

The bonusing of railways in a country as well established as ours is entirely unnecessary. We believe that this practice has a strong tendency to corrupt not only the management and organization of the companies interested, but the political life of the nation. In this regard we would particularly urge that the bounties on iron and steel be discontinued entirely at the end of the term they are granted for, and that no further additions should be made in future to the list of bounty-fed industries. We would also condemn the using of the people's money in the bonusing of an "All-Red Line" of fast passengers steamships. We do not believe this project will be of any material advantage to the nation at large."

Brief discussion dealing chiefly with the deplorable conditions arising from the development of party politics in such legislation was followed by the clause being carried unanimously.

FAVORED INTERESTS INVESTIGATED.

By way of ensuring equal treatment for all interests on their merits the report argued:

"We believe it would be to the advantage of the people at large if all industries or schemes receiving anything from the nation in the form of tariff protection, bounties, or bonuses, were compelled to submit to a searching examination by a competent officer or board, appointed by the Government from whom the favor is received. This investigation should include: 1. Methods of organization; 2. actual capital invested; 3. methods of management; 4. suitability to the country. The results of this investigation should be given, not only to the Parliament, but to the people. This should be extended to the investigation of the existence of combines and trusts, and wherever these are shown to exist, there should be an immediate withdrawal of all bounties, bonuses, and tariff advantage."

It was pointed out that since the intention was only to provide against giving support to young interests, or to avoid increasing the support to going organizations or concerns, the word "receiving," in line 3, should be changed to "asking." After considerable discussion the clause was carried with that amendment. It was made clear that the intention was to have such grants as those to live-stock associations or beekeepers' associations investigated the same as manufacturing concerns.

ACUTE INTEREST IN AUTOMOBILE LEGISLATION.

Legislation regarding the control of the automobile nuisance proved to be the stickler. The recommendation of the committee was:

That legislation be asked which will: (1) Give to the counties the power to control the use of traffic; (2) Prevent them using the public roads for three days each week and Sunday; and (3) Make the users of autos responsible for all damage caused by their presence on the highways."

Commenting on conditions, Mr. Drury reported: "It is, if possible, better proved now than a year ago, that where horse and auto traffic use the same roads, the horse traffic must suffer. Nor is it more apparent that autos are extending their use among the rural classes. A vehicle which is of no use for five months of the year throughout the greater part of our country, and which is still very expensive, cannot replace the horse. Farmers, particularly in a country where they are taxed for almost every other industry, are not likely to have an auto for summer and a horse for winter. Under these circumstances we do not regard it as just that the farmers, who built, and largely maintain, the roads, should be inconvenienced and endangered by a vehicle which is not a necessity in any case, and which is in most cases merely a plaything for the idle rich."

Several members thought it would be well to strike out section 2. W. F. W. Fisher suggested high license, and J. W. Hyatt thought the license money should go to the municipality to repair damaged roads. W. L. Smith said if counties were given control, free roads certain days of the week would be guaranteed. Mr. Fisher pointed out that the automobile was here to stay, and the object should be to control their running. It could be done by high license, according to weight and running capacity, so that the Government could have something to turn over to the municipalities to cover damage done to roads. That high license would not safeguard the lives of farmers and their families driving on the highways was the opinion of James Fallis. The question should be, what could be done to protect the men who make and maintain the roads?

Lengthy discussion and numerous and varied suggestions resulted in the clause being referred back to the committee. Later it was carried unanimously, with clause two cancelled and the following substituted: "(2) Provide high Provincial license to give reasonable compensation for injury to roads, and that this be distributed to the municipalities in proportion to population."

RAILWAY TAXATION.

Regarding the taxes railway companies are obliged to pay, the report read:

We believe that the present system of railway taxation for municipal purposes is entirely

wrong. That a railway should pay on its property no more taxes than is paid on an equal area of farm lands adjoining, shows a system of taxation that does not take actual valuation into consideration in the slightest degree. The proposal to tax railway property is met by the objection that any addition to their taxation would involve a loss in the operation of the roads, or to avoid this loss, a raising of freight rates. It is urged that many railways find it difficult to pay a dividend now, without added expenditure being forced upon them. We believe this objection to be entirely unfounded. That railways are a paying enterprise is shown by the fact that C.P.R. stock is now selling at 177. That some railways are not paying is no logical reason against their equitable taxation. We are not aware that farms that are mismanaged and do not pay have their taxes remitted on that account.

"Two instances may be mentioned. The Township of Oro, in the County of Simcoe, has 13 miles of railway. This includes 127 acres of land, and buildings assessed at \$1,750. The total assessment is \$7,367, on which the rate of taxation is the same as on farm property for county, township, and general and special school rates. That a railway, running through a good country, and worth in actual cost probably \$20,000 per mile, a total of \$990,000, with three stations, including yards, should pay no more in taxation than an average 200-acre farm, is absurd."

The well-known champion of railway legislation in regard to taxation, H. J. Pettypiece, ex-M.P.P., an enthusiastic member of the Grange, gave as his opinion that the aim should be an equalization of taxes according to property owned and controlled. In many countries now such was the case. On this continent railways have entered into the development of the country, but that was no reason why the railway companies should escape taxes. In dealing with the States of the American Union, Mr. Pettypiece stated that each State had a system of its own. In Connecticut a tax of 1% on capital invested returned \$1,220 per mile. In New York a tax on real estate, capital invested and gross earnings, gave the State \$671 per mile. In Indiana and Illinois an assessment, according to value fixed by a special board, returned \$451 per mile to the former and \$453 to the latter. In Michigan, a State about the same size as Ontario, and much similar as regards railways, the plan up to 1905 was on gross earnings. In that year it was changed to assessment by a board. The tax meant \$554 per mile. In Canada the total railway taxation in 1907 averaged \$60 per mile, and reached \$1,370,000. If the taxes were equal to those in the United States this total would amount to over \$8,000,000.

