

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: 1208 McArthur Building. Telephone Main 2663.
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.

TAXATION AND BOND PRICES

With the growth of the Canadian income tax, and the rapid increase in the number of tax-exempt bonds of the Dominion of Canada in the country, there has arisen a feeling that this exemption is unjust to the holder of other securities, and to the small investor who is not subject to the income tax. Many journals have criticized the feature, and Mr. I. W. Killam, of Montreal, states the arguments against it very effectively in recently published letters.

When we first commenced to issue war loans we were doubtful as to our ability to do national financing on a large scale, and exemption from any taxes which might be imposed by the Dominion was one of a number of attractions attached to the bonds in order to coax funds into this channel of investment. Even then, the exemption was of relatively small importance compared with its value at the present time, as it was only in 1917 that we adopted a federal income tax; now we know this to be a permanent means of raising revenue, which will be utilized more and more as our requirements grow. While many believe our policy to have erred from the start, few would care to criticize its adoption; no strong dissenting voice was raised at the time.

Now, however, we know more of our capacity for national financing. We know that we can continue to meet our own war needs, provided they do not grow much greater than they are at present. The public have already been educated to the value of our war bonds, and by paying a rate of interest in accordance with market conditions further loans can be raised indefinitely. The tax-exemption feature is quite dispensable, though undoubtedly a somewhat higher interest return would be necessary to compensate for its removal. There is no question as to the fact that injustice arises from this cause. Tax-exempt bonds are peculiarly attractive to the man of large income in Canada, who now pays a consider-

PRINCIPAL CONTENTS OF THIS ISSUE

EDITORIAL:

| | |
|--|----|
| Taxation and Bond Prices | 9 |
| New Crop and the Exchange Market | 10 |
| Public and Private Creditors | 10 |

PRIMARY INDUSTRIES:

| | |
|---------------------------------------|----|
| Mining Production in Ontario | 22 |
| Agricultural Produce in Ontario | 26 |
| Ontario Farm Conditions | 30 |
| Mixed Farming in Alberta | 32 |
| Manitoba Crop Acreage | 35 |
| Our Neglected Iron Ores | 44 |

TRANSPORTATION AND PUBLIC UTILITIES:

| | |
|-------------------------------------|----|
| Power—Canada's Opportunity | 5 |
| Winnipeg Railway Disagreement | 34 |
| Waterways Commission Decision | 43 |
| New C.N.R. Directorate | 44 |

MANUFACTURES AND TRADE:

| | |
|--|----|
| Labor Congress at Quebec | 12 |
| Newsprint Inquiry is Resumed | 14 |
| Canada to Have Research Facilities | 24 |
| Canada Export Paper Company | 38 |

GOVERNMENT AND MUNICIPAL FINANCE:

| | |
|--|----|
| Municipal Law to be Completely Revised | 18 |
| Municipal Finance Record | 26 |
| Growth of Municipal Assessment | 28 |
| Alliance of American and Japan | 34 |
| Manitoba War Loan Organization | 40 |

able rate of income tax. He is willing to purchase them on a lower interest basis, and his bidding in the market supports the price at which they are traded in; his heavy subscriptions contribute largely to the success of the flotations and make it possible to issue them at lower prices than would be the case were they taxable. This buying competition must be met by the small investor who does not worry about the income tax, and in subscribing for our loans or purchasing them in the market he is therefore paying for something of little or no value to him. He might easily profit better by investing in higher yielding securities, which are subject to taxation.

That the growth of the income tax is an effective factor in determining the price of war loans is illustrated by the fact that during the past nine months, during which it has become known that the tax will be raised, the selling price of Victory Loan bonds has increased from 98½ to 99½, and from 99½ to par. Three-quarters of a billion of tax-exempt bonds have been issued, and holders of other securities naturally deplore the existence in Canada of around forty millions of non-taxable income. The recent agitation is the result of the realization that the income tax is going to be something to be considered in our economic life; we had the income tax many months ago, and the point could have been just as well urged at that time.

As regards the bonds already issued, this condition cannot be remedied, as our national pledge must not be broken. No doubt the preparations for our new half-billion tax-exempt loan are already too far advanced to admit of change. When the plans for this loan were made some weeks ago the question was carefully considered, and the opinion of the majority of those consulted, including not only the bond-dealing element but representatives of other interests, was in favor of the exemption. This may, however, well be our last issue of this kind, and future loans should be shorn of the privilege.

Admitted that taxable bonds would be preferable, and that we can raise loans equally well by issues of this kind,