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Co-operation and the Civil Service.

The following paper was read by Mr. R. H. Coats, Secretary of the Civil Service Association, at a special meeting of the Executive, held on Nov. 20th. It is reprinted at the request of the Executive.

"It is the duty of him who pleads a cause, or solicits the attention of the public to any subject, to state distinctly what the subject is—if he knows it; so that those who confer upon him the favour of their attention at the outset may possess the means of deciding whether or not they will continue it"

GEORGE JACOB HOLYOAKE.

* * * * *

During the past few months there has arisen, as we are all aware, a widespread spirit of inquiry among civil servants at Ottawa as to the possibility of applying the methods of co-operation to the conduct of their private business. We have seen the establishment of a co-operative loan and savings association, designed to apply those methods in the department of banking and finance, and, as its constitution states, "to inculcate generally the spirit of unity by the undertaking of meritorious matters in common." We have had at least one successful experiment in the domain of co-operative buying, and at the present moment no less than three other undertakings of the same nature are in progress. The Civil Service Association as the chief articulate body of the service, has come to feel that, although it has itself been organized for other purposes, it has a duty to perform in the matter, if only the

duty of self-education and the informing of its membership. This feeling was specifically voiced at the late annual meeting, when a resolution was passed instructing the incoming executive to take the matter at once into consideration, especially in its bearing on the higher interests of the service, to lay down general principles, to frame regulations for approved enterprises, and to define the relations of such enterprises to the association.

The present meeting represents the first organized attempt to carry out the above instruction and to set on foot a full and free investigation into the question of civil service co-operation. The question is essentially technical, as well as complicated to an unusual degree. It has been felt, therefore, that the whole executive should participate in the discussion, at least in its initial stages, wherein so much depends upon the thorough understanding of all that is involved. The remarks which follow have been thrown together with the intention simply of directing the discussion along logical channels, and of suggesting, after due consideration, the adoption of a definite line of action both inside and outside the association. I need not add that they make no pretence to newness or orig-

inality, being borrowed most audaciously throughout.

In the first place let us thoroughly understand the divisions of the subject as a whole, and with what phase of co-operation we have at present to do. Co-operative enterprises may, as a rule, be classified under one of three headings:—

1. Co-operative manufacturing or production.
2. Co-operative distribution; and,
3. Co-operative banking.

Strictly speaking, co-operative production and co-operative distribution are not sharply differentiated. In Great Britain, co-operative retail distribution after having organized the wholesale trade, has passed insensibly into manufacturing, and the two are now indistinguishable. The distinction is, at any rate, one of administration almost wholly. On the other hand, co-operative banking is essentially different in kind, a reflection of which we may see in the fact that whereas on the continent of Europe co-operation is chiefly known through the banks, in England it is chiefly known through the stores. The law, also, deals differently with the two types. In our own case, we have already established co-operative banking, and we are not at all concerned for the present with co-operative production, the question being one of distribution pure and simple.

Perhaps a very few words on the historical and statistical side of co-operative distribution may be of interest. It is a familiar boast that the co-operative idea was purely British in its origin. Co-operation was one of the results of the social and industrial revolution which followed the invention of machinery in the final quarter of the eighteenth century in which England led the world, and as a sequel of which, as Arnold Toynbee has said, "the problem of pauperism came upon man in its most terrible form." Robert Owen's is the first great name in the annals of co-operation. We need not discuss the

theories of that famous philanthropist. In the end it was only a part of Owen's plan, namely, the co-operative store, and that in greatly modified form, which was destined to obtain ascendancy. The movement which Owen started in 1822 was all but dead when, nearly a quarter of a century later, 28 unknown Lancashire workmen living at Rochdale and known to subsequent history as the Rochdale Pioneers, brought a new principle to bear in the management of the co-operative store which at once gave a new life and a new form to the movement. This was the principle that profits made on sales, after paying a fixed rate of interest on the share capital, should be divided among all the purchasers in proportion to their purchases and not with any reference to the capital they might have contributed or the other services they might have rendered. Added to this was the further principle that the profits earned should remain at the disposal of the store until they reached the sum of £5 in the case of each individual. The store thus became a savings as well as a distributive institution, the members becoming shareholders without it costing them anything, so that in case of disaster they would lose nothing, whereas if the store succeeded they might go on saving indefinitely, though they were permitted to withdraw profits after the first £5. This constituted the element of originality in the device of the Rochdale Pioneers. Holyoake, in his history of the Pioneers, has given a picture of the scene one dark December evening in the year 1844 when amid the titters and jeers of urchins and passers-by, the shutters of a tiny store in a back street were taken down and infinitesimal quantities of flour, butter, sugar and oatmeal discovered in the window. The capital of the store was £28, and at first it was opened only on Saturday and Monday evenings. Nevertheless, its success was immediate and far-reaching. Within three years several

similar stores had been started in the neighbourhood, and within six years there were 130 co-operative stores in the north of England and in the midlands of Scotland. The Rochdale store itself went steadily forward. From 28 members it grew to 900 members in the first 10 years, to 4,750 in the next decade, and to 7,600 members in the third. Its funds in the meantime increased to nearly \$1,000,000 and its profits to \$200,000 annually—all within thirty years. The general movement throughout Great Britain corresponded to this rapid rate of progress both intensively and extensively. On this topic space forbids more than a few statistical totals. At the present time there are over 1,500 co-operative stores in Great Britain. The total membership exceeds 2,350,000. Their total annual turn-over is in the neighbourhood of \$600,000,000, and their annual profits in the neighbourhood of \$60,000,000, while their accumulated share capital, made up of a part of the savings of their patrons, is over \$140,000,000. With this tremendous development, conditions both external and internal have been forced to keep pace. With regard to legislation, a tentative measure of support was passed in 1846 and an Industrial and Provident Societies' Act in 1852, the latter being extended and improved by amendments in 1862 and 1871 which materially widened the field for the movement. Gradually also the organization of co-operation from within was perfected. Wholesale organizations were formed after 1862, in which year the law made it possible for one society to hold shares in another. Rochdale extended the principle of co-operation to manufacturing in 1868. Finally a co-operative union was formed for the whole United Kingdom by which annual congresses have been held since 1869, and the general duty of which is the uniting of co-operators and the diffusion of a knowledge of co-operative principles. The movement has had for many years an accredited journalism, which has reached an immense

circulation. Highest of all in the scale of organization has arisen the International Co-operative Alliance of which the honorary president is at present the Right Honourable Earl Grey, our governor general, and whose committee includes representatives from nearly every country in Europe and from the United States. The alliance is designed "to elucidate by international discussion and correspondence the nature of true co-operative principles"; it was established in 1895 and holds a congress every two years. All this machinery has not been devoted to trade alone. Over 400 reading rooms have been opened by the co-operative societies of Great Britain. Their education committees classes are attended by over 9,000 pupils. At Oxford itself two scholarships have been established. Such in merest outline, are the history and proportions in Great Britain of the movement we are now discussing with regard to its possible meaning for ourselves.

One item included in the above is perhaps worthy of special mention. The Civil Service Supply Association, under which title the co-operative enterprise of the British Civil Service is designated, was established in 1867, in imitation of the Rochdale Society, but, as will be pointed out further on, with somewhat different ends in view. Up to 1882, profits were capitalized, but from that time on they have been distributed upon capital as in an ordinary joint stock association. The result is, that a share in this society on which only ten shillings was originally paid is now worth £125, and has yielded 12 per cent. in dividends on a nominal value of £80 for the past 15 years. At the same time the stockholders have obtained their goods from the beginning at cost prices.

