

"Part of this programme has already been carried out by the federal government. The Dominion has recently imposed a sharply graduated federal income tax, and has announced its intention of securing five-sixths of the \$60,000,000 common stock of the Canadian Northern Railway still remaining in the hands of private interests. It will be recalled that the Dominion has for several years been a junior partner in this enterprise, having secured \$40,000,000 of the common stock in return for cash grants to the railroad.

Conscription of Wealth.

"As might be expected, the manufacturers, the banks and the big commercial institutions protest against the carrying out of much of this programme. They point out that Canada's national debt now approximates \$1,000,000,000—a huge debt for a people with a population only a little in excess of 7,000,000. It is true that the natural resources of the Dominion are amazing, both in their extent and in their richness, but capital is imperatively necessary for their development. Not less than \$3,000,000,000 has been invested in Canada by the United Kingdom and the United States, the interest and principal of which must be met by productive enterprise. The capitalist maintains that capital has already been sufficiently taxed under the excess profits tax; and that it will be fatal to the future prosperity of the nation to serve notice on foreign investors that capital is to be discriminated against in favor of labor and of the agricultural class. Leaders of finance and industry protest that this is class legislation, and that it virtually amounts to what the radicals have been demanding—conscription of wealth. The phrase, "conscription of wealth," so generally and so vaguely used, means simply the conscription of income and nothing more. In that particular the leaders of Canadian industry and finance are quite correct when they criticize the various taxes that have been imposed as confiscatory in nature. But to this the radicals of the country reply that the term does not frighten them; that the war must be financed either out of income or by borrowing, and that the former is the right financial practice.

Heavy Taxation Unjustified.

"It will be seen, therefore, that the same arguments are advanced in the United States as in Canada against heavy taxation of corporate and personal incomes during the course of the war. Western radicals reply to the above somewhat as follows: Objections to heavy war

taxation implies distrust of the spirit and staying powers of the common people as well as of the rich—a distrust entirely unjustified in view of the immense effort put forth by the United Kingdom and France in financing the war. The fact that 420,000 men have freely volunteered in Canada to fight the battle of democracy in Europe shows that the common people will stand want and deprivation, inasmuch as they are willing to sacrifice comforts and luxuries, and even life itself, in the struggle for freedom. Western radicals assert that the average man will not protest against heavy taxation, laid upon consumption, provided that war-born industries share their profits with the government to meet the requirements of war. They further contend that few new industries are launched in war time, and that the capital fund will be quite great enough to take care of replacements and betterments, as well as of essential new equipment.

"The counter proposals of the business interests, and notably of the manufacturers, of Canada," said Mr. Swanson in conclusion, "may be briefly set forth. They look forward to the organization of the Empire along Imperial lines, both for political and economic purposes, at the close of hostilities. They advocate the extension of the Canadian preferential tariff system, under which the United Kingdom will afford a free market, or preferential treatment, for Canadian agricultural and manufactured products in return for similar concessions by the Dominion. It is hoped and believed that the programme adopted by the Allies at Paris in 1915 will be put into effect; and that under its terms Canadian products will receive preferential treatment in France, Italy and Russia. It is expected that the United States will also enter this economic alliance. Thus the conservative and financial elements in Canada's public life would depend mainly upon the tariff as an instrument for stimulating trade and commerce, and for finding the funds to take care of the principal and interest of the war debt. Under the stimulus of a protective tariff it is hoped that capital will be attracted from abroad for the exploitation and development of the natural resources of the country.

"In addition, the manufacturers support the project of establishing a Canadian trade corporation, or great financial bank, for supporting and increasing the foreign trade of the country at the close of the war. This corporation would be modeled along the lines of the British trade corporation; and would gather data upon trade opportunities everywhere throughout the world, as well as establish agents abroad for the promotion of Canada's trade."

PENSION REGULATIONS AMENDED

Sir Thomas White, minister of finance, this week announced increases in soldiers' pensions. He stated that the pension regulations applying to members of the Canadian expeditionary forces had been amended by an order-in-council approved by his excellency the governor-general. The amendments provide for an increase in pensions and allowances to, and in respect of, soldiers and sailors holding the lower ranks up to and including the rank of sub-lieutenant in the Canadian navy and lieutenant in the Canadian expeditionary forces. In his official statement he said in part:—

"The most important changes provide for increases in pensions and allowances. These changes will be considered as having come into force on the first day of April, 1917, and in this way all pensioners will be entitled to an extra cheque covering the difference between the pension paid since April 1st and the date on which the adjustment is made.

"The changes will affect the pensions of soldiers and sailors, and their children, their orphan children, their widows and children, their dependent parents, and their younger brothers and sisters. The total increase in the

amount payable by Canada for pensions and allowances will be approximately 40 per cent. At the present time the annual expenditure involved is about five million dollars a year. With the increases now authorized Canada's outlay for pensions will be over seven million dollars during the fiscal year.

"A second change provides that disabilities shall be divided into twenty classes instead of six classes. In the future disabled men will be certain to receive a pension based directly on the percentage of the disability which they suffer.

"A third is the authorization of an annual allowance for a married, disabled pensioner. Up to the present time the unmarried man received the same pension for disability as the married man."

The Canadian Export Paper Company, which has been in charge of the export of Laurentide, Abitibi and other mills and has dealt only in newsprint and pulp, has taken the agency of a number of other paper mills in Canada, such as the Provincial Paper Mills and the Howard Smith Paper Mills, makers of book and writing papers, of medium and fine grades, and will push these in connection with the sale of the other two lines.