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Conscription of Wealth

Our National Obligations Can Only Be Discharged By the Creation of Wealth—No Nation Can Tax Itself Into Prosperity—Taxation Policies of the Dominion Call for Careful Revision and Adaptation to Peace Conditions—Capital Will Not Be Sought if Only Reward is Its Confiscation—Taxation Must Not Go so Far As to Injure Economic Enterprise.

IT is clear that the end of the Great War will bring with it a radical re-formulation of fiscal policies and a far-reaching programme of taxation reform everywhere throughout the world. This is patent when one realizes how great a burden has been laid upon the productive process by imposts of one kind and another, including income taxes and excess profits taxation. It is absurd to suppose that industry and commerce can carry, in the days of peace, the heavy burdens imposed by war. And yet it is equally true that the huge war debts, both principal and interest, must be provided for, and that, therefore, taxation, with respect to the sum total of revenues required, at least, cannot well be diminished in its amount or scope. Nevertheless, the taxation policies of both Canada and the United States will need careful revision and adaptation to peace conditions, if the production of wealth, through which alone revenues can be secured, is to be pursued with vigor.

There is an old French saying that "virtue is apt to be more dangerous than vice, because not subject to the restraint of conscience." This aphorism is trebly true today. In an excess of virtue the visionaries and theorists propose to make use of the present war situation to advance schemes of social reform. They have seized upon the war as a pretext for advancing their plans for the promotion of economic equality—an equality which would reduce the incomes of the various classes to a dead level. Their proposals are mainly advanced under the specious guise of "conscription of capital as well as conscription of men." On the surface, this demand looks reasonable enough. When one attempts, however, to analyze carefully what is involved in this programme, one soon realizes that there are formidable difficulties involved in the plan. And not the least of these difficulties is the clear comprehension of the meaning of the term, "conscription of wealth." This phrase was ever on the lips of radicals during the flotation of the last Victory Loan. When requested to formulate clearly what was implied in the shibboleth, no answer was vouchsafed, save a foggy expression of the idea that wealth should carry a burden relatively equivalent to that involved by the sacrifices of the masses who had devoted their children to the winning of the war.

As is well known, a similar demand was made in the United States when the Republic threw its resources into the scales for the preservation of freedom and democracy.

The clearest and most effective reply that has come to our attention was that made by Mr. Otto H. Kahn, one of the biggest men in the field of American finance. Mr. Kahn, in his pamphlet on "War Taxation," drew attention to the fact that American artisans and farmers were never so well off in the nation's history; that only a small percentage of the former had been drafted for war purposes; that agricultural laborers were deliberately left on the land; and that if any class had been protected since the outbreak of war, beyond another, it was the laboring element in the Republic. In the United Kingdom, in the United States and in Canada, the well-to-do came forward eagerly upon the declaration of hostilities; and, in proportion to their numbers, played their part with no less sacrifice and devotion than was shown by other elements in the community. On the side of sacrifice of life, therefore, there is absolutely no ground for building up an argument in behalf of labor as against the well-to-do, or even the capitalist class.

As already remarked, it has been extremely difficult to give the quietus to the "conscription of wealth" cry, not only because of the appeal to prejudice, but much more because of the indefinite nature of the term itself. Economists waited long for a definite and clear formulation of what was meant by those who advocated the conscription of wealth; and waited in vain, so far as we are aware, until Mr. A. G. Gardiner of the London Daily News, two or three months since, proposed a capital levy, at the conclusion of the war, to an amount large enough to bring the debt burden close to the tax-paying ability of the nation. Thus, it is seen that one of the foremost exponents of the conscription of wealth advocates, not so much a new programme of taxation, as the confiscation of property.

That a man of the ability of Mr. Gardiner, in control of the policy of an organ of international repute, should coolly propose the confiscation of wealth, in the sense of the taking over of private fortunes in great degree by the State, gives pause for serious consideration. Mr. Gardiner would go so far as to confiscate 25 per cent. of fortunes above a fixed minimum; his general argument being that the war and national sacrifice have created in large measure this increment of wealth; and that what has been created by the sacrifice of all should be placed at the service of all. From this point of view confiscation is equivalent to repudiation; for, plainly, those classes in the community which have subscribed so heavily for war bonds