In Canada the co-operative movement has had powerful enemies to contend with. Of these the most obvious is the comparative restlessness of our industrial population. Men are here to-day and gone to-morrow in Canada to a degree that is un-

known in Europe. Perhaps a greater obstacle has been lack of knowledge as to the peculiar genius of co-operation. At any rate where the working population of the Dominion has been predominantly British, some notable successes have been achieved. In the Nova Scotia coal fields, for example, there are at present three or four well-founded undertakings, the lesson of past failures through neglect in the establishment of reserves and through extravagant buying having been well learned. There are also successful stores in operation at Guelph, Hamilton and Brantford, Ont. We are all familiar with the record of our co-operative dairying and apple-packing associations, and with Mr. Desjardins' splendid success in co-operative banking at Levis, Que. One result of popular ignorance on the subject is the number of spurious co-operative enterprises which have been launched, especially in Ontario, and which have brought wide discredit on the system. The lack of intelligent and comprehensive legislation is a leading cause of this, and we may regret, in passing, the failure of the bill at the last session of the Dominion parliament which would so fully have supplied this need. I might add that if any one wishes to give serious consideration to the history of co-operation in Canada and to study its failures as well as its successes, the Department of Labour has collected information in detail with regard to every co-operative undertakings in Canada of which it has learned the existence covering several years in the past. The special investigation conducted by the select committee of the House of Commons in 1907 is also full of information on the subject. In connection with that evidence special interest will attach to the testimony of Mr. Mackenzie King as to the theory and practice of co-operation. "I think," said Mr. King, "that a co-operative society started here in Ottawa would be a god-send to the members of the Civil Service." Professor Adam Shortt also gave evi-

dence in sympathy with co-operation, while His Excellency the Governor General, who was also a witness, gave lengthy testimony on the beneficial results of co-operation in Europe.

Let us now come down to the practical and personal problem confronting us—a problem which was bound sooner or later to be suggested by records and statistics like the foregoing to any body of men situated as we are. In considering this, it seems to me that we may roughly and for purposes of discussion divide the subject matter into two main parts representing respectively the wherefore and the why of the problem. In other words we have first to answer the question: shall we or shall we not on general principles make an organized and well-considered attempt to introduce co-operative methods of trading among civil servants at Ottawa? If we answer this question provisionally in the affirmative, we have in the second place to consider: how shall we go about the introduction of these methods so as to insure success? The answer to the latter question will doubtless reflect back upon our first question and in any case the subject in the end must be considered as a whole.

We may begin with respect to the first part of the subject by stating as strongly as possible the arguments which may be brought against any project on the part of civil servants to introduce distributive co-operation. These arguments may be classified in four main groups as follows:

- (1) There may be other more effective means at hand to accomplish the same results.
- (2) The danger inherent in co-operation of doing injury to any other class of the community and the natural reluctance of everyone to cause loss or inconvenience under any circumstances.
- (3) The considerations arising out of the fact that civil servants are employed by the entire community and the bearing of such considerations

upon the freedom of the service to engage in co-operation.

(4) The practical difficulties in the way of carrying out co-operation under all the circumstances.

In answer to these arguments, we might bring forward the following:

(1) If there are other means of securing cheaper distribution, involving a more efficient competitive system, they would probably require more extensive organization than the civil service is capable of.

(2) As to the injury which the adoption of co-operation by any body of men may cause another class, this is capable of only one answer, and that answer is dictated by the system of trade and industry under which we live. The profit of the salesman represents the reward which he receives for specific services rendered. No person is entitled to that reward when the services are not rendered. As Earnest Aves points out, "no class can complain of unfairness if it should find its services no longer requisitioned; in a free industrial community there is no such thing as a prescriptive right to a weak economic position." Of course if an individual has accepted personal as apart from business favours that is his own matter, and he should respect his situation. But a general argument like that to which we are replying carried to its logical conclusion would mean that one could not attend to one's own furnace or grow vegetables in one's own garden. The above is irrespective of whether we have any special right to complain, such as exorbitant prices, combinations of tradesmen, etc. One cannot, however, anticipate any violent debate on this point, seeing that the business world itself adopts co-operation whenever it has the opportunity. For example, the Canadian Manufacturers' Association has organized for its 2,000 members a co-operative insurance association. The Canadian Pacific Railway, the Grand Trunk and other large companies insure their belongings on what is virtually a co-opera-

tive plan. A step further, and on a different basis, we have the large departmental stores and the great trusts which are nothing but devices for the elimination of disorganization, and which are infinitely damaging to the ordinary distributor. The retailer will certainly not receive from the co-operator as hostile treatment as is already meted out to him by his trade competitors.

(3) As to the peculiar position of the civil service, if such exists, I myself feel that it lies in quite the opposite direction from that which is sometimes suggested. We are to our cost familiar with the popular delusion that the civil servant is an individual whose earnings are so considerable and are come by so easily that it would be a pity not to help him rid of them. As a matter of fact, and quite apart from this, the position of civil servants is in Great Britain argued as a positive justification of their adoption of co-operation. That is the view, not of civil servants, but of writers who are concerned only with the principle involved. For example, Mrs. Sidney Webb points to the isolation of the civil servant from politics and his position as the servant of the whole community as peculiarly suggesting that he should become a co-operator, inasmuch as it cuts him off from the temptation to repay personal injury under cover of popular policy. This statement simply means that it is a protection to the country that its servants should carry on their private business in such a way that they may incur no obligations which they might be tempted to try to repay at the public cost. On more general grounds, however, how has any employer the right to dictate to any one how he shall spend the money which he has honestly earned, provided in the spending he remains within the law? Surely that is fundamental. Moreover, what convention can interfere anywhere with the economic law that men buy in the cheapest and sell in the dearest market?

(4) As to the practical difficulties in

the way of co-operation, our opinion of these will largely depend upon the answer we find to the second division of our inquiry when we come to consider the working methods here available. Certainly, it is easy to imagine a score of undertakings that would lead to failure. For the present, however, we may waive discussion of the particular and remark one very important general consideration, namely, that we possess in the present case, to a degree unique in Canada, that prime requisite of co-operative success, a stable constituency. Certainly it would be impossible to find a less shifting body of employees anywhere than the 3,500 persons who work directly for the government in Ottawa. In addition, there is the second important fact that they are comparatively a class of large spending power. Approximately \$1,750,000 are received annually in salaries by civil servants in Ottawa and are presumably spent in the same locality. It is easy to appreciate the invitation which circumstances like these hold out to organized methods of trading, especially when we remember that the experience of the civil service has already within the last two years accustomed it not only to the methods but to some of the results of working together.

