

# The Brain Growers' Guide

Winnipeg, Wednesday, September 11, 1918

## Tariff is Special Privilege

Special privilege has always sought to cloak itself in some form of right or justification. So strong is the influence exerted upon the human mind by self-interest that the beneficiaries of special privilege in very many cases have believed themselves absolutely entitled to the superior advantages conferred on them by an unjust system.

The privileged class in Great Britain who opposed the Reform Bill of 1832 and also the abolition of the iniquitous Corn Laws (which were tariff protectionism for the few, at a dire cost to the many) did so with quite as much self-righteousness as the advocates of protectionism in Canada at the present time evince in defending and advocating the laying of tariff burdens upon the many for the benefit and advantage of the few.

The vehemence of our Canadian advocates of protectionism recalls, indeed the vehemence of the opponents of the Corn Laws; in regard to which history repeated itself upon the introduction, in April, 1909, of Lloyd George's famous first Budget, that great beginning of sweeping fiscal and social reforms. Self-interest affects the mind as a magnet affects the compass. The silversmiths at Ephesus, who did a highly profitable business in making the silver shrines presented in the great temple of Diana there by devout worshippers, found their deepest religious convictions outraged by the preaching of Paul.

Thus, it is that beneficiaries of protectionism in our own country, such as the gentleman engaged in manufacturing at Fergus, Ont., whose letter expressing such violent indignation against the editorials in The Guide was printed in last week's issue, not only believe themselves to be wholly justified in their special privilege, but believe also that anybody who dares to question their right to that special privilege is animated by malice, lack of true patriotism, and all manner of evil-mindedness.

The plain truth of the matter is that a protective tariff means always, everywhere, and in every country, special privilege; that is to say, it means injustice. It is a violation of a fundamental principle of justice, which should be the foundation of all legislation. That principle is equity to all and special privilege to none.

## The Next Victory Loan

A letter written to the Financial Times, of Montreal, by J. K. L. Ross, of that city, is published by that journal. Mr. Ross, the Financial Times points out,

is not only reputed to be the second wealthiest individual in Canada, but that he holds directorships in a number of our largest industrial corporations, therefore being peculiarly qualified to express an opinion upon the conditions of the forthcoming Victory Loan.

It is to be added that Mr. Ross is said to be the largest individual subscriber to the preceding issues of Victory Bonds. Here is his letter:—

Montreal, August 27, 1918.

Editor, The Financial Times, Montreal.

Sir: I have been asked for an expression of opinion on the question of the proposal (which apparently is on the point of receiving official endorsement) to exempt from Income Tax the forthcoming issue of Canadian Victory Bonds.

I feel strongly opposed to such an exemption and commend your paper upon its vigorous attitude against the proposal, which, while proving costly to the government, would at the same time give color to the

suggestion that it is intended to benefit the rich man at the expense of his poorer neighbor.

It is no argument in favor of the tax-exempt provision that the previous war bond issues of the Canadian Government carry this exemption, and it is mere weakness to persist in a course when such has been universally recognized as mistaken. The Governments of our Allies, that at the outset adopted the Income Tax exemption feature in their bond issues, have been courageous enough to acknowledge the blunder involved in such exemptions and have abandoned these costly methods of finance.

It is distressing to have to record that the only argument of any consequence offered in support of tax-exemption is the argument born of fear; for our Finance Department, in the excess of its timidity, is afraid that the bonds "will not go" unless they are made tax-exempt. The blame is not entirely the Department's, however. Are their advisers, our bankers and brokers, asleep? What sort of kudos will they be able to claim, what exalted niche in the financial Hall of Fame will be theirs for successfully conducting this autumn a selling campaign where the securities offered represent Canada's entire credit, and the rate is five-and-a-half per cent., carrying a bonus? Let them bestir themselves to march on Ottawa and inject into the Department a proper degree of courage, and an unshakable confidence that Canadians can at least lend their money to their country, without a bonus, and with the same spirit prevailing with which they have given and are continuing to give their flesh and blood.

