

The Mail Bag

AGAINST THE SURTAX

Editor, Guide:—Thanks for your invitation to discuss the surtax. Since space is limited I make haste to express my conviction that this tax is a dangerous departure in fiscal policy and has a boomerang effect disastrous alike to the individual farmer and to the province generally. I am aware that you have expressed the view that from the standpoint of the general welfare the tax is justifiable, but if I can prove that the seeming benefits are derived at a ruinous sacrifice it becomes the public duty even of The Grain Growers' Guide to say so. And if at the least discussion of the topic leaves its results a matter of doubt, I suggest that the safest course in the public interest is a careful and exhaustive inquiry.

I have had unique facilities for studying the results of this legislation, both in the province of Saskatchewan and in financial circles in London, and I contend that the surtax has wrought hardship in three ways. It has lowered the selling value of the farmer's land from 25 to 50 per cent., depending on the district in which he operates. It has furthermore lowered the value of his land as a security easily 50 per cent. besides heightening the price of accommodation. And lastly, the surtax, in my opinion, has crippled the credit of the province.

I am familiar with the arguments in support of the tax and alive to the grievances which gave seeming justification for its imposition, but I am convinced that there is no real justification for it either in principle or expediency. To begin with, it is not a tax properly speaking. It is a penalty. It calls for occupation and cultivation to escape it. The fathers of the tax make much of its power of compulsion. But the argument is undiluted sophistry. There is no scarcity of land with its unappeasable land hunger in the West to warrant compulsory cultivation. Not one-fifth of the surveyed area of Saskatchewan is under cultivation and all the teachings of agricultural experts is to the effect that the trouble with the farming community is the scarcity of labor and power to cultivate properly the land we have.

I submit that the surtax is the result of that prevalent false sentiment which unceasingly represents to the farmer that every other class in the community is his enemy and encourages him to hit back. In our private relationships we know that this idea is nonsensical. The farmer of the province has his sons in every walk of life and thinks it no dishonor. The main satisfaction from the tax is derived by a great many from the idea that they are getting after the capitalist. Never was there such a delusion. They are ruining a great many private individuals, a few land companies, and crippling a railway company which they must support in their own interest,* but capital itself is quite indifferent. It simply adjusts its price for accommodation to the new conditions and the main effects fall on the farmers themselves.

The money market is just as sensitive as the wheat pit. A rumor of the Kaiser's death, the probable forcing of the Dardanelles or such a small thing in the economy of nature as the cut worm will influence the price of wheat cents on the bushel. And legislation in any country or province which savors of confiscation affects for all the people concerned the price of accommodation. The security is lowered and the price of the risk automatically rises. This to my mind suggests the reason that land will not sell at the price of three years ago or that the farmer who could then borrow \$1,000 to \$1,200 on his land at 7 per cent. must now content himself with \$600 or \$800 at 10 per cent. And in those days the object for a loan was to get stock or buildings, but now there is little accommodation for the man who cannot show that he has these already. The land has simply become a collateral.

If Saskatchewan were a colony in the moon or in Mars, cut off from everywhere else, idealistic legislation might be quite in order, but we must face facts. There is a big practical world all around us on which we have to rely to a great extent and we must adjust our policies to existing conditions.

It is not only the surtax itself, but the

AN OPEN FORUM
This page is maintained to allow free discussion of all questions vital to western farmers. Up to the limit of space letters will be published giving both sides of all such questions. It is not possible to publish all letters received, but an effort will be made to select those most fairly representing different views. Short letters will be given preference. All letters must be accompanied by name and address of writer, the not necessarily for publication. Unused letters will be returned if accompanied by postage.

uncertainty which is the disturbing factor. It involves a new principle in taxation and suggests nothing to the financier but confiscation. Ministers when excusing the tax express regret that they did not make it stiffer when they were at it. It is not to be wondered at that the financial world realizing that it is dealing with men of easy views on the subject of the rights of capital should adopt a wary attitude. And there is only one way to safeguard itself. Like an insurance company operating in a district where incendiaryism is rank, the premium rises.

I know that the fathers of the tax will bluster and insist that there are no such results as I have indicated. They belong to the type which accepts no facts which do not suit them. But the slump in farm lands and the lowering of the value of farm securities as well as the restriction of provincial and municipal credit came in such close relationship to the passing of the measure as to suggest cause and effect. And it all came along before the outbreak of war and indeed at a time when money was particularly plentiful in Europe for world wide enterprise.

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Note.—The surtax on unoccupied agricultural land in Saskatchewan was pretty fully discussed in The Guide of May 5, 1915, and the arguments in favor of the measure need not be repeated here. Mr. McOwan, however, raises some new points which are worthy of reply. He objects to the surtax because it has, he says, lowered the selling value

be \$132. It is worth while having one's security somewhat lowered if the need to borrow is reduced so much as this. We want to give men an opportunity to make money by farming—not by selling farms.

Our correspondent also objects to the surtax because he says it is not a tax but a penalty. Not so. Our present system of taxation, by which the farmer is taxed when he buys a plow, a load of lumber or a bag of cement in order to aid him in his industry, would be more properly called a penalty. At present the owner of the occupied land, the farmer, is paying a certain amount in municipal taxes and probably twice as much in Dominion taxes, thru the tariff chiefly. The owner of the unoccupied land, the speculator, pays not a cent of Dominion taxes because of his ownership of that land, altho that land is increased in value by the expenditures of the Dominion government. Under the surtax the speculator pays \$10 a quarter section more municipal taxes than the farmer, but it would take a good deal more than \$10 a quarter section to equalize the total taxation of the speculator and the farmer. When all revenues are raised by taxation of land values, so that the speculator pays the same taxes as the farmer occupying land of equal value, there will be no need of the surtax.—Editor, Guide.

