

MR. ASQUITH REPLIES TO CRITICS OF THE BUDGET

Needed Money Taken From Sources Which Can Well Afford It.

In closing the finance bill debate in the House of Commons, Mr. Asquith, who was received with loud Ministerial cheers, said: We have now had three or four weeks of preliminary discussion, and nearly four nights' debate upon the second reading, and, last but by no means least, we have had the speech of the leader of the Opposition. I think we may therefore assume we have now heard everything that can be said—(an Opposition member, "No," and laughter)—against the main governing principles of the budget. The right honorable gentleman tells us that these criticisms remain entirely unanswered—I won't say I don't care, I will therefore summarize the objections that have been taken to the bill, and see how far any one of them can be regarded as insuperable or unanswerable. First of all, I will deal with two or three points made by the right honorable gentleman in the beginning of his speech. He said that my right honorable friend the Chancellor of the Exchequer had grievously underestimated the amount of revenue which he would obtain. How does the right honorable gentleman know that? Upon what evidence is his charge founded? My right honorable friend had the advantage in making his estimates of the most skilled advice, and I am not aware that any specific item in the estimate he has presented has been seriously or authoritatively attacked. (Opposition cheer of "Oh.") Indeed, the right honorable gentleman proceeded a few sentences later to answer his own criticism, for when he dealt with the income tax and the super-tax he accused my right honorable friend of grossly over-estimating the yield these new imposts would ultimately bring in. The one charge is as much a matter of speculation as the other, but for the time being I think the House can rest provisionally upon the estimates of those best entitled to give them. (Ministerial cheers.)

An Extraordinary Charge.

Then the right honorable gentleman complained of those proposals which deal with indirect taxation—the taxes on spirits and tobacco—on the ground that they fell unevenly and with excessive weight upon certain particular classes of consumers, and therefore could not be regarded as fulfilling the conditions of fiscal equity. How is the right honorable gentleman's ideal of fiscal equity to be obtained? If you are going to propose an indirect tax upon every commodity consumed by every human being, the list of your import and excise duties will be so preposterously large and the expense and difficulty of collection so great that you will be embarking on an absolutely foolish undertaking. We do tax sugar, tea, and beer, and by this budget we are imposing additional taxes on tobacco and spirits, and, with the exception of bread, it can hardly be said that a single one of the necessities or simple comforts of life is not made to contribute its quota to the national revenue. Therefore, unless the right honorable gentleman thinks our system of indirect taxation incomplete unless bread is also included—(Ministerial cheers)—I see little foundation for his complaint. In that connection he made a very extraordinary charge. He said speaking of the whiskey duty, "Why, even when you were imposing this extra duty you threw it upon Scotland and Ireland." Does the right honorable gentleman think the tax on whiskey is going to be paid by the distillers or by the consumers? And if it is going to be paid, as it has already been paid, by the consumers, has the right honorable gentleman any notion of the relative quantities of whiskey consumed in different parts of the United Kingdom? I will give him the figures. The consumption in England and Wales is 22 million gallons, in Scotland 6½ million gallons, in Ireland 3¼ million gallons. (Cheers.) And yet the right honorable gentleman tells us that the additional taxation which is being got

from the consumer by the wholesale and retail dealers is going to be paid by Scotland and Ireland. (Cheers.)

A Most Valuable Admission.

