

The Grain Growers' Guide

Winnipeg, Wednesday, November 5th, 1913

WOMEN WILL VOTE

There will be just four more weeks before the official ballot is printed, and Guide readers are given an opportunity to vote in The Guide Referendum. Elsewhere in this issue will be found the eleven questions and full details as to how the Referendum is to be conducted. Remember, the women as well as the men will vote in this referendum. We want every reader of The Guide to record his or her vote, so that there may be an unmistakable pronouncement from the organized farmers of the West on these vital questions. If you have not already made up your mind on any question read it up in The Guide, talk it over with the members of your family, and argue it out with your neighbors. Then you will be ready to vote on December 3.

SIR MELVIN JONES INTERVIEWED

While in Regina, on October 27, Sir Lyman Melvin Jones, president and general manager of the Massey-Harris Company, in an interview with The Daily Leader, discussed the financial and economic situation generally with exceptional frankness, as will be seen from his remarks in another column of this issue. He is credited with saying that he knows "of no country in the world where co-operation in the purchasing of farm necessities had ever proved successful." The only thing that is proved by this remark is that Sir Melvin's knowledge is limited, because if he studied the situation in rural Ireland and Germany, to say nothing of many other parts of Europe, he would find that co-operation in the purchase of farm necessities has been vastly successful. Naturally Sir Melvin is an individualist, but that does not prevent him from co-operating with the other protectionist manufacturers in the campaign to maintain their tariff privileges. He is evidently an individualist only to the extent that it is profitable to be so, and he is a co-operator when it pays. It is quite amusing to note that Sir Melvin attributes the tariff campaign in the West to the action of the newspapers. The tariff agitation in the West is due to the fact that the protected manufacturers are charging as high prices as the traffic will bear, and the burden is becoming so heavy that the farmers cannot stand it any longer. The most important paragraph in Sir Melvin's interview is as follows:

"But while he declared that the 'raw' materials of implement manufacture bear heavier import duties than the manufactured product, Sir Melvin said that the total removal of the duty on these raw materials, and of the duty on implements as well, would compel the Massey-Harris Company to remove their factory to the States. There they would be 'nearer to the markets.'"

We really do not believe that if the duty on raw materials and implements were removed altogether, that the Massey-Harris Company would remove their plant to the United States. We regard this statement as a typical protectionist bluff. If the statement is a true one, how comes it that the Massey-Harris Company established a cream separator industry in Toronto under free trade, and is already developing it and exporting to foreign countries, even though they were shut out of the separator market by a 40 per cent. tariff wall. If Free Trade is ruinous, why is the Massey-Harris Company making cream separators under free trade?

Again, we understand that about half of the implements produced in the Massey-Harris factory are exported to foreign countries. Sir Melvin points out that there is a 30 per cent. duty on raw materials for his

factory, but he neglects to point out that when these implements are shipped out to foreign countries 99 per cent. of the duty on raw materials is refunded to the manufacturers in accordance with a Dominion Order-in-Council dated July 1, 1904, in which the following paragraph appears:

"When imported materials on which duties have been paid are used, wrought into or attached to any article manufactured in Canada, there may be allowed on the exportation of such articles beyond the limits of Canada a draw-back of 99 per cent. of the duties paid on the materials used, wrought into or attached to the articles exported; provided, however, that such draw-backs shall not be paid unless the duty has been paid on the materials so used as aforesaid within three years of the date of the exportation of the Canadian manufactured article, nor unless the claims as presented, at any one time, aggregate ten dollars."