THE MANITOBA SCANDAL

Editor, Guide:—Have just read in a recent issue of The Guide an interesting account of the downfall of the Roblin



Sheep at the shearing pens. One of the flocks of Simon Downie and Sons, Carstairs, Alberta

of land. But is this altogether a bad effect? If the surtax has reduced the selling price of land it has also reduced the buying price and made it easier for those who wish to become farmers or to enlarge their farms to purchase land. It has also reduced the taxes on the cultivated land. The cost of producing crops is thus reduced in two ways, first in the capital outlay necessary to start farming, and second in the annual taxes to the municipality. This, we submit, is good for agriculture, the chief industry of Saskatchewan and the basis of its wealth, prosperity and credit. As to the effect of the surtax on the borrowing power of the farmer, it may be pointed out that if the selling price of land is reduced there is not the same necessity for borrowing. To put it into figures, let us suppose a settler comes to the province to farm with \$4,000. Of this he spends \$3,000 on stock, implements, buildings, etc., which leaves him \$1,000 to use as first payment on a half section of land. Before the surtax was imposed this land cost, say, \$20 an acre, or \$6,400, leaving our settler with a debt of \$5,400, bearing interest at 6 per cent., which amounts to \$324 per year. By the surtax, however, Mr. McOwan says land in some districts has been reduced in price by 50 per cent., so that now the settler will get this same land for \$3,200, and his first payment of \$1,000 will leave him with a debt of only \$2,200, on which the interest would

ministry in Manitoba. It is hard for one to believe that so noble a patriot as Sir Rodmond Roblin should ever have got himself tangled up in such a network of corruption. For a good many years Roblin has stood a tower of political strength in Manitoba and during that time he has constantly, consistently and defiantly opposed any change in the constitution. He has repeatedly denounced Direct Legislation, direct nominations, farmers' parliaments and woman suffrage as being foolish, uncalled for and un-British. All along many of our best citizens, farmers and wise-acres, actually believed him and voted for him under the delusion that because he was a powerful, almost despotic premier and had been honored by the king, he must be right, all others wrong. That he should finally have lowered himself to the level of a hog-mire politician to gain further power will probably come as a great shock—? to his erstwhile friends, disciples and followers. All along The Guide and farmers' organizations assured the people that something was wrong, and radically wrong at that. They urged Direct Legislation and co-operation among the farmers as a remedy for the existing political evils of our day. Tho both The Guide and the farmers' unions grew steadily, an attitude of indifference among the farmers in general was the real answer to their plea. The politicians fought steadily and resisted firmly all attempts to pass progressive

legislation. In spite of this and the discouraging attitude of the farmers, The Guide and the farmers' unions kept the fire hot for the politicians. They answered shot with shot and their constant broadsides as well as Roblin's debate with Mrs. McClung, in which Sir Rodmond was beaten, paved the way for his final downfall. The downfall of Roblin should be a great lesson and eye-opener to the people of our West. It should teach them that politicians will not keep their pre-election pledges unless they know there is sufficient pressure of public opinion in their districts to force them to live up to their word whether they will or no, if they expect to remain in power. The startling revelations of political corruption existing in past years in the United States, as well as the large amount of political corruption existing in Canada to the present day, should make the people resolve to stand together for the common good of all. By his own confessions Sir Rodmond has openly admitted that he is in the wrong and served notice upon the people that hereafter he is not to be held responsible for anything he may say concerning the passage of progressive legislation. While the Manitoba investigation is in progress, while our politics and public business are in cahoots, there comes echoing down thru the years these memorable words of Abraham Lincoln, who said once in speaking of the people's rights: "Let them beware of surrendering a political power which they already possess, a power which if surrendered will surely be used to close the doors of advancement against such as they, fixing new disabilities and burdens upon them until all of liberty shall be lost." Premier T. C. Norris, former leader of the Manitoba opposition, comes to power with a clean record, with high hopes and aspirations, pledged to place the people's will upon the statute books. Whether or not he will be true to his word remains yet to be seen. If he does it will be a red letter day in our history. Too long have men of the Roblin type dominated the politics of Canada and disgraced her public life. But in the meantime, while the people wish Premier Norris and his party good luck as they go into power, resolved to keep their word to the letter, the people themselves must, if they ever expect to have honest, progressive government, take a keener interest in politics; they must ever keep a watchful eye on the doings of their public servants; they must give them to understand that a public office is a public trust, to be managed in the same economical, efficient, business-like manner in which they would manage their own private concerns, to the end that we may all play the great game of life, for such it is, with fairer rules, with equal chances for all, special privileges to none, and that we may better discharge the onerous and complicated duties of the "better citizenship". Then, and only then, will we get the kind of laws we are entitled to by the laws of Nature and of Nature's God, and have the satisfaction of knowing that it is a rising and not a setting sun that we view. We must ever bear in mind the sound advice and timely warning of General George Washington, who once said, respecting the people's rights: "Eternal vigilance is the price of liberty."

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HUMOR OF THE COUNTRY

One morning Mr. Jenkins, the proprietor of the village provision stores, received a letter which caused him to indulge in a few imprecations at its cool effrontery.

It ran as follows:—"Dear Sir: Will you let my little boy Billy 'ave six loaves and a pund of cheaze on trust, as me 'usband is out of work, and will yer rap the cheaze in a bit of the situations vacant advertisements of a newspaper, and tie the bread in a lump of your butter muslin, 'cos if the werst comes to the werst and the old man don't find a job 'e'll 'ave to borrow your pair of steps and a pail and go out winder cleanin'."—Farm and Home (British).