As regards death duties and the super-tax, the right honorable gentleman made a most valuable admission. He told us he is in favor of a graduation in these matters. Well, we have got a considerable step towards something like general agreement as compared with two or three years ago. The right honorable gentleman is in favor of graduation. The only practical objection, as far as I can discover, which he made to my right honorable friend's proposal, was one which would be incident to any attempt at graduation—namely, the inquisitorial methods you must employ to ascertain the actual income of any individual. You cannot have a graduation without inquisition, and, as I pointed out earlier in these debates, you cannot have any income tax at all without potential inquisition, which can be, and is, made into actual inquisition whenever there is ground to suspect that a taxpayer is not doing his duty and is not disclosing the real state of his income. The argument which the right honorable gentleman used in the same connection with regard to what we are told is the growing export of securities is one which I confess myself totally unable to comprehend. I have not the dimmest glimmering of an idea of what this export of securities consists—whether they are securities which are being sold here and the proceeds being then invested abroad, or whether they are securities which have hitherto lain here and are being deposited abroad for safe custody. I really do not know, and I am not sure that the right honorable gentleman knows. In any case, so long as the owner of securities remains resident in this country and is subject to income tax, it is the law of this country that a man resident here pays income tax on his income, wherever it is made. It matters very little whether the securities are in London or New York. I can summarize under three heads the great bulk of the criticisms and objections which have been made to the main principles of the budget.

Free Trade Finance.

I will take first that which was made by the right honorable gentleman, the member for East Worcestershire on the opening night of this discussion, and which, I think, was the most formidable attack which has yet been made on the budget. The right honorable gentleman said that the budget was inconsistent with the principles of Free Trade finance, because, as he alleged, it violates two of the fundamental canons of that system of finance. They were the canons, first, that taxation should be for revenue only, and, next, that taxation should not take more out of the coffers of the consumer than it put into the coffers of the state. He says that it violates the first of these rules, because admittedly our taxes on land and on licenses have an ulterior purpose, and are animated by other than merely fiscal considerations. He says that it violates the second of these two canons, because in the case of the liquor duties, for instance, we are admittedly imposing taxes which will enable the trade more than to recoup themselves and even to make a handsome profit out of the transactions. Let us see whether these charges are well founded or not. These two so-called canons really express one and the same idea, which is this—it is a principle of Free Trade taxation that the object of taxation should be to bring revenue into the exchequer and not to benefit private or independent or outside interest. The object of protective taxation is exactly the reverse.

When a protective tax is imposed—I am not speaking now of the prohibitive tax—in the shape of an import duty on a commodity which is also produced at home, the whole supply of that commodity, taxed or untaxed, is enhanced in price. That is not only the effect, but it is the intention of a protective duty; it is not an incidental effect. It is the intention of those who impose it that that part of the total supply which is enhanced in price comes in from abroad, and that part only, shall yield a revenue to the exchequer, while in regard to the remainder, the domestic part of the supply, the producers shall enjoy the shelter and stimulus which protection gives. But when a tax such as these which we are now imposing, as to which there can be no question of that kind, no one can suggest either that these taxes on land, or on liquor or any other of the taxes proposed have any such intention—when a tax is free from that objection, I know of nothing either in the writings of economists or in the practice of Free Trade statesmen, which makes it immaterial or irrelevant when you are maintaining a tax or imposing it to consider what will be the social and moral effect of imposing the one or the other.

No Suspicion of Protection.

You may search the writings and the speeches of Mr. Gladstone, and you will find the principle laid down over and over again, both when he was repealing the paper duties and when he was rearranging the wine scale in reference to the admission of French and other light wines. Every Free Trade financier has acted over and over again upon that principle. I say, therefore, that my right honorable friend is perfectly justified, there being no suspicion or possibility of Protection, in regarding it as a recommendation of his land taxes that they will bring land into the market which is now artificially withheld from it, and thereby promote the healthy growth of urban communities. And he is perfectly justified in regard to his license tax in considering whether the effect may not be to discourage

the growth and indeed the existence of some of the worst class of houses.

A Strong Hint to the Trade.

