

been introduced in the Ontario Legislature by the Premier to establish an official Board of Arbitration, with special Councils of Conciliation, is a distinct advance in this direction. We are far from intimating that, in our opinion, this fact condems the Bill. It is quite too late in the day to think to condemn any measure simply by stigmatizing it as socialistic, or communistic, in its principles or tendencies. The crucial questions are now generally seen to be, Is the measure necessary? Will it operate to promote industrial peace and prevent the great injury to communities which results from the struggles between employer and employees? What is this but a recognition of the principle that the interests of the community or the state must be held paramount in every case; in other words that the greatest good of the greatest number must be the ruling consideration in law-making. If the power of the law may be invoked to put an end to a quarrel between two or a dozen or a hundred men who are seeking to settle by a trial of physical strength some question of right or wrong between them, why should the same law have less right to interfere in a contest of another kind, such as that involved in the strike or the lockout, which may be inflicting much greater and more widespread injury upon the community, morally as well as financially?

A good deal is said in the discussion of such matters about the sacred right of freedom of contract. The fact is that no sufficient reason can be given why the inexorable law which makes a large surrender of the natural rights and liberties of the individual a necessary condition of the enjoyment of the benefits of organized society, should not be recognized as extending to the industrial sphere, as well as to the civil, or social, or any other. No doubt we shall gradually become used to that view of the matter and govern ourselves accordingly. For the present, all legislation in the direction indicated is necessarily cautious and in a large measure tentative. The Government Bill is carefully drawn and will no doubt be further improved by discussion in the House. The alleged impossibility of enforcing the decisions of a court in a case in which large numbers of men are concerned has often been urged as a fatal objection to all legislation affecting strikes. A recent order issued by Judge Jenkins, of the United States Circuit Court, approving the action of the Receivers of the Northern Pacific Railroad in reducing the wages of the employees by seven and one-half per cent., and restraining the employees from striking, if valid, shows that protective legislation and the intervention of an impartial tribunal are needed for the protection of employees quite as much as for that of employers.

There is, perhaps, some room for difference of opinion in respect to the Bill for the

exemption of homesteads from forced sales, which is another of the Government measures now before the Ontario Legislature. Yet the weight of argument will probably be largely in favor of the principle of the Bill, whatever difficulty may be found in agreeing upon details. There are few more touching sights than that of, say, an aged couple who, after long years of steady toil, find themselves, possibly through lack of wisdom on their own part, but quite as possibly through the operation of causes which it was beyond their power to foresee or control, left in their old age without a roof to cover their heads, or a rood of land to call their own. The ready objection to such legislation as that proposed, that it is calculated to put a premium upon rashness in business, and upon incurring debt without the means of paying, is easily answered by the consideration that the caution of business men in giving credit will increase in at least equal ratio with the difficulty in collecting debts by legal process. From this point of view there is no little force in the arguments of those who maintain that the facilities for collecting debts by harsh legal processes are altogether too great for the good of the community. Certainly these facilities are largely responsible for the abuse of the credit system, which is, undoubtedly, an enemy of thrift and a cause of much needless poverty and distress.

Next to the Tariff Bill, the most important question now under discussion in the United States is that of the Income Tax. The *Forum* for March comes to hand with two articles upon the subject, one by David A. Wells, in opposition to the tax; the other by Hon. U. S. Hall, in its support. One peculiarity with regard to the income tax is that, even of those who are opposed to it in practice, most admit not only that it is sound in principle, but that theoretically considered, a system which requires all citizens to contribute for the expenses of government in proportion to their incomes is the fairest of all systems of taxation. Mr. Wells, it is true, is not willing to admit this with reference to the particular Bill now before the Senate. He objects to it on principle, because it discriminates between classes by exempting the very large numbers of citizens whose incomes are less than \$4,000 a year. Just at this point emerges a direct question of what we may call the ethics of taxation, between Mr. Wells and Mr. Hall. The former is of opinion that the exemption of even the poorest citizen can be justified only on the ground of charity. Hence he scouts the idea that a citizen whose income represents a capital of from \$80,000 to \$133,000, according to the rate at which interest is reckoned, can be considered a proper object of charity. Mr. Hall, on the other hand, while admitting that the maximum of \$4,000 is considerably larger than is needed to represent the actual cost of a comfortable maintenance for a family of average size,

maintains that a tax can righteously be levied only on that portion of the citizen's income which is over and above the sum needed for the comfortable support of his family.

The difference which arises at this point is clearly a radical one. In Mr. Wells' eyes the system which discriminates against the rich in favor of the poor, or those in very moderate circumstances, is tinged with socialism and is indefensible on the ground of justice and fair-play. "Any government," he says, "whatever name it may assume, is a despotism, and commits acts of flagrant spoliation, if it grants exemption or exacts a greater or less rate from one man than from another man, on account of the one owning or having in his possession more or less of the same class of property which is subjected to the tax." Mr. Hall, on the other hand, while disclaiming any sympathy with socialism or demagoguery, distinctly argues that the wealth of the country should help to bear the burdens of the country, a position which derives additional strength from the fact that the expenses of government are largely incurred for the protection of property. He does not note, however, the obvious fact which we have before pointed out, that on this principle the tax to be logical should be graduated. On any ground which justifies the exemption of the citizen whose income is less than \$4,000 and taxes him whose income is \$8,000, it should tax at a much higher rate the man whose income is \$16,000 than his neighbour whose income is \$8,000.

But the chief objections which are urged by Mr. Wells against the income tax are directly practical, and it must be admitted that they are in the main far from flattering to his fellow-citizens. He contends that an income tax is undesirable because the people intensely dislike personal (the Supreme Court has decided, it seems, that an income tax is not a direct tax) taxation in any form; that its successful working requires the use of arbitrary and inquisitorial methods and agencies such as are, he thinks, antagonistic to and incompatible with the principles and maintenance of a free government; that it is not absolutely required in the United States at the present juncture, to meet the necessities of the administration; and that, in the words of Mr. Gladstone, an income tax "does more than any other tax to demoralize and corrupt the people." The obvious rejoinder to most of these arguments is that the same objections will hold good against any system of taxation which does not permit the accumulating millions of the miserly hoarder to go scot free. But we have stated some of the points of this interesting discussion, not to analyze them, for which our space is wholly inadequate, but to present the salient points of a discussion on a question of vital importance to every self-governing people.