

The Grain Growers' Guide

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INCOME TAX DEMANDED

Steadily the demand for a graduated personal income tax is growing throughout Canada. Almost all representative bodies that have discussed the financial situation have favored the income tax, including the Canadian Manufacturers' Association and the Manitoba Retail Merchants' Association, which met in Winnipeg last week. Conscription of wealth is a frequently used term, but in most cases it is a misnomer. To conscript wealth would mean for the government actually to take it over without remuneration and use it for national purposes and the prosecution of the war. It will be a mighty problem for any government to attempt actual conscription of wealth. A big move towards this end, however, can be made by conscripting incomes of all kinds through taxation and compelling everybody to pay according to means. The income tax produces enormous revenues in Great Britain and has been greatly increased since war broke out. It is also used in every other English speaking country and very largely in continental Europe. Reports from Ottawa last week were to the effect that the income tax has been discussed in the government caucus and that an announcement would probably be made by the government shortly.

It is quite apparent that all present methods of producing revenue will fall far short of the necessities in paying for the war. It is estimated that Canada is now paying only 10 per cent. of the cost of the war and is borrowing for the balance. But the interest has to be paid on these loans and some time the loans have to be repaid. Most of the Canadian borrowings have been from our own people and the income from these war loans is exempt from all taxation. Some wealthy Canadians have subscribed as much as \$1,000,000 to the war loan which will give them an income for life of \$50,000 a year that cannot be taxed for any purpose whatever. This is extremely unfair and unjust, but it is the principle that has been followed in most other countries. In the light of our great need of revenue it is not wise that the government should continue to exempt these incomes entirely from taxation in making future war loans. If this exemption continues it will mean that we will have borrowed from our own people probably \$1,000,000,000 before the war is over, and the income from this will be \$50,000,000 annually. A graduated income tax on this would probably produce 10 per cent. or \$5,000,000. This revenue will be absolutely lost to the country under the present exemption system.

Another subject for consideration is whether the rate of interest should not be lowered on future war loans. It is true that 5 per cent. is not a very high rate, but it is higher than paid in most other countries and it makes the after war burden that much heavier. It is questionable as to how much a reduction in the rate of interest would reduce the subscriptions to the war loan, but if the government adopts taxation methods that will put a very heavy tax on wealthy people they would probably find it more satisfactory to subscribe to the war loan. But at any rate an income tax should be adopted in Canada and at once. The experience of other nations indicates that the maximum income tax cannot successfully be imposed the first year, but must be increased gradually as the tax payers become adjusted to it. Our tax burden after the war will be desperately heavy. Perhaps it will not be as heavy as it will be in some other countries, but it will be heavier than in any other country before the war. The sooner we get at every source of revenue the lighter that burden will be. The Canadian Council of Agriculture last week, in view of

these conditions, dropped from their platform the \$4,000 minimum for the income tax because they felt that it was too high a minimum. The people of Canada, or at least most of them, are willing to pay a good stiff income tax, and those who have the largest incomes should pay the most. The government will find that a great deal of the opposition to conscription of men will disappear if a heavily graduated income tax is adopted, and more of that opposition will disappear if further taxes are imposed so that every person who is not fighting will be forced to do some paying.

SAMPLE MARKETS

The Canadian Council of Agriculture before the Board of Grain Commissioners last week recommended that sample markets be not inaugurated until after the close of the war. The council is composed of the United Farmers of Alberta, the Alberta Farmers' Co-operative Elevator Co., the Saskatchewan Grain Growers' Association, the Saskatchewan Co-operative Elevator Co., the Manitoba Grain Growers' Association, The Grain Growers' Grain Co. and the Ontario farmers' organizations. This being a Western question it was dealt with entirely by the Western bodies named above. Sample market trading is very largely favored by the grain growers of the West, but they will want successful sample markets. On another page in this issue is given the reasons why the Canadian Council felt it to be unwise to establish sample markets at the present time, because they must largely be ineffective and interfere very seriously with transportation at a time of national crisis. The Canadian Council is as strongly in support of the principle of sample markets as are the individual farmers, but having had an opportunity to study the various problems that affect the operation of the sample market they deemed it their duty to advise against the establishment of sample markets at the present time. But after the close of the war, when price fixing and regulation is past, when transportation becomes normal, when the grain market is again opened to all buyers and the southern route is open, sample markets will not only be a great benefit but will be imperative in Western Canada.