And when we talk, as the right honorable gentleman does, about more going into the pockets of the trade than will pass into the coffers of the state, the resources of civilization in that respect are not exhausted. If the trade chooses to say that they cannot recoup themselves in any practical way from the additional burden which this tax imposes upon them except by raising the price of the commodity which they sell to a point far higher than is needed for the purpose of indemnifying them against the new demand made by the state, I do not know what my right honorable friend may do, I do not pretend to be a candidate of the secrets of his next year's budget, but I do know what I should be disposed to do. I should at any rate think whether it might not be possible and even expedient to transfer the tax from the person who sells to the commodity which that person exposes for sale. At any rate I think we may fairly say that that charge made against us is that these taxes canons of Free Trade finance have not been made good. The second charge made against us is that these taxes have not been chosen in good faith on their fiscal merits, but in a spirit of vindictiveness to fine and punish particular classes and interests or particular forms of property which are not in favor of the Government or the majority of this House. (Opposition cheer.) That is really resolved with very faint cheers, and I am not surprised, because although I have no doubt that the charge will serve at any rate as rhetoric on the platform, I think it was yesterday completely swept out of the regions of rational entities by my right honorable friend the Chancellor of the Exchequer. This £13,000,000 has got to be found somewhere and somehow. Everybody admits that, and the right honorable gentleman who has just sat down, has really acquitted us in regard to what I thought was the gravamen of the charge, namely that our budget was directed in particular against the landed interest and the owners of agricultural land. He has really acquitted us, and found us not guilty.

Mr. Balfour—I accept your professions. Mr. Balfour—That is not a very generous way of putting it. I thought the right honorable gentleman went a step further, and admitted that our professions were made in good faith.

Mr. Balfour—Yes.

Mr. Asquith—But really, in addition to what the right honorable gentleman has admitted and in addition to what the Chancellor of the Exchequer so forcibly pointed out yesterday, when he really appeared for a few moments almost in the guise of the good fairy, I am indebted to the right honorable gentleman for supplying one little gap which was left in my right honorable friend's argument. He had called attention for a totally different purpose to what he regarded as the different and discrepant definitions of site value. The differences are not quite so great as the right honorable gentleman supposes, but I admit that there is a discrepancy. There is a discrepancy, and a very marked discrepancy, between the definition of site value in the case of urban land and in the case of rural land. What is the difference? In the case of rural land the site value gives for incentive purposes full credit to the owner of the land for all the improvements he has made. In other words, this is an additional boon to agriculture. The agricultural owners start on the road towards improvement with a larger amount put to their credit than the corresponding owner of urban land, so that in addition to all the other boons which my right honorable friend is promising agriculture there is this elastic, generous, and considerate definition of site value which should be put to his credit. There is very little there to justify the charge of vindictiveness, and I have heard really no attempt to reply to what my right honorable friend said yesterday.

The Charges of Socialism.

Now I come to the general charges against the budget with which the right honorable gentleman associated himself in the latter part of his speech, that it is Socialistic and an attack on property. I see that this was put only last night with characteristic amenity by the chief whip of the opposition. I am quoting a paragraph which I saw in the paper. The right honorable gentleman said the budget (he actually repeated the Eighth and Tenth Commandments—I am not sure that he has got his numbers quite right, (loud laughter). It incidentally repeated, at any rate, some part of the Decalogue in raising the simple issue as to whether the financial policy of the country was to be directed by Mr. Snowden. This is a very old, old story, of course. I do not suppose there is any budget for the last thirty years in which the chief whip, with his microscopic eye and his sweeping and soaring imagination, could not discern traces of Socialism. Take the long series of exemptions and abatements that have been engrafted on the income on the road to Socialism. Or looking at expenditure, take the grant of free education by a Conservative Government—a far more Socialistic measure than the old-age pensions act, because it transferred to the state from the shoulders of the parent what may be regarded as one of the primary duties of a citizen. But I won't weary the House with instances. We could go on forever from one to another in this barren controversy, and each side could convict the other a hundred times over of being impregnated with the principles of Socialism.

The Undeveloped Land Duty.

