

The Brain Browsers' Guide

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GOVERNMENT TAKES OVER C.N.R.

There will be general satisfaction throughout the prairie provinces over the decision of the Dominion government to take over the Canadian Northern Railway system for the people of Canada. Western public opinion is strongly in favor of the nationalization of all railways, telegraphs and express services. The action of the government is a mighty big step in this direction and when this has been digested the people will be ready for another slice of the same. By the new move the people become the owners of 9,500 additional miles of railways. This linked up with the Intercolonial and the National Transcontinental will constitute a magnificent national highway from the Atlantic to the Pacific. In the prairie provinces it serves a wonderfully productive section that will yield enormous and ever increasing traffic. The service of the Canadian Northern in the West has not been satisfactory, but now as a public utility it should be made fully as efficient as the Canadian Pacific in the near future. There is also good reason to believe that it should be profitable under capable management. The profit from our great public utilities should be for the benefit of the people and not for the benefit of a handful of selfish promoters. Steadily the demand in this direction will continue to grow. Another cause for gratification is that the annual raids which have been made on the Dominion treasury by Mackenzie and Mann will cease. The people of Canada have come to look upon these Knights of the Road as one of the chief demoralizing influences in our public life. It will be a great relief to know that they are no longer "negotiating" with the Dominion and most of the provincial governments. They are two clever and ingenious men, but their record is most unsatisfactory.

The cost of acquiring and equipping the C.N.R. will probably be high. The board of arbitration will no doubt allow a good figure for the stock and will give little consideration to the fact that the people have already paid for it once. Then there will be the value of upwards of \$400,000,000 of securities, most of which have been guaranteed by various governments. Under government ownership these securities will become much more valuable because the interest will be paid regularly. No doubt the promoters of the road realize this and have made full provision to have the benefits come in their direction. None of the C.N.R. magnates have made any complaint at the action of the government, which may be accepted as evidence that they consider the deal an extremely good one. Had the government permitted the road to go into the hands of a receiver it could no doubt have been acquired at a much lower cost, but it would have been a big responsibility to accept under present conditions. Though the cost will be high as might have been expected, the public will be glad of the change. In the appointment of the directors of the new national road, the government will be well advised to dispense with the service of the two noble knights from whom they have made the purchase. It will be difficult to convince the public that the road is being operated for the public with the old guard on the board of directors. The public will look for good service and honest administration and if that is given it will receive great benefits from the new publicly owned railway system. The war is teaching us many valuable lessons that we should have learned many years ago.

Political reforms come from the people. When public opinion has forced it, the politicians yield as gracefully as they can and then carry off the credit.

SHOULD NOT EXEMPT WAR BONDS

A new Canadian war loan of \$100,000,000 has just been arranged for in the United States and at high rate. It relieves the finance minister of the immediate necessity of floating a domestic loan this fall, but if the war continues it will not be long before the people of Canada will be asked to subscribe again to a loan. That loan is apt to be as large as either of the two previous domestic loans, i.e., \$100,000,000.

Heretofore all our Canadian war loans have been exempt from taxation. This exemption has been one of the strongest arguments in advertising the loans. Such ought not to be. The United States has just raised the second greatest loan in connection with the war, and at a rate of interest lower than that of any war loan of any belligerent, except the first British war loan, i.e. at 3½ per cent. The government called upon the boasted wealth of the country in true patriotic fashion. The patriotism that was not worth a little depreciation of interest or diminution of income from investments was not the brand needed by a country endeavoring to snatch the world from Prussianism. Real patriotism and not shrewd investment sense was the sentiment behind the loan. It cannot be said that most Canadians have subscribed to our loans from other than patriotic motives, but an over-subscription at a lower rate, or a taxable bond, would have much more strongly symbolized a common determined war interest.

The talk of conscription of wealth has drawn from the minister of finance a statement that the people's savings are absolutely safe and nothing will be done that is "not in accordance with the legitimate and established forms of taxation sanctioned by the traditions and experience of British self-governing countries." This should not preclude war bond taxation, and the government has already introduced a very moderate income tax. But the first rumors of an income tax made a strong demand for non-taxable war bonds, and a lot of big investors have been trying to salt away their wealth where it will not be subject to taxation. Non-taxable bonds are mainly to benefit the rich, who put their money out of reach in this way. Such a method should not be permitted. If our next loans cannot be floated at a lower rate of interest, and such is probable, they certainly should not be exempt from taxation.