But to reply properly to these four questions requires an explanation in broader terms. It requires a definition of what co-operation is and what it aims to accomplish. This is too large a subject to be dealt with briefly, but I think we should make an attempt to grasp at least one or two underlying principles. To begin with, co-operation aims to save money for its promoters. The experience of the English stores is that from 10 to 12½ per cent. is saved on the ordinary prices of articles in constant demand. This is a tremendous accomplishment, and if co-operation did no more than to aid this much in the diffusion of conditions which make for material comfort in life it would be doing a

great deal. Individuals like armies walk upon their stomachs. From the highest standpoint there are few blessings greater than the raising of the scale on which a man is enabled to live. But co-operation does more than that. It introduces into business itself a most wholesome and elevating principle. It is unnecessary to claim that it is alone in that. But in the co-operative store, prices are fair, the quality of the article is what it professes to be, weights are honest, and the wages paid are just, for the sufficient reason that there is no temptation otherwise. Wasteful methods for the sake of display, petty deceptions, the levy upon the punctual creditor to cover bad debts, all these and similar evils in competitive trade are eliminated by co-operation. We might refer in passing to the widespread distrust with which the people are come to regard the organization of modern trade. At the present moment a great organization of Canadian grocers is fighting for its life in the courts on the charge of conspiracy in restraint of trade. Almost every day a similar charge is made with regard to some branch of trade, wholesale or retail. Within a month the Toronto Star has specifically charged that combines exist to enhance the price of tinned vegetables, glass jars, sugar and tacks. We all remember the almost unbelievable revelations with regard to the plumbing trade in Toronto three or four years ago. Writing on this subject, the late Thomas Hughes remarked: "The industrial history of England during the past few years has made it clear enough that unless trade can be mastered and informed with a new spirit it will destroy the national life." However, we need not in our own small sphere concern ourselves with problems of such moment as these, except to remember the essentially high ground which co-operation occupies. From within its results are still greater. In the words of Marshall, the greatest living English economist, co-operation

"rests in a great measure on ethical motives." "Wherever co-operation has succeeded," says Ely for America, "it has produced excellent effects on character. It makes men diligent, frugal, intelligent and considerate of the rights of others." "Co-operation misses its highest mark," says Ernest Aves, "if the character of its adherents be not raised," and he goes on to speak of its fostering self-reliance and the spirit of fellowship, its aim being "to increase the economic usefulness of the individual life, and through that the national welfare." Mrs. Webb characterizes co-operation as belonging to an advanced stage of civilization, and refers to Herbert Spencer's generalization that "character will ultimately be more highly esteemed than intellect." The early English societies almost invariably prefaced their constitution with an address on the moral aspect of co-operation. A frequent motto was the following: "They helped everyone his brother and everyone said to his brother: Be of good cheer." I mention this aspect of the case in much the spirit that reference was made above to the huge proportions of the movement, that it may imbue us with a sense of the essential dignity of the step we are contemplating. Of course there is co-operation and co-operation. Not all co-operation is to be entitled to the high rank which Thomas Hughes confers upon it, namely, that it is a direct outcome of religious faith and that it is an attempt to realize the kingdom of heaven on earth. But I think we must look, nevertheless, in the present situation to far off results. Co-operation would represent the service trying in one way to accomplish from within what the government has already done from without in taking the service out of politics, the building up of its character. If co-operation represents a more efficient way of transacting our ordinary business, we may depend upon it that its adoption will gain us the respect and not the hostility of the country out-

side. As things are at present we seldom or never hear a reference to the civil service that is not by way of joke or epigram. Would not a successful co-operative undertaking, in addition to the organized activities we have already on foot, be an answer that would effectually silence all such? And is not the good of the country involved in anything that tends to increase the personal efficiency of civil servants both as workmen and as citizens?

All this may seem to smack of theory, and in our discussion of this subject let us not forget that co-operation is not a theory but a practice. This is overlooked by those who would dismiss co-operation as socialistic or semi-socialistic, socialism as someone says, being "a good working bugbear." Nothing, in fact, could be more misleading than such a comparison. Socialism is a political theory which advocates a fundamental change in the economic basis of society. Co-operation, on the other hand, starts with the accepted basis of private ownership of the bulk of the capital and the private direction of the greater part of the industries of the country. They are alike in employing the principle of association to work out their separate ends, but as has been said, "it would be as fair to identify those who blow up a houseful of people with those who blow up a rock which impedes traffic because both use gunpowder." That co-operation is a theory we are perhaps not liable, from the standpoint of this association, to forget, confronted as we are already by a successful though tentative application of its principle to the business of the service. In point of fact, it is the actual presence of co-operation in our midst that constitutes our immediate problem.

This may bring us to the second part of the inquiry, namely, the lines upon which co-operation in the civil service should go forward, provided it is decided to make the attempt.

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Communications on any subject of interest to the Civil Service are invited and will receive careful consideration.

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SUPERANNUATION: TO A CORRESPONDENT.

In our last issue appeared a communication from one signing himself "Old Timer," upon the subject of Superannuation. Briefly put, the plaint of the writer is that the Royal Commission's Superannuation Bill does not go far enough. He admits, we believe, that the measure is a satisfactory one for all normally-situated civil servants, but he objects that it does not specifically cover the case of those who have been transferred from the Outside to the Inside Service.

We suspect that our correspondent has not followed the discussions which have taken place upon this subject. The point raised by him, far from having escaped notice, was referred to by the Royal Commission; it was considered, we are sure, when the Bill was drafted; and it has been discussed

publicly in the columns of THE CIVILIAN. In No. 2 of that Periodical (under date May 22nd, 1908: *vide* paragraphs 2, 6 and 7 of the article "Superannuation"), the need for a remedy is recognized; and in No. 4 (June 19th, 1908), the matter is discussed at some length, and a solution proposed. If "Old Timer" will do us the honour to peruse the passages referred to, he will see that his own proposal, among others, has been considered; thus again illustrating the saying that there is nothing new under the sun.

The whole service is interested in seeing the *principle* of Superannuation, which for ten long years has lain buried, resurrected and re-affirmed. It would be a calamity, therefore, if that most desirable object should be endangered because a certain percentage of the service occupying a peculiar position, insist upon having incorporated in the Bill a retroactive provision of wide scope, and with regard to which grave differences of opinion will almost certainly arise. We can state positively that this consideration was present to the minds of the commissioners when their report was being prepared, and that the Bill itself was framed upon the assumption that what was special and controversial ought not to stand side by side with what may fairly be said to admit of no dispute. How, for example, would our correspondent deal with the members of Funds I. and II. who may desire to be transferred to the new Fund? What expedient would he suggest in the case of those now on the Retirement Fund, who, desiring to contribute to Superannuation from the present time only, demand a return of the sums to their credit in the Retirement Fund? How would he advise the government to deal with those who do not want Superannuation at all (until they get older and see the "imminent deadly breach" before them), but desire the Retirement Fund continued? We aver that there are civil servants who desiderate all of these things. And

yet, Acts of Parliament containing subtle distinctions and designed for small groups, are hard to obtain: so much so that for centuries the maxim has held,—*De minimis non curat lex*.

