

Some Side Lights at Ottawa

(Special Dispatch to The Guide)

Ottawa, Aug. 6.—Although the people will own the C.N.R. it will not become a government operated road in the same sense as the Intercolonial lines and the N.T.R. between Winnipeg and Moncton. In this connection the minister announced that "the corporate entity of the company would be preserved." What the government proposes to do is to appoint a new board of directors. Whether or not these will include Sir William Mackenzie or Sir Donald Mann the minister did not say. He did say, however, that the management of the C.N.R. was good and that the present owners were ready to step out whenever the government thought they should do so. The minister explained that the G.T.P. had not been included in the present scheme because of the exigencies of war financing and because the inclusion of this line would have to be preceded with a long period of negotiation.

Sir Robert Borden in a speech made subsequent to the formal announcement of the government's policy, said that the new parliament to be elected within the next few months would be faced with the task of dealing with the nationalizing of the two great transcontinental systems.

The acquiring of the sixty millions of stock and the price to be paid for it, is a matter which will be closely watched by the Canadian public. At present the stock is considered to be of but little value. The basis of value to be ascribed to it is to be decided by a board of three arbitrators, subject to an appeal to the Supreme Court in the event of failure by the arbitrators to reach a unanimous agreement as to the value. One of these arbitrators will be named by the government, another by the owners and pledgees of the stock. If these two arbitrators cannot agree on a third, he will be chosen by the senior judge of the Exchequer Court. In this connection it had been suggested to the correspondent of The Grain Growers' Guide by a financial expert that the arbitrators will probably split the difference between the present value of the stock and par value. This would mean that Mackenzie and Mann and the other holders of the stock would get from thirty to forty million dollars for the sixty millions of stock—quite enough to keep the wolf from their doors in their declining years.

Opposition criticism of the government's proposals so far as it developed the first day, related largely to the unknown proportions of the obligation which the government will assume in connection with the purchase of the C.N.R. E. M. Macdonald asserted that the government would become responsible for the bonded indebtedness of the company amounting to four hundred millions; for its floating indebtedness amounting to one hundred millions and also for the amount to be paid for the stock. This would mean an ultimate outlay of over half a billion dollars.

How the Profiteers Get Off

The chief criticism of the new income taxes concerns the situation which will develop after the close of the present year when the present business tax will expire and when income tax will apply to both private incomes and business profits. Under the present taxation, seventy-five per cent. of all profits in excess of twenty per cent. is confiscated. This hits the big profiteers, more particularly the companies earning immense profits on small business capitalization. Under the income tax, when it becomes generally effective next year, all profits made by a company in excess of three thousand dollars will pay a war tax of four per cent. The result will be to hit the small fellow hard while letting the big fellow down very easy. The Toronto Star after giving some calculations to demonstrate this point, remarks: "It will be noticed that the larger the percentage of profit made, the greater is the discrepancy between the present excess profits tax and the new income tax. This is due to the fact that the new income tax is not on a graded scale, whereas the excess profits tax is, the scale running to as high as seventy-five per cent. of all profits over twenty per cent." The Star's figures showing how the big firms are going to get out easy under the new tax include the following: The Steel Company of Canada this year under the present war tax pays \$302,240; next year

it will pay \$149,016; The Nova Scotia Steel Company this year pays \$237,252; next year it will pay \$84,056; The Ogilvie Flour Milling Company this year pays \$280,255; next year it will pay \$53,440; Canadian Foundries this year pays \$222,368; next year it will pay \$26,152.

The Ottawa Citizen commenting on these figures says: "The Citizen has commended the income tax measure in principle. It considers that, rightly administered, it reaches all classes, but if the business profits tax is dropped, the present tax will protect the war profiteer at the expense of the small man in the community; the present burden of war taxation will be lifted from the shoulders of the profiteer and placed on the back of the wage earner. If the administration has imposed this tax with a full knowledge of its consequences, the only inference is that 'Big Business' has dictated it. If the tax is faultily drawn, now is the time to correct it. But as it stands at present the measure piles an extra burden on the classes that can least afford to carry it."

As a result of other criticism, the minister decided to limit the amount of exemption for unmarried men and widowers without children to \$1,500. This will not apply to unmarried men who have relatives dependent upon them. They will be treated the same as married men and will be exempt up to \$3,000.

Re Conscription of Aliens

An interesting reply was given by the Prime Minister, Mr. Thomas McNutt of Saltcoats, in regard to the enlistment under the conscription of aliens of enemy birth.

The Prime Minister's reply to Mr. MacNutt's question definitely adds citizens of the Dominion born in countries now fighting the Allies to the list of those exempt under the Military Service Act. It was decided after consultation between the military authorities of this and the United Kingdom, that as voluntary enlistment of enemy aliens had not been part of the policy of defence, it would not now be advisable to include for combatant service any who would not be

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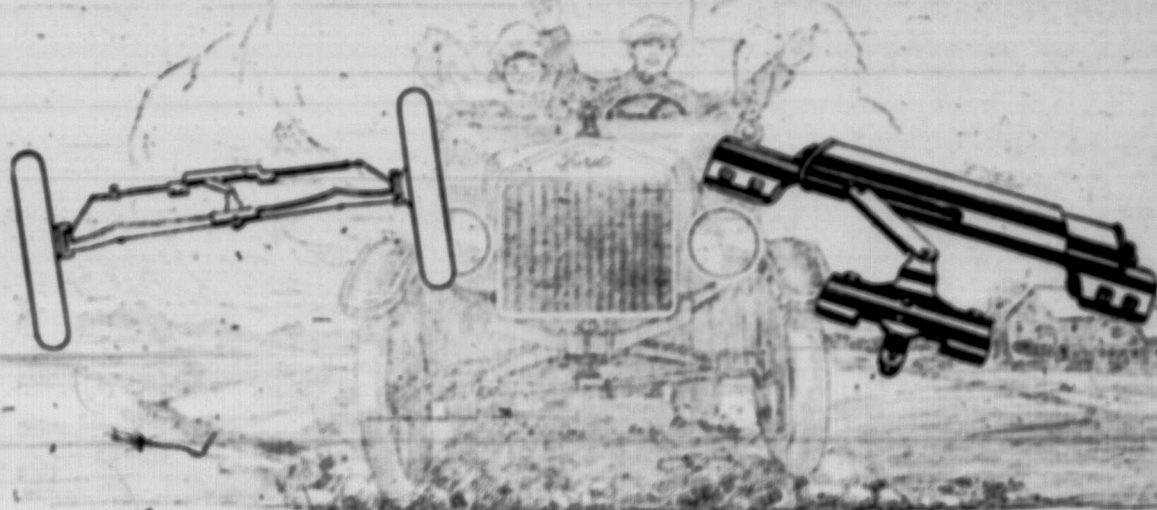
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