But I want to bring it to a test in reference to the charge the right honorable gentleman made in the latter part of his speech in reference to our dealings with land. The right honorable gentleman said no justification whatever had been given for the undeveloped land duty—he seemed to think it was a wasteful, gratuitous piece of robbery—and he asked me, "What is your justification for it?" I will

tell him in one sentence. We say all land ought to be taxed to its proper value. (Ministerial cheers.) Agricultural land is taxed—some people say it is overtaxed, and my right honorable friend has made large concessions in that direction. But here is land which is not being taxed on its proper value, and the whole object of the undeveloped land duty is to secure that it shall be so taxed. (Ministerial cheers.) The right honorable gentleman said that the authorities that had been cited were authorities for rating and not taxing the land. That is not quite so. He was forgetting the greatest authority, or at all events the one that ought to appeal most strongly to him—his own colleague, Lord St. Aldwyn. In the passage cited by the Chancellor of the Exchequer yesterday, Lord St. Aldwyn was speaking not of the rating, but of the taxation of urban sites, and he was suggesting it to Sir William Harcourt as a substitute for the death duties. (Ministerial cheers.) As the Chancellor of the Exchequer truly reminds me, if it had had to be an adequate substitute for the death duties it would have had to be on a much larger scale than anything we now propose. (Ministerial cheers.)

The Increment Duty.

Then I come to what I regard as an equally important duty, the increment duty. (Ministerial cheers.) The right honorable gentleman says a lot of bad metaphysics have been talked about it, and he challenges me once more to justify dealing with land and with the increased value of land in the exceptional way. Once more, and in a single sentence, I will explain to the House what we believe to be the underlying principle and the justification of this tax. We say that as regards much of the land in a community like ours—a country with a crowded population, with an ever-growing tendency to become more and more aggregated in masses—there is a steady and continuous enhancement in its capital value not due to any effort or any enterprise on the part of the owner, but due to the part of the owner—(cheers)—not seen or foreseeable when the land was acquired by these owners or their predecessors in title—(cheers)—but an enhancement in value arising from the growth and activity and the expenditure of the community itself. (Cheers.) And we say that on that added value so reaching it is consistent with natural justice with economic truth, and with natural justice that the state should from time to time levy toll. (Loud cheers.) That is the principle. It does not rest upon metaphysics. (Laughter.) It is not a principle of plain common sense and equity—(cheers)—and in the application of that principle under this bill what do we do? We take the land as it is—we do not go back upon the past—and we simply say that as the future improvements in value, arising not from the efforts, exertions, or expenditure of the owner, but from those social or economic causes I have referred to, the state shall take this small percentage, and apply it to public purposes and for the benefit of the community which has created the value. (Loud cheers.) I am prepared to defend that principle at any time, and I am—(cheers)—and not less so because it has been growing in volume in the legislation of all the civilized countries of the world.

The Issue.

Now let me just point out what the issue is going to be tonight. This is an amendment to reject the bill. In 1907 and 1908 we had reasoned amendments demanding by way of substitute for the budget of the year a scheme for what is called broadening the basis of taxation. (Ministerial laughter.) What has become of those amendments? (Renewed laughter and ironical cheers.) Are we driven, must we be driven, to the melancholy conclusion that the alternative budget of Tariff "Reform" has been found to be much safer on the platform than it is in this House? (Laughter and ironical cheers.) I repeat this question that has been so often put in the course of these debates, and unlike the criticisms to which the right honorable gentleman has referred, has never been answered. This money has to be provided, as everyone admits, for objects whose necessity and urgency nobody denies. (Cheers.) Where is it to come from? (Cheers.) In this budget we seek to provide it from sources which can afford it without fining wealth without hampering industry, without trenching on the necessities and the simpler comforts of the daily life of the people. (Cheers.) The bulk of the burden will fall, as we believe, on the shoulders of those who are best able to bear it—(cheers)—and it will be shared, like the burden of which it is the price, by all classes and by all interests in the community. (Cheers.) Let them show us a more just, a more excellent way! (Loud Ministerial cheers.)

FIRE THAT NEVER GOES OUT.

