

# INDIRECT TAXATION---HOW THE RAILWAYS APPLY IT

ARTICLE 15.

If our township taxes were to be increased five to ten dollars a year without apparent reason, most of us would raise a vigorous protest. Why? Because we know what our taxes are usually and about what we feel they ought to be and we object to paying more except for services rendered. When, however, five or ten dollars a year, and possibly more, is added by the railway companies to the cost of the goods we buy we do not say anything. Why? Because we do not know how it is done. In fact, we do not realize that it is done. Great, therefore, is the power of indirect taxation.

We, the people of Canada, have been very good to our great railway corporations. We have given them hundreds of millions of dollars in direct money grants and millions of acres of land. In addition we tax our railways less than railways are taxed anywhere else on this continent, and we pay higher railway and express rates than people pay in many other countries.

In return for all this our great railway magnates continue to exploit us in order that they may squeeze a few million dollars a year more out of our pockets into theirs.

## "MELON CUTTING"—A SIMPLE PROCEDURE

"Melon cutting" is a comparatively new method of defrauding the public. It is a method our great financial magnates are becoming very fond of. The men who control the Canadian Pacific are some who have been using it quite extensively. It is well, therefore, that we should know just how it is done.

## OUR UNDERSTANDING WITH THE C. P. R.

The people of Canada have an understanding with the Canadian Pacific Railway Company, in fact it is embodied in its charter, that when it is able to pay more than ten per cent. each year, on its capitalization its rates shall become subject to government regulation, or in other words be reduced. Such a reduction in rates would be of benefit to every man, woman and child in Canada. We should have had a reduction in rates long ago, in fact several of them. We have not as yet had even one. This is the simple way in which the company is getting ahead of us.

Suppose this is a period in the company's history when its capital stock is \$225,000,000. Suppose it is paying seven per cent. on that capital, or \$15,750,000, in dividends each year. Because this stock is paying such good dividends, and because the Canadian Pacific Railway Company is known to possess great assets, a \$100 share of stock in the company (par value) is really worth much more than \$100, and people would pay more than \$100 for it. Now suppose the Canadian Pacific Railway decides to build a new branch line that will cost \$25,000,000. To raise this money the company decides to sell more stock. Instead, however, of selling only \$25,000,000 worth of stock, it sells \$75,000,000 worth. This stock, also, is not offered for sale to the public. It is distributed among the present shareholders of the company in proportion to their present stock holdings. Perhaps each holder of C. P. R. stock will be given an allotment of one share of new stock (at par value, although it is usually worth more) for every nine shares of stock already possessed, and for every share of the new stock thus purchased a bonus of two shares is given free. Or the new stock may be issued at 33 1/3 cents on the dollar in the proportion of a new share to each three C. P. R. shares already held. At any rate, \$75,000,000 of new stock will be issued to the shareholders of the C. P. R. for only \$25,000,000, and we, the people of Canada, will be called on hereafter to pay railway rates that will enable the C. P. R. to pay dividends each year on that \$50,000,000 of watered stock, or if its dividend rate is seven per cent., \$3,500,000 a year. This \$3,500,000 a year represents just that amount of indirect taxation, which we, the people of Canada, will have to pay each year to the shareholders of the Canadian Pacific Railway Company. As some of the shareholders of the C. P. R. hold several million dollars worth of stock in that company the bonus in new stock which they thus receive is equal to a gift of several hundred thousand dollars. A shareholder of the C. P. R. who receives \$100,000 of this watered stock, expects us to pay him at least \$7,000 a year dividends on it hereafter.

Now, why does the C. P. R. sell \$75,000,000 of stock in this way instead of only \$25,000,000? For two reasons. First, in order that it may increase its capital stock to such an extent that it will never have to pay over 10 per cent. on it, and thus give the government the right to lower its rates, and second in order that it may in this indirect way pay its shareholders really much more than ten per cent. on their stock.