It is very interesting to notice that the United States Liberty loan was floated at par and that no brokerage or commission charges were paid for placing the bonds. The same was true with the great Victory loan in Britain. For selling the bonds of the first two Canadian loans brokers got a commission of one quarter of one per cent. and for the last loan three-eighths of one per cent. On the first loan our banks received a commission of one quarter of one per cent. on the second one half of one per cent and on the third nine-twentieths of one per cent. The Canadian exchequer actually received only \$134,625,000 for the \$150,000,000 of loans floated, and before it is finally repaid we will have to pay over \$290,000,000 for the use of \$134,625,000. In the United States the government will only pay \$192,500,000 for the use of \$350,000,000. Ours will cost us approximately \$100,000,000 more. We could scarcely hope to finance as cheaply as United States but there should be a test of real patriotism in floating the next loan, not the dollars and cents kind.

TAXING VACANT LAND

There are now few people so blind as not to realize the tremendous economic burden and the evils forced upon the people of the prairie provinces by the huge areas of vacant land in this country. Millions of acres of choice virgin soil well served by railways, capable of producing untold food supplies lie idle, while back on the horizon the homesteader struggles to make a living for himself and his family. This vacant land increases the cost of railway service, increases the cost of the rural telephone, discourages the school and the church and carries evils in its train. Most of it is held by speculators, some in Canada and some in other parts of the world, who are hoping to get for it something they have not earned. They hope by the industry of the farmers of this country to see the value of their land rise so they can make a nice profit from it. They look to reap where they have not sown. But public opinion is growing strongly in favor of destroying the profit from the traffic in vacant land and forcing this land into useful occupation. The start has already been made by taxation. In Alberta an additional tax of one per cent. is levied on all idle farm land. In the year 1915 this tax was levied on 8,110,955 acres and produced a revenue for the provincial treasury of \$699,824. In 1916 the tax was levied on 8,090,034 acres and produced a revenue of \$681,402. The Alberta tax being on a percentage basis is proportionately heavier on the more valuable land close to railways and towns.

In Saskatchewan the surtax on vacant land is at a flat rate of \$10 per quarter section regardless of value. It is a very much lighter tax than that imposed in Alberta. The Saskatchewan tax all goes to the local municipalities and the provincial treasury gains nothing thereby, which is an error due for correction. In Saskatchewan there is more than 11,000,000 acres of vacant land under this sur tax, and the revenue produced is nearly \$700,000. The Saskatchewan tax is not equitable because it is just as heavy on the man holding \$10 land as it is on the man holding \$50 land. If Saskatchewan were to adopt the Alberta tax it would undoubtedly produce over \$1,000,000 annually and at the same time discourage to a greater extent the holding of idle land. It is easy to see the benefits which would accrue to the province if \$1,000,000 were taken into the provincial treasury and used for the general welfare of the people who live in the province.

Alberta has gone even further by the unearned increment tax which has been in force for the last three years. Under this tax, in addition to all other taxes, the government takes five per cent. of the unearned increment on idle land. In other words, land purchased at \$10 per acre and subsequently sold at \$20 per acre would yield a tax of five per cent. on the difference in these two figures at the time of transfer. This unearned increment tax is very light and there is room for increased revenue here.

In addition to these huge areas of vacant land mentioned above, there is 7,000,000 or 8,000,000 acres of idle land in the prairie provinces held by the Canadian Pacific Railway exempt from taxation of all kinds under the iniquitous charter granted to that company nearly 40 years ago.

But in Manitoba the speculator in idle land is free from these embarrassing taxes. There are several million acres of idle land in Manitoba, but so far no sur tax is levied upon it. In this respect Manitoba lags behind Saskatchewan and Alberta. The Manitoba treasury might be easily enriched to the extent of \$400,000 or possibly half a million dollars