In Siam is a fire that not only lasts for years, but has what has been aptly termed "lineal descendants." It is to be found in a Buddhist temple near Bangkok, where every fourth year at a certain time the priests light a fresh fire in a big brazier. This flame is kept alive for four years, and is in turn extinguished after supplying a brand to ignite its successor. Inasmuch as this practice has been continued for two centuries, the Buddhist fire of Bangkok is, in a sense, the oldest in the world. Another long-term fire is said to exist at Sarhad, Persia. This flame is a symbol of religious fervor, and it is said to be kept alive for seventy years. In explanation of this curious fact it is explained that the Persians, rigid Mohammedans, and regarding their former fire-worshipping faith with detestation, nevertheless suffer the Sarhad flame to continue to display their gratitude for a service rendered a high official of the Persian Government many years ago. At that time, it is said, a Pasha Parsee, who had come to trade at Sarhad, was the happy means of the saving of the grand vizier from assassination. So the grateful vizier is explained that the flame of the fire lit by the Parsee should be kept alive indefinitely.—Tit-Bits.

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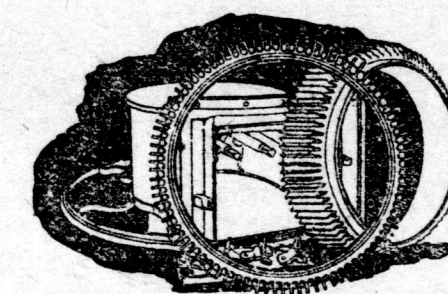


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HOW THEY MAKE THE MOTION FILMS

A Thousand Actors Engaged
in This Country, and Many
More Abroad.

It is estimated that close to 1,000 actors and actresses are employed by the dozen or more firms engaged in the making of moving-picture films in the United States, and a much greater number in Europe, where there are more film companies. Each manufacturer endeavors to turn out two new films every week and the output will probably average 100 subjects per year, running the gamut of comedy, pathos, melodrama, actual scenes from life and the dramatization of well-known fairy stories and the classics of children's literature, like "Robinson Crusoe." The proper presentation of these little dramas before the camera engages the expert services of a small army of stage managers, photographers and assistants, leaving out of consideration the literary chaps who furnish the plots and details of the action. Practically all of these men and women are at work day after day producing new motion pictures for the insatiable public, and the fact that most of their labors are hidden away from that public until the result is ready to be projected on the screen, adds the charm of mystery to it.

Open Air Studios.

In the making of a certain class of open-air pictures it is, of course, almost impossible to prevent the actors from being seen by the bystanders and residents of the neighborhoods through which they dash in pursuit of the hero or the villain, taking care to remain within the focus of the camera in their most violent dashing. But the majority of the dramatic subjects are portrayed in the studios of the film manufacturing concerns, on regularly equipped stages, under the glare of many specially constructed electric lights, with powerful reflectors, which furnish illumination brilliant enough to set upon the sensitized film of the moving-picture camera as the familiar "flash light" does upon the plate of an ordinary camera.

When a subject is selected for reproduction by the manager of that particular department in one of the big film-making concerns, a comedy, for instance, a brief outline of the story is submitted to the producer, who acts as stage manager as well as photographic expert. It is his function to know just how the story can be told in pantomime—for your moving-picture actor has no "lines" to convey his feelings, decisions or intentions to "his house." He must make them see it all at a glance. The producer selects his "cast" from the staff of actors and actresses at his disposal, gives them copies of the outline of the playlet in order that they may be thoroughly familiar with the action of the various characters, and selects his "props" quite as the stage manager of a regular theatre does when preparing for a "production."

These actors, by the way, are a study in themselves. Not only are they required to be adepts in pantomime, but as most of the comedy efforts in motion pictures are produced by violent collisions between the performers, rolling down the hills into pools of water or spilling bags of flour upon the victim of various other mishaps, the principal comedian of a "mutography" repertoire company and most of the minor performers must be

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