Let the service by all means obtain the best terms possible; but let us not fail of our main object by presenting a divided front—demanding, some one thing and some another. “Old Timer” suggests, and we think his suggestion, in some form or another, a reasonable one, although far from being specific,—that transferred civil servants be granted the right of paying contributions for as many past years of service as they can. He has failed to observe, or at least to state, that men who have neither wives or children, or who are of indifferent health, would in all probability decline to make any such payments, whereas men in possession of these dear pledges, or in robust health, would strain every resource to qualify for as many years as possible. As reasonable men we must look upon this as a source of considerable loss to the government. He who seeks equity must do equity. Nor, if we waive this point, has “Old Timer” remembered to state whether such payments are to be *inclusive* or *exclusive* of interest, and if inclusive at what rate; and yet the difference may be truly portentous. If the payments are to include interest, will everyone be satisfied with that plan; and, where payments for the complete number of years cannot be made, what years are to be chosen,—the last, the middle or the first years? Time is of the very essence of interest payments, and a rule would have to be laid down. Who will lay down that rule with even the roughest semblance of justice? And how many will agree that it is just when laid down? On the other hand, suppose the payments are to be exclusive of interest, and that those concerned agree to regard this arrangement as fair, there is no assurance that the government will see eye-to-eye with them and consent to forego a loss of interest that, in

the aggregate, would amount to a large sum. We state this particular case somewhat fully and frankly to show that subjects which, upon the surface, appear simple, are in reality most complex.

We are glad to have had “Old Timer’s” communication, and he is free of our columns for any purpose of the like importance. We misjudge him, however, if he does not see some reason for taking common ground on what is acceptable to all, leaving special interests to be the subject of special representation at the proper time. As to those to whom these special interests apply, they should consult together, without loss of time, and agree, if possible, upon what they will consent to accept. The large class represented by our correspondent should certainly take occasion by the hand, reach a conclusion that will satisfy the majority, and communicate the result to the Civil Service Association without delay.

BOURBONISM IN THE SERVICE.

The best men of both political parties are at one in desiring a reform of the Civil Service, as is evidenced by the non-partisan character of the debates upon the Bill of last session. The great mass of the public has thrown its weight into the same scale. All thinking men being agreed as to the necessity, there was passed the law of last session—a law which no one claims to be perfect, but which still marks a great advance on anything that has gone before. Two excellent commissioners have since been appointed. Portions of the Outside Service have been brought in—with the confusing results inevitable under a partial application of the law. And there for the time being the process has ceased. But, though the Kingdom cometh not with observation, we may let that pass for the present. Better a thousand times that opinion should be thoroughly sifted and clari-

fied before action is taken than that there should be any paltering or turning back. The essential point is that men's minds have undergone a change and that a new hour has struck.

The real conscience and brain of the service is in sympathy with the reform movement. Let that not be forgotten. There are those among us, however, whose minds are closed to ideas of betterment. They are the Bourbons of our service: *men who learn nothing and forget nothing*. "We have heard all that before," they say; "these innovations are foolish and impracticable. In our time we always did it thus and so, and thus and so 'twill ever be." Some of the Bourbons occupy the very highest permanent positions. Their departments are living examples of the break-down of the old system. Yet suggestions for improvement are met with open or covert sneers. It is difficult to see what other course is available than the early retirement of such men from positions for which they are so unfitted. The fate of Bourbonism may always be inferred from the famous saying referred to above; for dullness and prejudice cannot stand against enlightenment and good faith, and, while they may harass, they cannot defeat the army of progress.

"PECULIAR" ABILITY AND CIVIL SERVICE REFORM.

Already, it would seem from rumor, the great, bald question has got itself asked in concrete connection: Are we, or are we not, since September 1st, under Civil Service Reform? Everyone knows that elaborate and deep-probing changes in the Civil Service Act have been made. But are the changes of that vital kind which are of the spirit? If they are not, the letter of the law will avail little. The letter killeth.

The commissioners, according to report, have held back certain promotions or appointments, suggested

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on lines that seemed to prejudice the basic principle of the new order. It is not profitable to discuss half-truths or gossip. We are very sensible, however, of the momentous consequences, for the service and for the country, which hang upon the interpretation which the commissioners may place on one or two details involved in their administration of the Act—details to which even now they must be giving anxious thought. We would like a word on one of these.

Clause 21 of the Act provides that if the deputy head of a department reports that the knowledge and ability requisite for a position are wholly or in part professional, technical or otherwise peculiar, the recommendation of the minister based on a report in writing of the deputy minister is sufficient for an appointment, provided the appointee be declared competent by the commissioners.

It is easy to appreciate what an

abyss is fixed between a rigid and a loose interpretation of a clause like this. Relax the authority of the commissioners even a little, and you have at once three-fourths of the upper offices in the service abandoned to the old abuse of the political appointment and shut to everyone who lacks the necessary influence. For what office under the sun, if it amounts to anything, is not ability of a "peculiar" sort necessary? Unquestionably the minister and the deputy minister must have a say and a large say in the filling of the upper positions; but it must be a say based purely upon considerations of good administration and not of personal favouritism or politics. It may sound like a paradox, but it is the literal truth, in the administration of a public service, that the freer you leave a Head and Deputy in the matter of appointments, the faster you fetter them to bad methods and results. The com-

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plaint of the deputies in the past has been that they have been unable always to secure good appointments. This complaint can be met in one way only — by placing these appointments largely in hands that are bound to be impartial by having no temptation otherwise. Why should not the commissioners be judges of attainments that are “peculiar”? If the spirit of the Act be followed they are, if not the sole judges in appointments, at least judges to the extent of seeing that the judgment of others is on a proper basis.

The rule for the filling of the higher offices is, as stated by the law, that they should be filled by promotion. No one would say that this means that an inferior man is to be chosen for a place because he happens to be in the service. But if his inferiority exists it should be demonstrated to him and he should know that no other obstacle is in his way than the honest opinion of critics thinking solely of the good of the service.

But we do not bring this forward to cause disquietude. The Act is not fully appreciated yet. Every word that goes abroad would show that appreciation is on the way. Even if attempts are made upon the spirit of reform, this will only prove that the old gives place slowly to the new.

Back of all is the standing truth—that civil service reform is a *paying* proposition: that while mercy is but twice blessed this is blessed thrice, blessing the civil servant, the heads of the service, and the country.

A GOOD SUGGESTION.

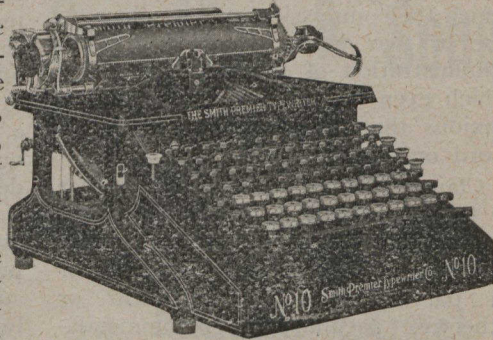
The Civil Service Association is no longer an experiment. It is a full-fledged institution here to stay. There is the more reason, accordingly, that it should adopt the various practices in its internal economy which experience has suggested expedient in the

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case of similar bodies outside. One of these practices is the formal presentation and acceptance of an annual report as to the proceedings of the past year, with suggestions for the future. This is the more necessary in an association which like ours has no constitutional provision for a meeting of the rank and file of the membership. The suggestion, therefore, which has been adopted, we understand, by the executive, that an approved statement of the kind be presented at the next annual meeting, after having been printed in full for the benefit of the service, is an excellent one. Such a document will come in very short time to be regarded as one of the events in the civil service year; it will greatly stimulate interest in the association and cement the bonds of union — apart from the recognition it will imply of the right of the membership at large to be fully informed as to the views and policy of its executive officers. Sister associations of the service might follow a similar practice. Should expense be a consideration, THE CIVILIAN is at all times ready with space for so important a purpose.