Yours, truly,

J. K. L. ROSS.

By the Finance Minister's decision the new Victory Loan will be tax-exempt. Canadian patriotism will see to it that the loan is a success; and no true Canadian, if the bonds were taxable, would hold back a dollar of the money he will devote to helping to make the loan a success.

The exemption is not only wholly wrong in principle, but is, as J. K. L. Ross points out, unjustifiable even from the low viewpoint of expediency, from which an attempt has been made to justify it. That the earlier issues of Victory Bonds are tax-exempt is not to the point. The earlier contributions of Canadian man-power were on the voluntary basis; but the country has now come to conscription, and there should be an end to privilege. The new Victory Loan will make a total of \$1,250,000,000 of tax-exempt national bonds of Canada yielding an annual total in round figures, of \$67,000,000 to their holders. Every dollar of that annual total of \$67,000,000 of income will be exempt from taxation; and to make up for that exemption, there will have to be increases in taxation otherwise levied.

But the only view which Canadian patriotism can take, that whatever the money cost of the war, and however great the material wastage, there is a still greater cost being piled up with every day that passes, which is incalculably greater than can be expressed in money or in any material terms.

The sense of duty to the men at the front and to the cause for which they are battling comes first. That sense of duty in the Canadian people will ensure the success of the forthcoming Victory Loan.

## As to Public Ownership

The Victoria Times prints an interesting report of an address made by a gentleman from Montreal at a luncheon of the Rotary Club in that city, from which we quote:—

Anyone, remarked the speaker, who wanted to get something cheaper than the existing price immediately advocated the Government ownership of that utility. "Why not extend the idea," asked Mr. Sandwell, "and include grocery stores and shoe-shine parlors?" "The word people is a beautiful word,"

remarked the speaker. "It is nice to think of the people owning everything. But it is not good that the people should own everything. It is not good for anyone to own anything which he is incapable of looking after."

Winnipeg's civic light and power enterprise, like the publicly-owned Hydro-Electric enterprise in Ontario, is daily demolishing this doctrine that public ownership cannot be successful. In Glasgow, Birmingham, and other cities in Great Britain, public ownership of public utilities has been in operation for many years; and the same is true of many cities in the continent of Europe. In Australia and New Zealand public ownership is a long-standing success. Since the war began the British government has applied the most important principle of it to mines, shipping, railways, and ammunition plants, and even to the preparation of the commodities in use in the everyday life of the British people.

It was for the purpose of securing greater efficiency that the United States government had to take over the vast railway systems of that country, consisting of more than one-half of the total railway mileage of the world. A short time ago the telegraph and telephone systems of the United States followed the railway systems; and it is a safe prediction that many other utilities in the United States are going to follow the same course before many months have passed. The government at Washington is already taking over the packing-houses, refrigerator cars, cold storage plants and warehouses, and the other essential parts of the meat-packing industry.

The antagonists of public ownership would be giving the public something to the point if they could show that "the best brains, the highest talent and widest experience," which the Montreal Gazette speaks of in a recent article as being employed in the management of privately-owned public utilities, have not in many cases devoted themselves largely to the camouflaging of profiteering operations private greed under the protection of special privilege.

## So Far, So Good

In his speech at Toronto last week, Premier Borden made an important announcement in regard to the taking over by the Dominion government of railway mileage, including the whole Canadian Northern system, which makes a total of over 14,000 miles of railway track now owned by Canada. All that mileage is to be operated, the Dominion premier announced, by one management, with a view to which the board of the Canadian Northern would immediately be re-constituted. This publicly-owned and operated Canadian railway system, he announced further, is to be connected with steamship lines on both the Atlantic and the Pacific. And, most important announcement of all, "its operation is to be kept absolutely free from party and political interference."

This is an announcement welcome to the people of Canada as a partial filling of their cup of satisfaction in respect of the government's dealing with the railway problem of the Dominion. There is in Canada, according to the latest available figures, a total of some 26,000 miles of railway track outside the 14,000 miles in respect of which Premier Borden made his announcement. In that 26,000 miles is included the C.P.R. mileage of over 18,000, the Grand Trunk mileage of a little more than 5,700, and the Grand Trunk