

THE JOYS OF TAXATION.

The exceeding beauty and joy, sweetness and light of taxation is a theme not often dwelt upon. A woeful word to the public is "taxation." Its doleful sound must be dulled and muffled into imaginary distance by non-descriptive titles such as "Protection," "National Policy" or "Revenue Tariff." That truly restorative pill "taxation" must be immersed in a whole tea spoonful of sweet but sickening jelly ere the childish mind can be induced to swallow it and believe that it—the jelly at least—is "all for its good."

The immediate cause of these reflections is that editorial challenge of a few weeks ago to Free Traders to show cause why Free Trade is not an impracticable dream here and now in this Canada of ours.

The first principle which men must grasp ere they can fully adopt an absolute Free Trade is, that taxation, to the contributor thereof, may be made the very best investment of money it is possible for him to make. The corollary of this is, that unless such is the case taxes must inevitably constantly increase, while if the first principle be carried out a steady *decrease* must result, either in amount or in proportion to the benefits derived from the outlay.

The surgical skill required successfully to amputate a joke from any other nationality and by "first intention," or free will, cause it to adhere to the brain of a Scotchman, is as nothing to the skill and tact required to communicate the new life-blood into men's hearts which shall make them feel that the feudal ages of the "divine right of kings" have passed and gone, and that taxes are no more by necessity a penal impost. Where liberty holds sway taxes are, or should be, a glad investment of individual earnings for the good of all—certain if that end be attained to return in fuller measure of aid and benefit to *each* as well as to *all*.

Merely to assert such possibilities is useless. It is needful to show facts here and now which have within them a certain promise of probability for direct taxation in the near future.

The first of these is the existing "N. P." Its educating power is immense. For the consumer *does* begin to find it a most expensive and wasteful mode of taxation. Yet the "N. P." is the natural development of a "revenue tariff." We *had* learned how expensive that was, nearly one-third of the revenue being wasted in its collection. Not only this was learned, but a still more important lesson, that inflated trade and continued excessive imports obtained on credit in which nearly our whole capital invested itself in the payment of duties, gave an inflated and wholly illusory prosperity to the Dominion finances, which, when we could no further go, left us not only to struggle with personal loss through individual folly, but with a depleted treasury and consequent necessity for increased taxation. The system aggravated our misery and tended to spread the penal consequences of foolish overtrading over every class, instead of confining it as much as possible to the guilty.

So, by an almost insensible (not to say insensate) mental process men fell away from the *Globe's* fetish of a "revenue tariff" derived from imports only, to find themselves led into the trap of "protection," which *promised* to put a stop to over-importation, maintain revenue, and foster our internal manufacturing industries by—limiting our liberty to trade; restricting our opportunities to make fools of ourselves; confining inflation and over-trading as much as possible to the noble effort to glut our limited home market with home productions. We have only begun this career yet. We *are* going to learn by it. Meantime we are paying sweetly for the experience on nearly every article of consumption, *both* imported and home-made.

This process has been quite natural. Men or nations never discern faults in themselves first. It is always *other* men and *other* nations who are by nature wicked. The editorial "we" and the national "we" is always immaculate. Who would dare to doubt, therefore, that the "grasping Britisher" continually struggled to get our trade into his clutches by thrusting goods upon us on credit to an excessive degree in order that he might keep us bound to him? Who can question that the "designing and tricky Yankee" tempted us constantly with cheap wares which looked attractive and induced purchase for *cash*, solely with the evil desire to destroy our infant industries? This extensive but rather chilly garden of Eden of ours would have been sinless in the matter of trade no doubt if these insinuating serpents were forced to cease tempting us. "Revenue tariff" had not effected this. "Protection" would merely save us and enable us to avoid temptation.

Uncomfortable doubts already begin to prevail. The average Canadian consumer is by no means idiotic in his notions of a bargain. It is more than doubtful if he *can* be induced to buy things that have no real value. Some even go so far as to assert that it is quite impossible to buy without an *exchange* of value. Some one—it may be Yankee or British—must buy from us what we have to sell, or else we would have nothing wherewith to buy; and that to check the one of these operations is to put a check on the other also. It has dawned upon the Canadian mind—certainly very gradually still it *has* dawned—since the gentle prohibitive influences of the "N. P." have come into force that the visits of so many "grasping Britishers" and "cute Yankees"—to sell us goods may have had something to do with the prosperity of the Dominion in times past. Such visitors naturally were anxious to know in the one case how

we *intended* to pay for these goods they sold us on credit and in the other where we got our cash with which we *did* pay for them. Our products ascertained, out came the British grain merchant and cheese and butter buyer bringing their market with them at our very door. The Yankee eye for horse-flesh fastened itself with avidity on our Canadian ponies. Then the swopper of horses and the Yankee cattle drover compared notes and took a trip across the lines to have an encounter of wits with those "green" (?) Canadians. Did they find them green? Was there no *exchange* of values?