## HOW WE ARE AFFECTED

How does this affect us? Very directly. Suppose we happen to be shipping milk or cream or poultry or eggs to some city—and every farmer does ship his farm products in some form either directly or through a buyer—and we begin to feel that our freight bills are unduly high and make complaint accordingly. "Why," says the C. P. R. in answer, "we are only earning seven per cent. on our capitalization. We can show you the books to prove it." And, hitherto, we farmers have been content to let it go at that. In consequence, the extra freight we thus are forced to pay is maintained not only on all those products of our farms that we ship but it is added also to the cost of the goods we buy, including our farm implements, clothes, tea, sugar and boots, and we wonder why the cost of living is so high.

One of Canada's chief railway authorities, an ex-minister of Canada, has declared that the C. P. R. to-day is paying something like 60 per cent. on its original expenditures. In consequence we are all paying more in freight rates than we should and as usual the burden falls mainly on us farmers because we form the greater part of the population of Canada. This, in its way, is one of the factors which is helping to promote rural depopulation. A farmer who waters his milk, if detected, is hauled into court by the government and heavily fined and ever after that is held in suspicion by his neighbors. A railway company which waters its capital stock by millions of dollars, does it with government assistance, and the millionaires who are thus created are called financial geniuses. Some are given titles.

If we but realized it, we have the power to stop all this. We could bring such pressure to bear upon our members of parliament they would refuse to give the C. P. R. power to increase its capital stock. In addition, we could secure power to tax the roadbed of the company in accordance with its value. There are many other ways in which we can protect ourselves when once we realize what it all means. We have a great power that we can use through united action. It is time we used it, as we have never done before.

## Milk Fever Preventable

C. E. Smith, Brant Co., Ont.

During the last eight years we have not had a case of milk fever in our herd. We have always tried to avoid it, thinking that prevention is better than cure.

In the first place our cows have daily exercise, weather permitting. We always try to have our cows quite loose in their bowels. We try and feed plenty of roots and ensilage, and if these fail to have the desired effect we give a pound of salts about a week or 10 days before freshening and repeat with half-pound doses as often as we think advisable. Careful observation will direct as to the time the dose is required.

After freshening we do not milk the cow dry for two days, taking only what is needed to feed the calf. The cow is kept as quiet as possible and given plenty of water. We do not consider the heavy producing cows as any more subject to milk fever if properly handled and fed for at least two weeks before freshening than is the ordinary 3,000-pound cow.

## A Successful Corn Grower's Method

A. E. Wisner, Essex Co., Ont.

The first essential of successful corn growing is the selection of good seed. I have made it a practice annually when husking to pick out the choicest ears. These are placed in a room that is heated, and left there until thoroughly dried. If the corn freezes before it is dried it will not germinate. I never shell it until I am ready for planting. I have found that from 96 to 98 per cent of corn so treated will germinate and rapidly continue in its growth. Those who did not select their seed corn last fall and those who live in sections where corn does not mature should buy their seed corn on the ear from the best grower they can find, and test its germinating powers before planting.

I have also followed the practice of rotating my crops. I prefer to top dress a meadow, then plow it and use it for corn. I have found through experience it is better to plow the land in the fall. It then holds the moisture during the following year better than if plowed in the spring. Early in the spring I work the soil, let it rest for a time, work it again, cross work it, drag it and then plant.

## METHODS OF PLANTING

I plant the seed in hills three feet six inches each way for husking and for feed in drills three feet apart, and the stalks from four inches to six inches in the drill. By using the hill method one can cultivate both ways. Cultivation is work that makes our crops a success. I cultivate at least once a week until the ears have grown to be a good size.

I have found that Small White Cap or Wisconsin No. 7 can be grown successfully in our district. Both varieties yield a large amount of corn, and are especially good for the silo, the Wisconsin being preferable to the White Cap, as the foliage grows very close to the ground.

For several years I have been successful in winning prizes offered for both fields of corn and for corn on the ear. This year 47 entered for the prize offered by the Essex Agricultural Society for the best field of standing corn. I won first place; and at the Tilbury Corn Show I took the first prize for the Small White Cap taken from the same field. Hence my methods have been successful with me on my farm.

Modern utensils are required in the production of maple syrup just as much as in any other branch of farming, if a first class article is to be produced at a profit.—C. A. Westover, Missisquoi Co., Ont.

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