



NOTICE TO CORRESPONDENTS

This department of The Guide is maintained especially for the purpose of providing a discussion-ground for the readers where they may freely exchange views and derive from each other the benefits of experience and helpful suggestions. Each correspondent should remember that there are hundreds who wish to discuss a problem or offer suggestions. We cannot publish all the immense number of letters received, and ask that each correspondent will keep his letter as short as possible. Every letter must be signed by the name of the writer, though not necessarily for publication. The views of our correspondents are not of necessity those of The Guide. The aim is to make this department of great value to readers, and no letters not of public interest will be published.

THE GRADING SYSTEM

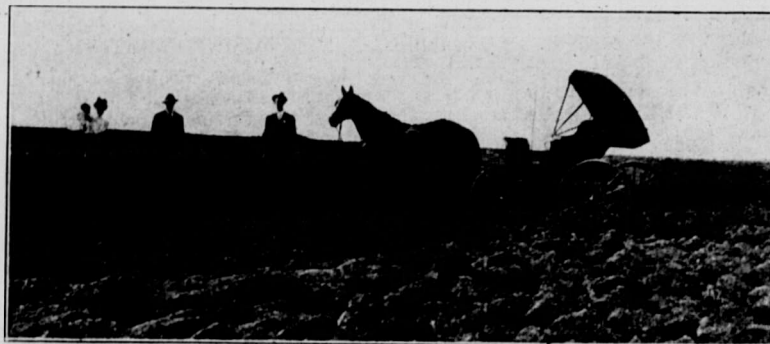
Editor, Guide:—What are we going to do to improve our present one-sided grading system? We hear a great deal about the tariff on manufactured articles, which is a very important matter. But does not our unfair grading system impose an equally heavy tax upon the farmers? No doubt we lose about 25 cents on every dollar's worth we purchase, or to make it more clear a dollar has only the purchasing power of 75 cents because of our protective tariff. To the man who buys \$200 worth of manufactured articles per year there is a loss of \$50. But in selling his grain he loses from \$50 to \$75 on every car of wheat through the grading system. According to Minneapolis and Winnipeg cash quotations today he loses about \$60 per car on wheat. That is the visible loss, but through the grading system we have also an invisible loss. This is the point I wish to make clear. Compare the Minnesota grading system, which also governs the grain trade in the Dakotas, with the Manitoba grading system, and this is what we find. Manitoba 1 Nor. grade demands that it shall contain 60 per cent. of "Hard Red Fife wheat." Minnesota 1 Nor. grade demands that it shall contain 50 per cent. of "Hard wheat." Note the difference. It is safe to say that all wheat that grades 2 Nor. in Manitoba is eligible to a 1 Nor. grade under the Minnesota system. This is an average loss of 3 cents per bushel. Again, about 50 per cent. of wheat that grades No. 3 Nor. on Manitoba contains fully 50 per cent. of Hard wheat, which would make it eligible to a 1 Nor. grade in Minnesota. Here is a loss to the Canadian farmers of 7 cents per bushel. The other 50 per cent. of wheat that grades 3 Nor. in Manitoba will be eligible to a 2 Nor. grade under the Minnesota system. This is another loss averaging 4 cents per bushel. When you come to the lower grades the loss is greater still. Take wheat rejected for smut in Canada and it means a loss of from 6 cents to 8 cents per bushel to the farmer; in Minneapolis the same condition would mean a loss of only 1½ cents, the other off grades are effected in much the same way.

Now there is another loss that needs no comparison with the Minnesota system. Under the Manitoba grading system there are 50 per cent. of strong cars in every grade and also 50 per cent. of low cars. This condition of affairs cannot be avoided under the present system, no matter how well the work of grading is done. That being the case, 50 per cent. of all our wheat is sold at a loss of from 1 cent to 3 cents per bushel. But it may be said that the Minneapolis system carries the same loss to the farmers. No, this is not correct, because the sample market in Minneapolis gives to the farmer the intrinsic value of his wheat. Practically all trading in Minneapolis is done on the sample market, but the grading system is maintained for financial purposes. It must be plain to all that until we have a sample market, carrying the advantages of the Minneapolis market, we must continue to receive less than the real value of our wheat. This was evidenced beyond all doubt when the grain dealers in Winnipeg were willing to confer, and did confer, with the Grain Growers' Association in an effort to agree on certain changes in the present system. This was a few months ago when reciprocity was in sight. But now that we cannot have free trade in grain we will hear no more about this matter from the grain dealers. What we have is good enough for them and we

can hardly blame them for remaining silent at the present time.

