercolonial Journal of Commerce, of Montreal; in 1870 The Trade Review, of Montreal; and the Toronto Journal of Commerce.

The Monetary Times does not necessarily endorse the statements and opinions of its correspondents, nor does it hold itself responsible therefor.

The Monetary Times invites information from its readers to aid in excluding from its columns fraudulent and objectionable advertisements. All information will be treated confidentially.

SUBSCRIBERS PLEASE NOTE:

When changing your mailing instructions, be sure to state fully both your old and your new address.

All mailed papers are sent direct to Friday evening trains. Any subscriber who receives his paper late will confer a favor by complaining to the circulation department.

PRINCIPAL CONTENTS OF THIS ISSUE

LOAN TOTAL SHOULD BE ANNOUNCED

THE campaign period for the 1919 Victory Loan is near at hand, and one thing the people should know, and are entitled to ask, is how much the government is going to allot should the objective be oversubscribed. In view of recent events, it is not desirable that a large amount of money should be available for government purposes, lest radical elements should make use of this situation to strengthen their arguments for incurring further capital obligations. The final requirements can be closely calculated, and if the total to be allotted is not announced, it will militate against the success of the campaign.

The entire proceeds of our coming Victory loan are already mortgaged for expenditures required under existing legislation. Nevertheless, the Dominion government is still bombarded with demands for further capital outlays running up as high as $1,000,000,000. The effects of the issue of immense quantities of government securities, coupled with the currency inflation, have already placed a severe strain upon the country, by reason of the high prices and over-consumption which has been produced. The issue of a further amount of securities would postpone a return to normal conditions, and prolong unemployment, high prices, strikes and other industrial ills against which the country is contending. This situation is fully appreciated throughout Canada, and the government is fully aware that the vast majority of the people are anxious to help rather than to hinder the downward tendency in prices.

Giving evidence on October 7 before the Special Committee on Soldiers' Civil Re-establishment, T. C. Boville, Deputy Minister of Finance, stated that the national debt has increased from $335,996,000 before the war to an estimate of $1,950,000,000 for the fiscal year 1919-20. Pensions are estimated this year at $30,000,000; land settlement, $25,000,000; and soldiers' civil re-establishment, $10,000,000. Interest on the public debt has risen from $12,093,000 in 1913-14, to $102,767,000 this year. War expenditures for 1919-20 were estimated at $350,000,000, exclusive of pensions, and this year's consolidated revenue receipts were estimated at $244,000,000. Income tax had been levied on 51,588 people in 1917, and the amount of assessment was $12,221,669. Only 47,021 people paid, and the amount collected was just over ten million dollars. Only 32,668 persons paid on incomes between $1,500 and $6,000, and $1,469,000 was collected from them. Only 40 persons paid on incomes over $100,000, a total of $1,470,000.

Before the same committee on October 8th, Sir Thomas White, until recently Minister of Finance, stated that another loan in the fall of 1920, would be required, in addition to the one which is to be floated this year. This is news which will not be welcomed by the taxpayer. Another interesting statement made was that Canada cannot stand such a loan oftener than once in twelve months. Referring to the demands for larger gratuities, Sir Thomas White stated that the money could not be raised by taxation. He argued that the business profits tax should in the course of time be reduced or disappear in order that capital might not be frightened out of the country on the one side, and prevented from coming into it on the other, and that a federal land tax all over the Dominion might be considered unwise in a sparsely settled country like Canada, which needed immigration to help in the era of greater production needed to take care of the debt. The income tax, he said, had been put on all fours with that of the United States, and that all the revenue from all sources would hardly enable the government to pay more than the ordinary expenditures. Therefore, however estimable and desirable and worthy might be the schemes put forward, they all boiled down to the question of the impossibility of raising the money.

Regarding a proposal which had been made that the government should issue bonds to returned men, Sir Thomas said: "Let us assume that the government gives the soldiers one billion dollars' worth of bonds. Well, that finances the gratuity. The soldiers have the bonds. Some may keep them and others would sell them. The effect would be absolutely to demoralize the market for securities and bonds in Canada and the United States. It would affect most gravely and injuriously our credit. The market situation is nicely adjusted. The public does not begin to understand how much care has to be taken of the market to keep it right. Last year we had to take of the Victory Loan some sixty million dollars to stabilize it because of securities coming on the market. Take the effect on the loan this fall. If you hand out one or two billion dollars to be sold for any price an individual might be disposed to take, your securities on the market would go down at once. A reactionary effect would