OMISSIONS.

In publishing the list of officers of the Savings and Loan Society in our last issue, we inadvertently omitted the name of Mr. E. A. Miles, who is a most valued member of the Board of Credit.

To the list of advisory committees of the C. S. Association, the following should be added:

HOUSE OF COMMONS.

Representative on the Executive—
Walter Todd.

Advisory committee—Hansard staff, A. Horton; chief clerks, W. Todd; first class clerks, R. P. King; second class clerks, W. Cairns; junior second class clerks, E. Naubert; messengers, G. Boudreault.

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(By *Mercutio.*)

They join us in the crowded street,
 Their shadows fall on every way,
 We face them as we sit at meat,
 They nudge us as we kneel to pray.
 At home, abroad, by night or day,
 The bores are with us, high or low,
 And one is foremost in the fray—
 The man who says I-told-you-so.

There's one who has a scheme complete
 To boil a pot in depths of hay,
 And one who knows how Nelson's fleet
 Was managed at Trafalgar Bay.
 These are but bores of common clay,
 Who twist your buttons off and go,
 Behold a deadlier for than they,—
 The man who says I-told-you-so.

We pity him, half sage, half beat,
 Who talks about "The Time's Decay";
 We smile at him whose rich conceit
 Has made him "Friend of Lo-ree-ay;"
 The weather prophet thin and gray
 Is more like friend to us than foe,—
 But Heaven spare us till we slay
 The man who says I-told-so.

The Government sustains defeat,
 A waiter tumbles with his tray,
 A trusted clerk is proved a cheat,
 The Koodoos capture Mandalay.
 Ere courts or press have had their say
 A gloom is added to our woe,
 For then bobs up serene, *au fait*,
 The man who says I-told-you-so.

If on tomorrow morn you meet
 A smug-faced varlet, almost gay,
 Whose smile is like a dash of sleet,
 Whose chuckle like a frost in May,
 Just mention Civil Service pay
 With some grim rumour *à propos*,
 The parted lips will soon betray
 The man who says I-told-you-so.

L'ENVOI.

Prince, though you evermore delay
 My C. M. G. and I. S. O.
 Please give the long H. O. O. K.
 To him who says I-told-you-so.

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CO-OPERATION AND THE CIVIL SERVICE.

Continued from page 411.

In the first place, let us admit that the action taken thus far in the matter cannot be regarded as final or satisfactory. Exception may be made in the case of the coal purchase, which was launched on a comprehensive scale, and which was safeguarded in every way that the circumstances permitted. The other schemes, however, insofar as I have been able to ascertain, are defective in two main respects: first, they have not been sufficiently elastic in their organization, nor were they placed upon the unimpeachable financial basis which is essential if co-operation is to enjoy the confidence of the service. As experiments they have been exceedingly useful, and it is only fair to say that they were never intended to be anything else. But we must, henceforth,

regard the experimental stage as past. To reap the full benefits of co-operation, the entire service should be given an opportunity to come in, and the handling of the cash must be absolutely safeguarded. If the latter point is overlooked, sooner or later, distrust if not disaster will ensue, even though the enterprise itself be on feasible lines. Moreover, there must positively be no interference of co-operation with official duties.

What then is the remedy? I myself think that the time has arrived when the whole co-operative movement should be placed upon a stable and permanent basis within the service. In other words I would advocate the immediate organization of an association, to be called, say, "the Civil Service Co-operative Supply Association," and to be incorporated if for no other purpose than the additional weight it would thereby secure as a purchasing agency. Unfortunately there is no legislation under

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which incorporation could be secured except the Ontario Companies' Act. This would render necessary an outlay of \$100, or perhaps a little more, in fees and lawyers' costs, and the association would require to have at least \$1,000 paid-up capital. These, however, are not grave difficulties. The idea would be, not that such an association should strike out at once in all directions and immediately attempt the establishment of a store, but that it should simply absorb those co-operative undertakings, such as the coal and apple purchases, which are already a demonstrated success, and should be content for the immediate present with carrying them to their highest degree of perfection. Then step by step, and on the principle of knowing absolutely where each step will lead, before it is taken, other lines might be added. The ice business might be taken on. Fish and potatoes have been suggested as possible other lines. The process of expansion thus begun and carried wisely and steadily forward might lead, who knows to what great results? The

point is that the movement would be focussed in this way in a single responsible and trained body to which suggestions might be brought, and which by concentrating the co-operative ability and energy of the service, might hold within it from the start the germ of a great success.

The organization above proposed would necessarily be separate from the Civil Service Association, just as the Loan and Savings Association and the Athletic Association are at present separate. Our association is essentially of a different and higher kind. Our form of organization is not adapted to an activity like that suggested. Constitutional difficulties also forbid, especially if incorporation be thought of. Co-operation is a matter on which there may be differences of opinion or differences of interest in our ranks. It is only proper that the governing body in a co-operative association should be directly responsible to the persons whose interests it is managing, and to them alone. A clash in jurisdiction would sooner or later almost inevitably result from any failure

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of having a clear delimitation of functions. It would be somewhat as if the House of Commons should attempt to manage the Intercolonial, provided the latter were a joint stock enterprise with shareholders. This does not mean that our association cannot exercise a most important influence on the scope of the co-operative movement. "The bearing of co-operation on the highest interests of the service, and the general principles to which it should conform" (to quote the resolution of the annual meeting) is in a peculiar sense a matter which this association ought now to investigate and use its influence upon. Whether it could ever frame regulations for co-operative enterprises as the resolution suggests is more doubtful, as this would depend largely upon the consent of those directly concerned. For instance, it remains to be seen whether the 250 individuals who embarked in the coal purchase would be willing to allow any one but themselves directly to prescribe the terms on which they might proceed. Most of them are members of the association, but all are not, and in any event their capacity as members of the association and members of the co-operative coal purchase are distinct. At the same time their actions must never be regarded as above criticism by this association, and for that reason we should have a standing committee on this executive whose duty it should be to guard continuously the welfare of the civil service as a class and on general principles in all matters arising out of co-operation.

The mention of the association, in this way, at once introduces a very important point, which being a matter of general principle and of preliminary inquiry might be passed upon by the association. What type of co-operation should we agree to embrace? As briefly suggested above, there are two important forms of co-operative distribution. There is first the ordinary workingmen's co-operation, and secondly the type

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MANAGER.

known as "London" co-operation. The distinction between the two is that the latter aims solely to supply goods at cost price, while the former has the ulterior motive of promoting thrift and comradeship and assisting in the accumulation of savings. The latter undersells the ordinary dealer; the former sells its goods at ordinary market prices and returns the profits at regular periods in the form of dividends. The distinction may at first glance seem to be in method only. Nevertheless, it has proved very real, especially through the power which the co-operative workingmen's stores have been able to wield through their accumulated income. The London type is the system used among the richer classes. Among the most successful of its exemplars is the Civil Service Supply Association of England. This body well illustrates the temptation inherent in the London type to limit the number of members and appropriate to them alone the advantages derived from sales to a large number of non-members. Though over 40,000 buy at the stores, profits are divided among 5,000 only. The statistics illustrating the results of this have been already quoted. One can easily understand the bitter hostility which concerns like the Civil Service stores in England have aroused among retailers. For these as well as other reasons, it would probably be found advisable to organize our proposed civil service association on the lines of the great mass of the co-

operative stores in England. This, however, applies more particularly to the idea of a store and not to the more or less limited number of commodities which for the present are all we might be able to handle.

