

ABOLITION OF DUTIES ON AGRICULTURAL IMPLEMENTS.

Liberals advocate Exemption from Taxation of Instruments of Production.

(To be supplemented in the May number by an article referring more particularly to existing duties and their effect.)

THE reasons for the abolition of duties on agricultural implements as presented to Parliament by the Liberal members on March 11, would appear to be both logical and convincing. Regard being had to national considerations solely, and viewed free from prejudice of party, or selfish business interest, the argument cannot receive too careful consideration.

Agriculture is the basic industry of Canada. It is upon the growth and development of the agricultural industry that the development and expansion of other industries and trades, and the progress and prosperity of towns and cities depend. Notwithstanding that urban development has been rapid, and that commerce has made gigantic strides, there is still a larger percentage of the total population of Canada engaged in agricultural pursuits than in all other occupations and callings combined. Estimates vary as to the proportion, but that between fifty-five and sixty-five per cent. of the total population of the Dominion is engaged directly or indirectly in agriculture is well within the mark. The future destiny of Canada as a great and prosperous nation depends upon the continued development of its agricultural possibilities. In the soil lies the latent wealth upon which the export trade and the commerce of Canada depends. From the soil is extracted the natural produce, which provides the purchasing power that creates the demand for manufactured goods, and leads to diversified industry. Through the soil are grown the products necessary to the maintenance of life and the sustenance of all provided. If agriculture flourishes, all industry and all classes in the community must prosper thereby. If agriculture languishes, or if in Canada where it is a natural industry, other industries which are secondary and artificial are fostered at its expense, the whole nation must suffer as a consequence. The cost of living in the cities and the country, the standard of comfort of every class of persons in the community depends, in Canada, on keeping the people in as large numbers as possible upon the land, and preventing by natural methods and agencies the development of urban at the expense of rural life.

Abolition of Implement Duties a National Policy.

The one means by which to effect this is to make agriculture attractive and profitable. It can be such only where the returns are sufficient to induce the people to remain upon the land, and to be content in so remaining, and returns are dependent on two considerations,—available markets and the cost of production. In the cost of production there are two main factors, the price of labour and the cost of the instruments of production, the machines and the tools with which labour works in its endeavour to gain from the soil its latent wealth. With all three—markets, labour, and instruments of production—it is the duty of government to concern itself. The Liberal Govern-

ment ever recognized this. Its immigration policy which led to the peopling of the Canadian West and the creation of the prairie provinces of Alberta and Saskatchewan, was designed to provide the population necessary to work the soil; its advocacy of Reciprocity was mainly due to the wider markets which the adoption of that policy would have afforded; its present advocacy of the abolition of duties on agricultural implements is aimed at lessening the cost of production with the consequent two-fold advantage of making agriculture more profitable to those engaged in it, and of lowering the cost of living for the whole nation which is dependent on it. The question, therefore, of the abolition of duties on agricultural implements is a national question, its adoption as a policy, a national policy in the highest sense.

The Cost of Production and its Effects.

How much in the interest of the farmers, the adoption of such a policy would be is apparent the moment one considers to what an extent the price of agricultural implements enters into the cost of production, and the position of the agricultural industry in Canada at the present time and especially the position of Canadian farmers in relation to their American competitors. A reduction of only 2½ to 5 per cent. would make a difference of from \$3.00 to \$5.00 on many implements. The present duties run from 12 to 25 per cent, and average about 17½. On a group of implements the retail cost of which amounts to \$1,206, and which are fixed by customs valuation at \$664, the duty collected amounts to \$154.84. These figures are from collections actually made. (a) To a small farmer such a sum is a big consideration. The Conservative party has been advocating the adoption in Canada of mixed farming on a wider scale. Such a policy would, if carried out, necessitate the purchase of a larger variety of farm machinery and tools. The cost of these because of additions necessitated by the present tariff would be sufficient to constitute a considerable bar to such a change should it be shown to be advisable. Last year of twenty-five articles, the farmers of Canada imported to the amount of \$14,372,000 and paid in duty \$2,872,000, an approximate duty of 20 per cent. (b) This, however, only indicates, but does not measure, the amount which must have gone, not as revenue to the government, but as extra profits to the implement manufacturers of Canada on the vast output of similar articles not imported from abroad, but manufactured and sold in the country.

Whilst the duty on agricultural implements adds to the cost of production, other circumstances are also tending to restrict the returns upon agricultural investment. The cost of marketing farm produce instead of diminishing has in some particulars considerably increased. Freight lake rates have increased since 1911 to the extent of \$10.00 per thousand bushels on wheat, and ocean freight rates \$35.00 per thousand bushels.