Lines operating in Ontario, and also in adjacent States, were compared. The G.T.R., the C.P.R. and the Michigan Central in the six States neighboring this Province had 5,120 miles of lines. In 1907 the taxes on these lines amounted to \$2,444,000, or \$471 per mile. The same railways had in Ontario 5,320 miles, and paid in taxes \$452,000, or \$85 per mile. The earnings of the systems went to the general treasury, and were used to defray general expenses in the United States and Canada. He had heard of \$85,000 being transferred in the books from Ontario to Michigan.

Comparing taxation on farm property with that on railways, Mr. Pettypiece said that the former on actual value of farm property in 1906 showed an assessment of \$5.33 per \$1,000. On railways the same year it was \$1.55 per \$1,000. Taxation according to adjacent farm lands was not right. Pullman cars practically were free from tax. Besides, cars owned by certain large companies escaped.

The time had come when railways should be compelled to pay their just shares. It was admitted that without good railway systems new parts would not be opened up rapidly, but Canada's real progress was due to pioneer work of the agriculturist. Taxation would not retard the building of railway lines.

Farmers were referred to as the best business men in the world, individually. Collectively, however, it was hard to control them. Other interests succeeded in keeping them divided against each other. They must learn to stand together for the general interest. His farewell plea was: "Stand together; work together; vote together."

After this logical and brilliant appeal by Mr. Pettypiece, a resolution demanding that railways be taxed according to real value of property and not merely as so much land was carried unanimously.

DIRECT LEGISLATION.

In leading the way for legislation by petition and popular vote, the committee reported as follows:

"We are in receipt of drafts of three bills from the Direct Legislation League of Ontario, which it is proposed to introduce into the Legislature at its next session.

"As to the principles involved, it is our belief that with good and honest representatives, in Parliament, men desiring the welfare of the nation and willing to do the will of the people, such a

such a scheme is not necessary. It is to be feared that such a plan, by lessening the responsibility of Parliament, would lower its standards, and deprive the nation of much of the advantages it should enjoy in the wisdom and experience of the skilled legislator. On the other hand, if our Parliaments are to be merely the fighting ground of political factions, and if political expediency, and not national well-being, is to be the motive of action with our members of Parliament, we are strongly of the opinion that some such plan is greatly needed. This plan would have one very great advantage, namely, that questions of public welfare would be discussed by the people generally, free from the heat of election times, or the bias of political attachment. In this way a much fairer verdict of the people might be obtained than under the present system. The scheme would also carry with it the better education of the people along public lines.

"On the whole, while your committee are not prepared at this time to give unqualified assent to the plan, we think the scheme well worth considering, and would recommend it to the Grange for further discussion."

INITIATIVE AND REFERENDUM.

The purpose of the suggestion was ably outlined by W. C. Good, of Brantford. In Ontario the Dominion Grange had, he said, to a certain extent, been successful in urging legislation. Still there were many laws not on the statutes that appear to be in the best interests of Ontario citizens. The Dominion Grange and the Farmers' Association, before amalgamation, had asked for cancellation of bounties and the control of automobile traffic. The fact that laws had not been passed in accordance with the request showed that our legislators do not fairly represent the people. In addition, the legislators were under the influence of lobbyists, and were not altogether free to act. Unconsciously, too, the members came under the influences of capitalists and society classes, or those not in sympathy with Government that would suit the mass.

To obviate these difficulties, he proposed a system of direct legislation through the initiative and the referendum. By the former the people by petition had the right to propose legislation. Five or ten per cent. of the electorate should suffice to put this into action. The party in power could have no power to prevent the question being submitted to the people at a special or a regular election. Forced ventilation of questions would be the result. By the referendum system popular opinion against legislation could prevent bills passed by Legislatures coming into force. A certain percentage petition would prevent a law, although passed by Parliament, from coming into force until a vote of the electorate was taken. It was really an optional referendum.

Results of initiative and referendum systems as in vogue in other countries and in some of the States of the American Union showed how popular vote overthrew the action of the legislators. The result was entirely satisfactory, and no danger resulted from fake legislation, because of a comparatively high percentage demanded on the petitions. The organization should be alive to the benefits and co-operate with other clubs or associations in bringing direct legislation into play in Ontario, and, perhaps, throughout Canada. One of the unique advantages was the disentangling of questions on which members of a party held different opinions.

As far as Dominion matters were concerned, W. L. Smith thought the scheme was not workable. For a Province there might be little in the way of success.

Initiative and Referendum was not considered by E. C. Drury to be the ideal form of Government. A good legislature should know more about legislation than "the man on the street." Under the present conditions, Canadian Governments were not representative. Politics in the family and other petty politics made it impossible to obtain popular representation. Political expediency proved to play too important a part. Direct legislation would deal a great blow to partyism, and had many advantages. On questions such as the tariff, nine-tenths of the farmers would vote against the protective system. Nevertheless, lack of machinery to bring initiative and referendum into effect made it necessary to go slow. It was true that Parliaments were more easily worked than the nation. Wealth worked wonders. But the nation never need fear the wealth that had been made honestly.

Gradual improvement in the quality of Legislatures, was mentioned by Mr. Good as a very important advantage. After the direct-legislation scheme was in force for a very few years, it was found unnecessary to use initiative or referendum.

Electors were accused by Mr. McEwing of being guilty for any deficiency in responsible Government in Ontario, or in the Dominion. He wished to know where the money would come from to circulate petitions and to prepare and print literature on questions that might be submitted to popular vote. His advice was to take the question home and discuss it with neighbors for the next twelve months. What the people needed was education. By waiting one year, the in-