A brief description of the typical co-operative store in Great Britain, in its origin, organization and working methods might be of use here. The first step towards establishing a store is the persuasion and education of the future co-operators. For this purpose a number of co-operative tracts have been published by the Union and are made extensive use of. When the ground has thus been prepared a general meeting is called and a committee appointed. Even in this process the Union in Great Britain is available for assistance. The next step is to have the rules framed and registered, working models being available, again through the agency of the union. In this country it would be necessary to proceed, as in the case of our Loan and Savings' Society, by having a committee in the first instance to draw up rules for submission to a second meeting. The constitution of the co-operative store is thoroughly democratic. Membership is open to practically everyone of either sex over sixteen years of age. Ordinarily the number of members is unlimited as no man can make more than the percentage of profit on his own purchases. The idea of this, of course, is in the extension of business it involves, the members being naturally

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the chief purchasers. Under the London plan of co-operation, however, the membership is strictly limited and the low prices at which the goods are sold is trusted to induce trade. The holding of one share, of 15 shillings or £1 usually, entitles a member to vote. This share may be paid for by instalments, the common practice in England being to pay a shilling on application and to leave the dividends on purchases to accumulate, no further collection being made. No member has more than a single vote, no matter how many shares he holds. In England no member can hold shares for more than a nominal value of £200. Shares are withdrawable, but are not transferrable; they can never rise past par in price except in societies formed on the London plan, where the membership is limited. To guard against dangers of heavy withdrawals, the right of suspension is granted, though the reserve fund is counted upon as the chief safeguard.

Interest on shares is paid, usually at 5 per cent. per annum. Shareholders' meetings are held half-yearly, the management being vested in a committee whose officers are elected by the shareholders. The actual conduct of the business is usually in the hands of a manager appointed by the committee, subordinate employees being appointed on the recommendation of the manager. The committee is not paid for its services. Persons employed in the receipt or expenditure of money give a fidelity bond. The committee meets weekly or oftener, to supervise the action of the manager, pass orders, etc. Purchases are recorded by giving metal or cardboard checks, and these when presented at the end of the quarter form the basis upon which dividend is allowed. To non-members dealing at the store a half dividend is usually paid. Sales are for cash unless under exceptional circumstances.

It may be well to state some of the



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pitfalls which a newly formed co-operative association has especially to avoid. First, the building up of a serve fund on a substantial scale should be begun from the very outset. This is usually provided by a small fee upon entrants and by a fixed charge or percentage upon profits, which must be deducted before any dividends are declared. Secondly, the buying should be restricted only to lines on which profit is clearly possible. In these days of the large departmental stores, well equipped, well managed, and with reasonable prices, the lines in which co-operation yields a profit are fewer than they were a quarter of a century ago. This, of course, is a matter of locality to a large extent. Certainly, it seems to me, there would be no surer way of inviting disaster here in Ottawa than to launch forthwith a large and multi-form undertaking. For this reason, co-operators when they have reached the stage of opening a store, usually begin with groceries, in which the varieties are comparatively less numerous than in dry goods. Articles on which a quick turnover is possible are also given the preference. In short,

the association creeps before it walks.

Finally, we must keep in mind from the start that ordinary business and co-operative business are two different things, the latter embracing the former, but including a lot besides. Certainly everyone who may wish to serve at this juncture should make himself a thorough expert in co-operation. For this purpose such books as Beatrice Potter's "Co-operative Movement in Great Britain"; George Jacob Holyoake's "History of Co-operation"; "Co-operative Industry," by Earnest Aves; and particularly, "The Manual for Co-operators," written by Thomas Hughes and E. B. Neale, and published by the Co-operative Union of Great Britain in 1888, should be mastered.

In conclusion, let us repeat to ourselves again the warning to take action in this matter only after full and careful deliberation. I prefer to put it in that way rather than in the form of the usual caution that we should go slowly, which is often a counsel not to go at all. Indeed, in view of the situation in the service to-day, the need is rather for prompt, if not swift action, one way or the

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other, encouraging or repressive. If it is to be the latter, let us as an association take steps to safeguard our membership against what we decide to be a danger. If the former then let us remember a saying of George Holyoake, that a co-operative society commences in persuasion and proceeds by consent, and let us lend all the weight of our influence to stimulate these beneficent activities. In any event let us remember another maxim of Holyoake's: "It is true of movements as of men—those who act and do not think and those who think and do not act alike require an early coffin."

CIVIL SERVANTS SHOULD VOTE.

In the broad field of civil service activities the laborers, up to this time, have been few. This is not due to any unwillingness on the part of the rank and file of the service to bear its share of the burden, but because the delegated few could work to better advantage than the many.

An opportunity for practically every one to contribute his or her share to the common cause will be afforded when the ensuing civic elections take place. The new council will be called upon to decide whether the city will persist in violating the agreement by assessing the salaries of civil servants.

Approximately 1,800 government employees are now enrolled upon the voters' lists, and those who fail to register their votes will have little cause for complaint if their interests are treated with the same degree of indifference by the next as they have been by this year's council.

The attitude of the city council towards the assessment question has been neither manly nor straightforward. Twenty-three years ago the government entered into an agreement with the city under the terms of which it undertook to maintain

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and keep in repair certain parks, streets and bridges — formerly a charge upon the city—and to abolish the tolls on the bridges at the Chaudiere. In return for this the city agreed to furnish the government buildings with water and fire protection and to forego any claims for taxes on incomes of officers and servants of the government during such time as the agreement continued in force. In order to make the agreement absolutely binding and effective, it was put in the form of a by-law which passed the city council and was signed by the mayor and city clerk on the 10th day of August, 1885. In the year 1897 parliament passed the Act creating the Ottawa Improvement Commission. Under the provisions of that Act, the city was given further financial assistance to the extent of \$60,000 a year and the former agreement was confirmed and continued.

In order that our readers may see for themselves the precise language in which the city relinquished any claim which it might have to collect taxes on the incomes of government employees, section 8 of by-law No. 607 is reprinted herewith:

The said Corporation further undertakes

and agrees to make no claims for taxes on the income of officers and servants of the Government of Canada derived from the said Government for services rendered to the said Government that may have accrued to the said Corporation or that may hereafter accrue to the said Corporation so long as the previous conditions and obligations of the said agreement are kept observed and performed by the said Government of Canada.

In the face of this the city solicitor, having noted that other municipalities were assessing the incomes of government employees, advised the city council that this could be done in Ottawa also, and the assessor immediately proceeded to make the assessment.

Attention was then directed by the Civil Service Association to the terms of the by-law, and in reply the city solicitor admitted the existence of the agreement, but declared that *in his opinion* it didn't amount to anything because the city had no right to exempt any individual or class of individuals from the payment of a tax which is imposed upon everybody else in the community. In brief, he declared, the action of the city council in entering into an agreement of this nature was illegal.

Admitting for the sake of argument that the city solicitor's view is the correct one, will any sane indi-

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vidual contend that the city had either moral or legal justification for raising that point? Certainly not. Yet the city council in the face of a protest from the government permits its officials to proceed with the imposition of the tax and throws upon the shoulders of the civil servants the burden of going into the courts and demonstrating that the city is proceeding upon illegal lines and in violation of the terms of its own by-law.