Some officials of the transportation companies openly said a short time ago that if we got free trade in natural products they would leave no stone unturned to bring about a sample market. It appears now, however, that a sample market is next to an impossibility, for without special binning privileges and mixing privileges, carried on according to laws made by the proper authorities, we cannot get the men to come into our market, who are necessary to make a sample market successful.

I am informed that The Grain Growers' Associations of the three provinces do not agree on all the privileges necessary for a sample market. If we cannot get a sample market now, the next best move is to have our grading system remodelled along the lines of the Minnesota system. This will meet with much opposition from the interests, for they will contend that such an action would injure the reputation of our wheat on the foreign markets of the world. We cannot blame them for taking this stand, because the changes outlined above would lessen the enormous profits of the grain dealers by



70 Acres of Flax, three feet high, on farm of J. L. and A. E. Sellers, Briarcrest, Sask. Photo taken Aug. 13, 1911.

millions of dollars. But the fact remains that a large amount of our grain is sold on sample on the foreign markets, where our grades do not range more than 1 or 2 cents above the American grades, as has been clearly shown in the past. Thus our grain dealers can well afford to allow our grades to reach the foreign markets 1 or 2 cents stronger than the American grades, when they have a margin of from 5 to 7 cents to play on at home. This means millions in loss to the farmers.

In the grading of barley there is also a matter that requires attention. Our system admits frosted grains in No. 3 and No. 4 barley and in some cases this makes it unfit for malting purposes. This fact makes us heavy losers on barley. The Act should be changed to read "sound," or if necessary to eliminate frosted grains from No. 3 and No. 4 barley and that all barley containing frosted grains should be put into "feed" barley. It is expected that our associations will carry this matter to the foot of the throne if necessary to secure redress. It is certain that our grading system causes a loss of millions of dollars to the farmers of the West each and every year. I notice in the press a dispatch from Ottawa stating that the terminal elevators will be dealt with in Parliament very shortly. Let us hope also that such conditions as are necessary for the operation of a successful sample market will also be created at the same time.

JOHN KENNEDY.
Winnipeg, Man., November 8, 1911.

THE SINGLE TAX

Editor, Guide:—In the last issue of The Guide I see a letter from Mr. John R. Symons in which he criticises my article on Prosperity and Land Values which appeared in your issue of August 30. I welcome this criticism by Mr. Symons, because as this and previous letters from his pen shows he has evidently given considerable thought to the important question of the taxation of land values and is anxious to arrive at the true solution of the difficult problem of the unequal distribution of wealth. Mr. Symons' objections to the single tax on land values, however, are not difficult to answer.

In his first two objections Mr. Symons says he is opposed to the single tax because it is a one-sided application of a perfectly just principle, the appropriation for public purposes of the unearned increment, and would allow the owner of millions of capital to escape untaxed. I submit, sir, that Mr. Symons is entirely wrong in this statement. The "owners of millions of capital" in almost every case have as the basis of their profits, large land holdings. Take the C. P. R. as an instance. The C. P. R. at different times has received in grants from the Dominion and Provincial governments upwards of 30,000,000 acres of land on which it has never paid one cent of taxes. Under the taxation of land values the C. P. R. would be required to pay taxes equal to the annual unimproved value of the 7,000,000 acres of this land which it still holds, and also upon its right of way, the sites of its depots and offices and upon the coal, mineral lands, and timber lands which it is preventing the public from using. The C. P. R. at the present time is paying practically nothing towards the cost of government and public improvements by which it is enabled to make its immense profits. Under the taxation of land values it would pay to the government just exactly what public improvements, the increase of population and the progress and enterprise of the people adds to the value of their property and franchises, relieving the people as a whole of their burdens to the same extent.