Permit me to suppose myself a Toronto merchant whose trade lies chiefly with the farming community. I have several very good customers on whom I call regularly, whose farms are ten or fifteen miles from the city. Suddenly it dawns on the Torontonian mind as a brilliant thought, to improve its trade by protecting all the farmers within a seven miles radius. To do this it places a tax of 25 per cent on all imports from beyond that seven mile point thus giving a monopoly of its markets to the farmers for their products and acquiring a monopoly of their trade, while any goods that may be imported will yield a revenue to the civic finances and decrease direct taxation. When next I call on my 10 mile customers I find trade decidedly dull. They do not want any of my goods. With one voice they tell me they guessed things would be high down our way, so they dropped down to Hamilton or Guelph or London, sold their grain and butter, &c. &c., and bought what they needed. Some of my goods are cheap one admits and he has no duty to pay before he gets them, but has suited his own convenience by buying at the place where he sold. I return a little disgusted and mourn disconsolately to the first friend I meet. He cheers me with the thought that my trade will surely grow among the farmers of the seven-mile radius. But alas! ere long I find it doesn't. True the Toronto market does of necessity confine itself to the seven-mile radius of nursery men and farmers, but it can't buy much because it has lost all outside trade. It can only buy from the aggregated radius as much as the aggregated radius buys from it and vice-versa. Half our stores become tenantless and smaller direct taxes but larger in proportion have to be collected from the remainder. Most of our citizens have to take to growing their own provisions and trade or exchange of commodities sickens and well nigh dies. Till we produce more than we consume, and sell to others, outsiders, we have nothing wherewith to buy and so attract trade towards us again. So we find by actual experiment that an exceeding strong and constantly energetic army of producers of universally accepted commodities such as food materials or lumber is required in order to prop up and protect "Protection." Yet this is the "N. P. platform"—protection from imports and freedom for exports. Freedom of imports and a protection from exports would have exactly the same effect. It would make food and labour cheap and compel even more forcibly a patronage of native manufacturers or traders.

The only possible adjustment to what Dr. Joseph Cook calls in scientific slang "the conditions of our environment" is, neither an "N. P." nor a "Revenue tariff," but absolute free trade and direct taxation. Would factories suffer? well yes, those of them which are *not* doing useful work adapted specifically to the special needs of the people or incapable of supplying these at competing rates; but these we are better without. They produce nothing actually accept a loss to the community and an eventual certain loss to their owners. As well start tread-mills for the sake of giving idle men something with which to mark time. There is even an advantage in favour of the tread-mill. The machinery is less expensive.

It is impolite to call names (though not unfashionable, for does not the *Globe* do it?) yet it is only *truth* to say that the "N. P." propagators well knew the uselessness of the "N. P.;" while the "revenue tariff" men are too shortsighted to see that Canada has reached a point when revenue can be raised more readily and at less cost otherwise than by a tariff on articles most in use. If they will open their eyes to see they will find fifty ways to meet their needs in addition to the following random suggestions:—

- 1st. Revenue stamps on all transfers of real estate.
- 2nd. Insurance tax on policies issued, life or fire of 5c. per \$100.
- 3rd. Increase of bill stamps to 10c. per \$100
- 4th. Receipt stamps of all receipts for sums over \$10 at a uniform rate of 2c.
- 5th. An income tax of one per cent. would raise probably over five millions of dollars, and one would hope go on increasing in volume without any increase in rate. An income tax is the fairest and least oppressive tax possible for there is nothing to pay if one has nothing to pay it with. It should be made to include also revenue derived from investments here, such as all dividends from Bank shares or other corporations, interest or debentures or private mortgages. Such investors derive benefit from our laws and the preservation of order and good government and ought in justice to bear a share of the burden of the common weal.

All these taxes can be levied at very slight expense. And on the payment of direct taxes should depend the right to the franchise, as is almost universally done in civic voting in the West. The Postmaster in each village could be made tax collector at very slight additional expense. He generally knows something of the income of each of his clerks; and, at any rate, would it not