The moment the city council accepted the opinion of its legal adviser and determined to collect an income tax from government employees, the only justifiable procedure would have been to have repealed the by-law granting the exemption, and thus to have cancelled its agreement with the government. Had that been done, they would have been entitled to the respect of the service and of everybody, no matter how much the latter might have been inclined to resent such a proceeding. That method of dealing with the matter would, however, have been entirely too logical to have been in keeping with the accepted method of doing things. These sage city fathers of ours probably reasoned together something after this fashion: "It is true that we have an agreement whereby we have accepted certain concessions in payment of the income tax, but the government has

probably forgotten that phase of the agreement, and since these civil servants have no friends in the community we'll throw the blame on the city solicitor and allow the assessor to soak them for another \$20,000."

The government has not forgotten, however, and in all probability the city will be given to understand this in no uncertain manner. In the meantime civil servants have within their grasp the means of determining very largely the composition of the next city council. They can, if they will, secure the election of men who will deal with this matter in a spirit of fearlessness and honor. They can, at the same time, and in the same persons, place at the council board a body of men whose business and moral instincts will guarantee an absolutely clean and satisfactory civic administration.

No civil servant need hesitate to vote because of a fear that his so doing will prejudice his case in the courts if it is found necessary to go there. THE CIVILIAN is in a position to assure him that he need have no fear on that score.

The executive of the Association will soon be in a position to make a pronouncement to its members as to the course which should be pursued in connection with the elections.

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TO THE SKI-ING FRATERNITY.

It was hoped that an announcement could be made in this issue with reference to the time when the skis ordered by members of the service might be expected. Those who have this matter in hand, however, are not yet in a position to make an announcement on account of a delay in the correspondence. Such announcement must, therefore, be left until our next issue, unless, as we hope is probable, these instruments of pleasure themselves arrive in the interim.

THE LOAN AND SAVINGS SOCIETY.

The rapid growth of the Civil Service Savings and Loan Association, and the probability of a great increase in its membership and volume of business in the near future, have made it in the opinion of the Board of Administration of the Association desirable that the organization should be incorporated at the earliest moment possible. Application was accordingly made some weeks ago to the Ontario Government with the result that the Board of Administration has been informed that the Association could not be incorporated under the provincial laws, save, in the first place, by the introduction into its constitution of such changes as would not be wholly in accordance with those principles of co-operation which furnish the special reason for its existence, and in the second place by the subscription of an inordinate amount of paid-up capital. It is understood that in view of the decision of the provincial authorities, the Board of Administration has decided to recommend that appli-

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cation should be made for incorporation under the Dominion law. In the meantime, the provincial authorities have raised the question of jurisdiction and the point being one of some importance the Board has decided that pending consideration of the subject by a general meeting of the members, it will be in the interests of the Association not to issue further shares or to make further loans. Mr. H. LeB. Ross, the manager, will continue to receive applications for membership and payments on account of instalments due on shares not fully paid up. These may be mailed to Mr. Ross at 360 Gilmour street, or may be handed to him personally on Mondays and Fridays from 4.30 to 5.30 p.m. at the Office Specialty Company, 143 Sparks street.

A general meeting will be held shortly to determine as to the course of procedure. There are at the present time about 120 members and each day offers new evidence of the valuable work that the Association will be able to accomplish. This makes it more desirable that it should be firmly established according either to Dominion or provincial law.

CORRESPONDENCE.

We do not hold ourselves responsible for opinions expressed under this heading.

Injustice.

To the Editors of THE CIVILIAN:

As your columns are always open to items of interest to the civil service, I beg to submit a statement of what appears a gross injustice to many honest officials who, for years, have devoted their time and talents in faithful service in the various departments. In view of the fact that for four years, 1897, 98, 99 and 1900, civil servants did not receive their regular annual increases, the loss thus sustained by

the civil servants was considerable, and as an illustration the following statement will show how the service was affected thereby: In the year 1896 a clerk in one of the departments received his promotion, to a second class clerkship, receiving a salary of eleven hundred dollars, but for the following four years, 1897, 98, 99 and 1900, he did not receive the statutory allowance of fifty dollars a year, which meant a loss of five hundred dollars to him, at the end of the four year period. Then in the year 1901 the increase of fifty dollars was allowed, and thereafter each year, till 1908, when he had reached his maximum of fifteen hundred dollars. The question is, if it was right for him to receive it for 1901, 02, 03, 04, 05, 06 and 07, why should he have been deprived of said increase for the years 1897, 98, 99 and 1900? The appended statement will show how much this civil servant had lost through no fault of his, during the 12 year period from 1897 to 1908:—

Year.	Salary.	Should have been.	Loss.
1897...	\$1,100	\$1,150	\$ 50
1898...	1,100	1,200	100
1899...	1,100	1,250	150
1900...	1,100	1,300	200
1901...	1,150	1,350	200
1902...	1,200	1,400	200
1903...	1,250	1,450	200
1904...	1,300	1,500	200
1905...	1,350	1,500	150
1906...	1,400	1,500	100
1907...	1,450	1,500	50
1908...	1,500	1,500	...

Loss to this official \$1,600

The above will show that had this official received his statutory allow-

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ance for the years 1897, 98, 99 and 1900, he would have reached his maximum four years before he did, and consequently would not have lost the sixteen hundred dollars. We trust that those who may have the adjustment of salaries, under the new Civil Service Act, will take such matters into consideration, and mete out justice to those in the service who have been thus treated.

C. A. M.

Nov. 26th, 1908.

CIVIL SERVANTS AND THE INCOME TAX.

Judgment of the Supreme Court of Canada in the St. John Case and the Reasons Therefor.

(Continued.)

At any rate, if, under the guise of exercising power of taxation, confiscation of a substantial part of official and other salaries were attempted, it would be then time enough to consider the question and not to assume beforehand such a suggested misuse of the power.

Then, it was argued that inasmuch as at common law the salaries of officials of the Crown were incapable of being assigned, pledged or charged by the acts of the officials or by process of law any attempt to make them liable, like other residents, as income-taxpayers would be an illegal interference with the prerogative of the Crown as executive head of the Dominion.

I confess myself quite unable to follow this argument.

The question before us has nothing to do with the common law privileges or immunities of office holders. It is a question of statutory construction. Has the statute or has it not conferred the power claimed? It is admitted it has so far as provincial officials are concerned, and I am unable to appreciate the fine distinction which admits the King's prerogative was constitutionally interfered with in right of the province while it was excepted in right of the Dominion. The words conferring the power are, to my mind, too clear and broad and general to admit of the exception sought to be read into them.

I fail to find any provisions in our British North America Act exclusively vesting in its Parliament or withdrawing from the provincial legislatures the power of taxing incomes earned within the state whether by Dominion officials or others.