In his third objection Mr. Symons says the single tax will be confiscation without compensation, and cites the case of a farmer who by dint of hard labor has

money for hotels, under the belief that they will be able to make big profits by selling liquor, but if the people of any province decide that no liquor shall be sold Mr. Symons would not, I think, hold that the hotelmen have a claim to compensation for confiscation. The withdrawal of the privilege of selling liquor is a risk which the hotel man is aware of and allows for. In the same way when a man buys land he does so in the expectation of making profits through his speculation, but he knows that if the people decide that speculation in land is a bad thing and adopt the single tax he will not get the profits he anticipated.

In his fourth objection, Mr. Symons complains that it is unjust that, as Henry George says, "it would cost as much to keep a row of tumble-down shanties upon valuable land as though it were covered with a grand hotel, etc.," and asks if there is no unearned increment here. No. The profits of hotel keeping are not unearned increment. A hotel gives service and makes good use of the site on which it is built. Vacant land or land covered by tumble-down shanties gives no service, yet in this country money invested in such land gives larger profits than if it were invested in a hotel or some other building or business which would benefit the community.

As to objection No. 5, I take the liberty of disagreeing with Adam Smith's first canon of taxation:

"The subjects of every state ought to contribute toward the support of the government as nearly as possible in proportion to their respective abilities; that is, in proportion to the revenue which they respectively enjoy under the protection of the state."

A newer and better doctrine is that laid down by Henry George that we should contribute towards the support of the government according to the benefits we receive, and not according to our ability to pay. If I buy a coat, the tailor will not charge me \$5 because I am poor and charge someone else \$500 because he is rich. He will charge us both the same price if we both want the same kind of coat, but if the rich man wants a better coat, one from which he will get more benefit, he must pay more.

In the same way, those who benefit most by the progress and increase of the community should pay most to the community for the purpose of meeting the needs of the community. A few days ago the owner of a small piece of land in the heart of Winnipeg refused an offer of \$550,000 for his property. He secured that land some years ago for a small sum, but the growth of the city and the settlement of the country surrounding it has made the site worth over half a million dollars. Where would be the injustice if the community which has created that value took that half million dollars for public purposes? There might be some hardship if, without warning, the government suddenly swooped down and made everyone give up all the profits they have made from land speculation, but even that would only be taking back what they should never have had. But ample warning has been given. The single tax has been in the air ever since Henry George published "Progress and Poverty" in 1879. It is prominently before the people of this continent and of the whole world at the present time, and it must be reckoned with by those who are engaged in making money, which they do not earn, by land speculation. The change will surely come, but it will come gradually and we must shape our course accordingly. If in the readjustment some lose profits which they hope to make they will think it a hardship, no doubt, but if the change is for the general good of all future generations some of the present generation must be prepared to suffer.

As to the income tax, I agree that it would be a better means of raising revenues than our system of import duties, but it would not remove the evils of the land system. The income tax taxes what a man earns, the single tax taxes what a man gets without earning it.

I note that Mr. Symons agrees that speculation in land should cease, but he proposes no means of accomplishing this. The single tax will certainly stop speculation in land. There will be competition for sites, as Mr. Symons says, but the high price that competitors for a certain site will be willing to pay, will go to the government for the use of the community and not to a speculator. As has been pointed out more than once in The Guide, the raising of civic revenues in Vancouver, by land value taxation has not stopped speculation there, but Vancouver takes

become possessed of a farm. But the farmer does not become possessed of a farm by dint of hard labor. He becomes possessed of a farm either as a gift from the crown (as a homestead), or by purchase. His hard labor produces crops which he sells, and improvements which will remain his property and which will not be confiscated or even taxed and which he may rent to another. Under the single tax a farmer would not have to pay a capital sum to get the use of land, and would not receive a capital sum when he ceased to use it. He would, however, pay annually what the privilege of improving and using the land was worth. He pays that now, either in a lump sum as a purchase price or in interest on a mortgage or deferred payments, and in addition pays heavy taxes, directly for local purposes and through the customs and inland revenue for federal purposes. Under the single tax he would pay only once, what he pays for the use of land going to the government and providing all the necessary revenues. The farmer, and every other industrious producer, produces sufficient during the working years of his life to provide both for his old age and his childhood, and if he is relieved of the necessity of supporting landlords, speculators and others who prey upon him through our land system he will always have enough to support himself and his family without becoming a burden upon some other producer. It is not proposed under the single tax to confiscate property. At the present time people pay large sums of