

TAXATION AND EXEMPTION.

There are many farms in this country so barren that the farmer, notwithstanding the onerous toil of himself and his family, finds life a continued struggle of labor and hardship.

Many other farmers are wrestling with mortgages so large that they find it impossible to make any reduction in their indebtedness and some, to their sorrow, cannot so much as pay their interest. The yearly mortgage sales of the loan companies alone, without counting sales by private lenders, in Ontario, range from 700 to 1,000 yearly.

There are many laborers, mechanics, clerks, small shopkeepers and others, whose life is one continued round of work. And there are also women in our cities making pants at fifteen to eighteen cents per pair.

"Stitch, stitch, stitch,
In poverty, hunger and dirt."

What burden taxation imposes on these parties cannot, by our present complex method, be even approximately estimated; but we can safely make this statement:—*Each of these parties must devote many days every year simply to the support of government.*

In our large cities a man may draw ground rents to the amount of thousands of dollars yearly. How many days toil must he surrender, how much is he compelled to provide for the support of government? *Not one hour of service, not a bushel of product!*

From those who have not an hour to spare for taxation, we exact each year many days of toil; from those who have the whole year to spare, we exact not an hour! Where the burden is already too great, we add to its weight; where no burden is there we grant exemption. Of all the wrongs in our system of taxation, is not this the crowning injustice, does not this bear the palm? Could anything be more disgraceful to our statesmanship, more unworthy of our civilization, more reproachful to our Christianity, than the way we crush the weak and favor the strong? A man may, *in appearance*, pay, a large, an enormously large tax, while in reality he pays nothing—he may be wholly exempt; and he may *apparently* pay nothing, while in reality he pays enormously.

In a state of slavery the slaves bear the whole burden of providing for government, the master provides nothing—the slaves are the real taxpayers. The appearance is quite the contrary, the paying is done in the name of the master. He handles the funds, takes the receipts, and is said to pay; but the reality is that the slaves provide everything, and are, therefore, the real taxpayers.

The method of assessment makes no difference in the arrangement. We may assess the buildings, the income, and the land; we may impose a graduated income tax; we may tax every import the master uses, or we may allow them to come in wholly free. We may tax directly or indirectly; we may have internal

revenue or stamp duties, but so far as paying the tax is concerned, it is all the same; the slaveholder is wholly exempt so long as he provides nothing, and so long as he can compel the slaves to provide everything.

The man who provides nothing cannot pay taxes; the whole burden must, in the nature of things, fall on the providers.

In Economics we cannot too carefully distinguish the real from the apparent, what is seen, from what is not seen. Our common creed in taxation is, tax a value wherever we find it, and it is commonly supposed that unless we do so, we are not taxing everyone—a puerile superstition. The slaveholder may laugh at our imbecile superstitions, for so long as he provides nothing, we may impose all manner of license fees, import duties, stamp duties, house tax, window tax, hearth tax, herald tax, income tax, cumulative income tax, and any other tax, he is still wholly exempt.

We need this illustration to learn what is an exemption. The truly exempt is the man who provides nothing, who contributes nothing. We may thus see how sadly erroneous are our common notions of taxation, when we imagine that the exemption of a building necessarily involves the exemption of the owners or occupants of that building, that the imposition of an income tax necessarily taxes the man, and that everyone ought to contribute according to his income. We may exempt from taxation all the huts of the slaves, their churches, clothes, implements, food, and everything they use; we may assess the house of the master, his equipages, his salary, and his capital; we may plaster him all over with taxes, and yet, so long as he provides nothing and the slaves provide everything, the master is still exempt, the slaves bear all the burden of taxes.

Men are not things; taxing things does not necessarily tax the men who own the things; exempting things does not necessarily exempt the men who own or use the things. Of all the blunders in assessment, the hughest is that which assumes that all values are of the same kind. There are values and values. The presence of houses, furniture or clothing that have value is an indication that someone has provided these things. Things of this kind do not come spontaneously, they have cost the "sweat of someone's brow." These values come only by toil.

But there is another value, utterly different from this, namely, the value of a town lot. An acre, well situated in Toronto, is worth about a million dollars; similarly situated in New York it is worth over ten million dollars; situated in the back townships, it may not be worth a dollar or a dime. To keep up the values represented by houses, clothes, machinery and other labor-produced commodities, requires constant toil and attention. A lot may advance in value from a dollar to a million dollars, and that value