Then, as to the argument as to the implied exemption of Dominion officials' salaries sought to be supported by the decisions of Chief Justice Marshall in *McCulloch v. The State of Maryland*, (8 Wheaton 118) the Judicial Committee have in the case of *Webb v. Outtrim*, while declaring (page 89), that it was obvious there was no such analogy between the two systems of jurisprudence of the United States of America and the Australian Commonwealth as the learned Chief Justice of the latter suggested did exist, and that, therefore, the reasoning of Chief Justice Marshall and his conclusions did not apply, went on to say:—

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has been directed do not seem to leave room for implied prohibition—*expressum facit cessaire tacitum*; . . . and, again, at page 91, their Lordships say:—

The 114th section of the Constitution Act sufficiently shews that protection from interference on the part of the federal power was not lost sight of. It is impossible to suppose that the question now in debate was left to be decided on an implied prohibition when the power to enact laws on any subject whatsoever was before the legislature.

The 114th section of the Commonwealth Constitution to which the Judicial Committee call attention, reads as follows:—

A state shall not without the consent of the Parliament of the Commonwealth raise or maintain any naval or military force or impose any tax on property of any kind belonging to the Commonwealth nor shall the Commonwealth impose any tax on property of any kind belonging to a state.

For the purposes of determining

such a question as we have before us now as to reading into the sub-section 2 of section 92 an implied prohibition upon the taxation of Dominion officials' salaries, I am unable to discern any substantial distinction between the 114th section of the Commonwealth Act and the 125th section of the British North America Act, 1867, which reads:—

No lands or property belonging to Canada or any province shall be liable to taxation.

For these reasons I am of opinion that, upon the true construction of the British North America Act, 1867, the power of direct taxation within the province in order to the raising of a revenue for provincial purposes, having been given to the provincial legislatures, and the 125th section of the same Act having exempted the lands and property of the Dominion from liability to taxation, the argument seeking to read into the power a further prohibition and an implied one cannot prevail but that the fair and reasonable construction of the words conferring the power must be held to include resident Dominion

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Mr. Justice Idington.

The question is raised in this appeal of the power of a municipal corporation to tax the appellant (in common with other ratepayers taxable for income), in respect of that part of his income derived from salary for services in the civil service of the Dominion Government.

It was decided over thirty years ago in the case of *Leprohon v. The City of Ottawa* (1), first by the learned trial judge and, on appeal by the Court of Appeal for Ontario, that the municipalities had no such power. The late Chief Justice Spragge, in that case at page 526, put this holding on the ground of the incompatibility between the power of the Dominion, under the British North America Act, to fix a salary and the exercise of a municipal taxing power derived from the

province to tax for municipal purposes such a salary in common with all other incomes by way of salaries.

It is a fundamental principle that must be observed in the exercise of any municipal power either of taxation or otherwise, that it must be exercised uniformly and without discrimination of persons or corporations or classes. Such had been the exposition of municipal law in this country before confederation.

It therefore seems hard to conceive of it being intended that there should be implied (for it is not expressed) in section 92 of the British North America Act, in assigning to each province the exclusive power of making laws in relation "to municipal institutions in the province" that there must be one class which was to have this partial discrimination reserved in its favour. That, up to 1867, incomes had not been assessed or incomes derivable from this or other specified

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sources had not been assessed seems to me quite an irrelevant consideration.

Municipal institutions such as those conceived of could only be carried on by some taxing power being confided to the municipal authorities by the legislature creating them and, when such comprehensive language was used as I have referred to it seems to me that it must have been intended that such subjects of taxation and modes of levying such necessary taxes thereon as the legislature saw fit to empower was the only limit thereto save that reserved in the veto power given the Dominion Government.

It is said, however, that the power of taxation does not rest upon that which might, I submit, be very reasonably assumed as the basis upon which to have rested it, but upon the power of direct taxation given the provinces.

Let us, if need be, assume that to be so; then, if it has been delegated to the municipality created by such legislature, what difference can it make in the disposition of this question? No one questions the right of taxation in either municipal or school corporations, however it be derived.

Then why, if incomes be taxable, should not the salary of the civil servant be so also? If we assume the salary is given for a civil servant to live upon, then must we not suppose he has been given it to help to bear the burthen of the daily necessary expenses of living; such as educating his children; as clearing and making a road to his dwelling; as lighting, watering, or cleaning and keeping in order such road when so made; as

trunk sewers for the common benefit; as the maintenance of the poor and the sick; and as the payments of what the Dominion has imposed, by virtue of its powers held to exist, in the imposition, through these very municipal organizations, of a tax directed by the Dominion to meet the demands of railways for providing and guarding street crossings; and, in short, the entire expense of municipal government. That expense flowing from the Dominion impositions I refer to is as yet trifling but it may grow and it illustrates in principle better than the others how little there is in the reasoning from incompatibility relied upon in the Leprohon Case.

Surely, at least in the absence of express declaration of the Dominion to the contrary, it must be assumed that, at all events in those cases where the civil servant is prohibited from earning by other means of livelihood than his salary, the Dominion has given or intended to give a sufficient salary to meet the ordinary expenses of living, and that not to the extent of a single cent is the Dominion servant to live upon the products of the labours or incomes of other fellow townsmen.

He is entitled to live upon and be supported by the labour or at the expense of all those he serves, that is, of the inhabitants of the entire Dominion, not at the expense of the other persons in some particular places therein. It does not, I imagine, comport with the dignity of the Crown or the proper observation of justice on the part of the Dominion Parliament that any other rule should obtain.

I will not impute to the framers of the British North America Act the

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intention of creating a condition of things that in principle is fraught with inequality and injustice.

The Dominion is and has always been able to keep in respectable condition all her civil servants and not to make them dependent on the bounty of any one part of the Dominion more than another.

These matters all bear upon the construction of the Act as an instrument of government.

Nor does this construction interfere with these questions of the expediency of taxing these incomes when such considerations of state or municipal interest may arise as to lead to a proper modification or abandonment of the exercise of the right.

The expediency of an income tax as a method of taxation and the risks of unjust results therefrom are also entirely another matter.

One thing is quite clear that the subject of taxation so far as it might call for exemptions which were within the range of vision which the framers of the Act had, was foreseen and considered and the line drawn deliberately at the taxation of government property.

The express provision thus made was, I think, an exclusion of this exemption now contended for.

The case of McCulloch v. Maryland (1) cited and relied upon in nearly all the cases decided on this question since, as well as in, the Leprohon Case, seems to me to have little to do with the matter. The history leading up to the former decision is not to be overlooked in weighing it.

(To be Continued.)

PRESENTATION IN TOPOGRAPHICAL SURVEY'S BRANCH.

At the Topographical Surveys branch of the Dept. of the Interior a presentation was recently made to a member of the branch by his confrères on his approaching marriage.

The happy recipient was Mr. R. P. Bray who is to enter the realm of the Benedicts on Dec. 23rd, at the town of his home, Campbellton, N. B. The presentation, of which the tangible evidence was some very handsome English cut glass ware,—a water carafe, fruit bowl, bon-bon dish and half a dozen tumblers,—was made by the chief draughtsman, Mr. P. B. Symes, in appropriate words conveying sentiments of good luck and congratulation on behalf of the Office.

This is number seven from the Topo. building this year, and, if rumor is to be relied upon, next year should smash all records in this enterprising branch of the Civil Service. Mr. Symes, in the course of his remarks, referred to the past year, which has been one of climacteric for the Surveyor-General's Office, and in fact for the whole of the service, and he commented on the synchronism of the increase of weddings in the branch with the increase of salaries. It is probably a matter of cause and effect, of which a patriotic government should make a *nota bene*.

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