

THE MONETARY TIMES,

AND TRADE REVIEW.

ISSUED EVERY FRIDAY MORNING.

SUBSCRIPTION PRICE—POSTAGE PREPAID.

Canadian Subscribers.....\$2 a year.
British ".....10s. sterling a year.
American ".....\$2.50 U.S. Currency

BOOK AND JOB PRINTING A SPECIALTY

Office—No. 64 & 66 Church St., Toronto, Ontario

EDWD. TROUT, *Manager.*

TORONTO, CAN., FRIDAY DEC. 14, 1877

THE EXTENDING AREA OF MUNICIPAL TAXATION.

When the Legislature imposed what is known as the two cent limit, there was an evident intention to confine the taxing powers of municipalities within definite bounds, which they would not be able to overleap. Up to two cents in the dollar they might go, but no farther. Every ratepayer knew, or fancied he knew, the extent to which he could be mulcted under the head of municipal taxes. The two cent limit still remains, in form, but such a crowd of new objects have been gathered within it that the spirit has been crushed out. A two cent limit embracing only a few objects is one thing; a two cent limit embracing practically an unlimited number of objects is another thing. Shares of joint stock companies and the incomes derived therefrom are among the additions. Stocks that earn nothing are in course of gradual confiscation under the name of municipal taxation. In the city of Toronto one official estimates the amount of taxable stocks at \$20,000,000; and an individual dignified with the name of "Assessment Commissioner" calls for more ample powers of taxation, that "this department" may the better be enabled to relieve the ratepayers of their non-surplus cash.

The encroaching spirit of the municipalities, as seen in the domain of taxation, is one of the dangers of our time. It is one of the invidious influences whose track has elsewhere been marked by corruption and whose end is a financial pitfall. Concession after concession has been heedlessly made by the Legislature; and it would seem that there is no safeguard short of a constitutional restriction. The Act of Confederation has developed a weakness here more than anywhere else. It ought to have placed definite limits to the taxing powers of municipalities which could not be broken down. But what has happened has been that these corporations have only had to ask that they might receive.

In attacking exemptions, the municipalities stand on strong ground. But even here

their movements require to be watched, or injustice may be done. A recent mail brought information of how the matter of exemptions stands in England. It is given on the authority of the Chancellor of the Exchequer, in answer to inquiries addressed to him: "By the English law property occupied for the public service is exempt from all local taxation;" but the Government voluntarily pays its share of the local burdens. Only it values the property itself and adjusts the poundage to the scale made by the local authorities.

"Churches are exempt, but not Church property, which is liable to local taxation like other property," are the words of the Chancellor of the Exchequer. We may add that churches are exempt in the United States, and it would be difficult to find a country where they are not. So much for the fact. The exempting of church property here is a divergence from English practice, which it is not possible to justify. Here a change ought to be made, and probably will be eventually, Ontario taking the lead. The edifice, if taxed at all, should not be taxed at its capital value; for the property is in no commercial sense productive. And if we apply a commercial standard to it, the true test would be, not cost but annual value. If the advocates of exemptions could get the edifice exempted, they would be wise in their generation to accept a compromise which placed all church lands under assessment. But there would, even then, be no guarantee that the edifice might not, in the end, be made to share the fate of church lands. They will probably yield to nothing but numerical force. By obstructions and delays they may breed a bitterness of opposition which will not be satisfied with bare or doubtful justice, but will sweep everything possible in the ever open municipal net.

In England, universities, denominational schools, and other places of learning, as well as charitable institutions, are rateable. Our common schools are the property of the municipality, and to tax them would be like taxing the City Hall. It would be the owner taxing himself. But a college or an university does not stand on the same footing; it is not the property of the municipality, and though it may rest on a public endowment, it may fairly be called upon to contribute to those local improvements of which it shares the benefits.

The only official whose income is exempt from taxation in England is the Sovereign, and the present Queen voluntarily pays income tax. But in England "the income tax is confined to the Imperial revenue." This is a distinction which it is very important to note. Here the municipality

alone, at present, levies an income tax. A municipal income tax is one of those encroachments which would never be tolerated in England, and which has latterly been extended here to nearly all revenue, producing things and even to things which produce no revenue at all. And the victims are threatened with another turn of the screw.

There is another way in which the two cent limit may practically be thrown down. For instance, in one of our cities, an estimated expenditure of \$85,000 on permanent roadways has been reported on by the engineer; and one of the city officials tells the Council and the public that the feeling of the Council and the public is in favor of a change which would throw the expense on the locality to be benefitted. He leaves us to guess what his own feelings are; but it must be a comfort to the Council and the public to be told how they feel, though they have both been too modest to say themselves in any formal or official way that they would feel better for the change. Now, suppose this \$85,000 to be made a special charge on the property benefitted, it is easy to see that the two cent limit might be overcome.

If the Legislature is again to be appealed to by municipal councils for power further to extend the area of municipal taxation, let the ratepayers, who are the victims, see to it that the old two cent limit be not in any way or on any pretext, exceeded. In one particular it has been exceeded already. It is significant that for an extra-municipal purpose—the granting of bonuses to railways—a three cent rate may be levied. To take away, under the form of taxes, about one-half of the average product of the property is a doubtful way of making money. In some countries, a tax of three per cent would leave the property valueless; and the tendency of profits to minimum, which is always active, will in time tell here. It is true the right to levy a three cent rate has not yet been carried into effect; but it is a dangerous stretch of power and must not be extended beyond the object to which it is now confined.

THE CANADA AGRICULTURAL INSURANCE FAILURE.

The Canada Agricultural Insurance Company has suspended business and gone into voluntary liquidation. Upon a recent investigation of its affairs they were found to be in a most unsatisfactory state, which was in no small degree the result of culpable mismanagement on the part of the late managing Director. In addition to this