Thus it is quite plain that when the Massey-Harris Company is shipping binders and other agricultural implements to Australia, that the price it quotes f.o.b. Toronto is lower than the price for the same implements at the same point for use in Canada. That is, the Massey-Harris Company sells its implements for foreign use cheaper than for Canadian use. The Canadian farmer not only pays duty on his implements but he also pays additional taxes in order to bonus farmers of foreign countries. These are a few points Sir Melvin might explain. Further, the Massey-Harris Company owns the Johnston Harvester factory at Batavia, New York, and sells the Johnston binder all over the United States in competition with the biggest implement industries in the world. Two years ago the Johnston 8-foot binder was quoted at Minneapolis at \$5.00 under the International binder, and it was announced that the Johnston Company was fighting the trust. We understand since that time that the prices of all binders in the United States have become the same. There is, however, a difference of \$22 between the Minneapolis and Winnipeg prices on binders. We have no doubt that with the American tariff removed the Massey-Harris Company will ship its Canadian-made binders into the United States and sell them more cheaply than in Canada. It is utter nonsense to talk of the Massey-Harris Company removing its plant to the United States. If Sir Melvin removed his factory to the United States under Free Trade, could he then sell the western farmers their binders at from \$20 to \$25 less than he is selling them now? If that be so, wouldn't it be a good thing if Sir Melvin pulled up and moved out? The western farmers are interested in the price of binders and want to buy them as cheaply as possible. They are not particularly interested in building up the swollen fortunes of the Massey-Harris Company directors. The protective tariff has already poured millions into the pockets of the Massey-Harris people, and it is about time the public had their turn.

MAKE THE SPECULATOR PAY

Letters which we have received from our readers indicate that of all the important questions to be asked in The Guide Referendum, none is arousing more interest and discussion than those which relate to the taxing of land and land values. Question 4 reads:

Are you in favor of having all school, municipal, provincial and federal revenues raised by a direct tax on land values?

Note.—"Land" here is used in its economic sense to include all natural resources.

This is certainly a very radical proposal. It involves the abolition of all customs and excise duties and of all taxes upon houses, property and industry, and the substitution

for these of a tax upon the unimproved value of land and other natural resources. The farmers of the Prairie Provinces, however, and the people of some of the cities, have experienced the partial application of this principle, for in all the rural municipalities of the provinces, as well as in many towns and cities, buildings and improvements of every kind are exempted from taxation. We have never yet heard of a farmer in the West advocating the abandonment of this system and the imposition of taxes for local purposes, upon houses, barns, livestock and machinery. It is generally recognized in the West that the speculator who holds land idle for a rise in price, and the unambitious farmer who has only cheap buildings, keeps few or no stock, and cultivates only part of his land, should pay the same amount of taxes for the construction and maintenance of local roads and schools as the good farmer, who has erected valuable buildings, and who is putting every acre of his land to the best possible use. The land of the speculator and of the indifferent farmer is increased in value by good roads and efficient schools just as much as that of the best farmer in the locality, and it is recognized as fair and just that they should contribute equally to the cost. The proposal contained in the question under consideration is that this method of collecting revenue should be extended to provincial and federal taxes. Although the farmer's house and barns, his machinery, his food and his clothing are not taxed for local purposes they are taxed to provide federal revenues from which provincial subsidies come. All wise expenditures by the provincial and Dominion governments, however, increase the value of land. The building of a bridge, the preservation of law and order, the production of an improved variety of wheat at an experimental farm, the dredging of rivers, the establishment of telephones, the opening of new post offices—all these things increase the value of land altogether independently of the efforts of the individual owners, and unimproved land, whether in the city or in the country, is increased in value by wise government expenditures, just as much as land which is improved and in use. The land speculator is contributing nothing towards the cost of the federal and provincial services which are increasing the value of his land; they are being paid for by taxation which falls on the people generally, and the farmers and working men of Canada are thus being taxed for the benefit of land speculators. That being so, it seems only just that the owner of unimproved land, and land which is only partially used, should be taxed for federal and provincial purposes just as much as the man whose land is fully used and is producing to its utmost capacity. In addition to being just, the taxation of land values would have many beneficial results. It would, if imposed to the fullest extent, place such a heavy tax upon the speculator that he would be unable to make a profit by holding land out of use, and would make him glad to sell it to some person who was ready to use it. This would throw a vast area of good land on the market and enable farmers and builders to get land cheaply. It would, indeed, make it possible to make more money by using land than by preventing it being used. The taxation of land values would also put an end to the system in vogue in most cities and towns of taxing (or fining) people who improve their property, and give work to builders, and provide more houses for the people to live in. It would encourage building and thus bring down rents. It would remove import duties, both on raw materials and finished products