PROVINCIAL PURCHASE OF LANDS

The Saskatchewan Liberal program includes the taking of an inventory of all the vacant lands in the province with a view to purchasing it as required for actual settlement, and reselling it to bona fide settlers on long terms and at low rates of interest. This is a radical proposal, but times and conditions demand radical measures. Canada has made a deplorable muddle in the handling of her lands. Millions of acres, well served with railway facilities are lying idle. But thousands of farmers, far back from the elevators or located on half operated and congested branch lines are trying under heartbreaking handicaps to eke out a living and contribute what they can to the world's depleted food stores. Meanwhile the threat of famine stags the world in the face and the soldiers in the trenches are looking to Canada for bread to sustain them as they carry on. On the horizon there is the returned soldier and the new settler problem. When the men who are fighting return and the refugees from devastated Europe come they will find their demand for land forestalled by speculators. They will have the option left of journeying to ever retreating frontiers or of settling in the cities. Of these alternatives, recent Canadian history indicates that they will too frequently choose the city. The cities will already be full of unemployed due

to the closing of war industries. Common sense teaches that there should be a national shrinking from such an eventuality. The experience of the United States after the civil war teaches the value of easy access to the land in the absorption of a demobilized army. It is becoming increasingly recognized that the settlement of after-the-war difficulties is bound up with some measure of relief from the present land situation. The framers of the Saskatchewan Liberal platform no doubt had this in mind. It would appear that they contemplate, if returned to power, the inauguration of a policy patterned somewhat after that which has proved so effective in freeing the land for the people in New Zealand. It should not be overlooked, however, that the New Zealand policy included a graduated tax on land, which had the effect of creating in the land holder a desire to let go at reasonable prices.

THE COAL STRIKE

The coal strike is still on. Earnest attempts to effect a settlement seem to have been abandoned. The workers are largely aliens. With all due deference to them, they cannot have the vital interests of the country and the successful prosecution of the war so much at heart as most of us. It has even been charged that they are being financed by alien money. The operators claim they would lose money to operate under the schedule asked for by the strikers. If this be true from the standpoint of profits to the operators the mines might as well stand idle. But the community is the great sufferer and the government does nothing to relieve the situation. It is now up to every Western citizen to write immediately to his member and to the premier of Canada, protesting against a continuance of the attitude of neglect so far pursued by the Ottawa government. There is also a real scare in United States now over a possible hard coal shortage and the danger signal is up on coal.

MANUFACTURERS TO EDUCATE FARMERS

A good suggestion was made at the Canadian Manufacturers' Association convention in Winnipeg. It was that the manufacturers should take steps to educate the Western farmers as to the necessity of a tariff wall around Canada. The farmers will be found just as anxious to receive such instruction as the manufacturers are to give it. For years they have been paying from 25 to 35 per cent. increased prices on their purchases, due to the tariff, without seeing any corresponding benefit to themselves or the country at large. They are ripe for instruction as to why this is necessary. When, for instance, they pay \$100 for \$70 worth of machinery they would like to know what class in the Dominion is more entitled to that extra \$30 than they are and they are willing to examine the claims of that class. For this reason The Guide has always kept its columns open for the full and free discussion of both sides of the tariff question. As official organ of the farmers' organizations of the West it has challenged the Manufacturers' Association to debate the question of the tariff. So far the challenge has been unaccepted. It may be, however, that the manufacturers have decided on a change of policy and that they are more willing than formerly to have the tariff discussed on its merits. If so the challenge is hereby renewed. In the meantime the columns of The Guide are still open. Any contribution to the tariff discussion from the officials of the Canadian manufacturers will gladly be given consideration.