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"TAXATION of AGRICULTURAL LANDS
with SPECIAL REFERENCE to MANITOBA."

THESIS

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*"Taxation of Agricultural Lands
with Special Reference to Manitoba."*

Part I: Historical.

INTERPRETATION OF A TENDENCY IN HISTORY.

A..STATING THE QUESTIONS.

"The law of England is in accord with common sense; according to that law land is not the subject of absolute property....He (any man) can only hold an estate in them (the lands), and that estate he holds only under the Crown as representative of the Community." (Judge O'Connor, in his separate report, in the Final Report of the Royal Commission on Taxation of 1901). Quoting (1) this, Professor Nicholson sketches the history of what he calls the "Denationalization of the Land" and draws the following conclusion. By the beginning of the 18th century the Crown, as "representing the nation", had lost practically all claim to revenue from "land belonging to the nation" and such land had been placed on the same footing as other form of property."

His line of argument is as follows:

Sources of revenues from land pertaining to the Crown were of two kinds:

- (a) from demesnes belonging to the King,
- (b) from feudal lands pertaining to the Crown as representing the nation. Successive kings kept on alienating lands and revenues inspite of repeated protests by parliament. At last, under Charles 11, there was so little left of both kinds of lands and revenues that Parliament had the King surrender his rights in exchange of certain excise duties (1672), prohibited future alienations, and recognized, by parliamentary acts (1702), the de jure ownership on formerly alienated lands to their holders at the time.

(1) J. S. Nicholson: Rates and Taxes as Affecting Agriculture, 1905; p. 37. To do Professor Nicholson justice it must be mentioned that he regards the theory of national ownership with great reserve, saying: if the national ownership of land ever existed (except as a convenient legal fiction)..p. 39.

There are two questions involved in the whole matter: (a) Did the land ever belong to the nation who supposedly entrusted it to the King as its trustee? (b) Had that parliament the right to finally declare the land denationalized? We leave these questions open for the present.

"The landlord holds land from the Crown in fee simple--the nearest approach to absolute ownership which the law recognizes--on an implied condition that he gives service in return." This appears to be one of the basic principles upon which the Liberal Land Committee of England builds its recommendations of nationalization of land in that country (2).

"What seems perfectly clear is that all the land of all manors was the absolute property only of the Crown. The Crown stood for the whole nation. Lords of manors held land for military service to the King. They in their turn received service from their tenant laborers whose rent was paid in the form of labor on the demesne for their holdings in the village partnership."

"Personal service ceased to be required. But the principle of national service as the payment for the use of land was never abandoned." (3)

While the above questions are here also involved, the second question must be amplified by this addition: How far did that or any parliament denationalize the land of England? Professor Nicholson concluded that such land had been placed on the same footing as other form of property. The R. R. of the L. L. C. claims that the principle of national service as the payment for the use of land was never abandoned.

Since the answer to the second question is in one way depending upon the answer to the first, we have to answer to the first question first. However, the student

(2) The Land and the Nation, Rural Report of the Liberal Land Committee, 1923-25. p. 194
(3) Land and Nation, p.200.

of general history, being, in this case, inevitably forced to go back to the earliest centuries of "English history", faces two schools: (a) the Germanists basing their theories upon the scanty knowledge of what was the socio-political and economical organization of the many Germanic tribes, collectively called Saxons, before they left their own shores; (b) the Romanists basing their theories upon the scanty knowledge of what was the result of Roman influence upon the socio-political and economical organization of the British Celts.

The writer of these lines tried to find an answer in the works of Dr. Paul Vinogradoff (4) as the latest authority known to him, and over whose historical studies did not brood the obsession of race, as he is neither a German, nor a Frenchman, and who had not to decide upon the pedigree of the English, since he himself is a Russian savant recognised as an authority in England on early English history.

What is Dr. Vinogradoff's conclusion as to the Roman influence and the theories of the Romanists? "The explanation mapped out for Gaul by Fustel de Coulanges and his followers hardly suits the case of Gaul and certainly does not suit the case of Britain." "The theory of Mr. Seaborn's early book (English Village Community) seems also one-sided in as much as it starts from the idea of a complete and unique organization of the Roman villa, which is made to repeat itself through the ages like the "hexagonal cells" of the beehive." As a whole, and to put it shortly, the rural arrangements of the Roman period seem to have been to a great extent determined by Celtic antecedents. They were much less absolute and individualistic than the formulae of Roman law would lead one to suppose, and under cover of the extensive lordships, of senatorial magnates, and of central

(4) Dr. Paul Vinogradoff: *Villainage in England*, 1892.
The Growth of the Manor, 1905.
English Society in the Eleventh Century, 1908.

cities, a crop of vernacular peculiarities and commanalistic practices came up which prepared the ground for the coming in of new barbarian tides." (5), (6)

Reducing (66 pages of text and notes) the Roman influence to what it seems to be worth historically, Dr. Vinogradoff leaves this conclusive impression upon the mind of the writer. The influence was strongest in Kent, viz. along its southern coast; next it dominated the Saxon Shore; although it formed a net all over the country, it was weaker as it advanced westward and northward, especially in rural life and rural economy. With the recall of the Roman forces from Britain the country was just as Celtic as it had ever been; in speech, in fighting vigor, in rural socio-political and economical organization--with modifications in Kent, and the Channel coast generally. Moreover, the British Celts contribute their bit to the smashing of the Roman Empire appropriating some Gallo-Roman districts and wiping out there Roman speech and Roman institutions. In conclusion we may say that if the "Saxon" invaders and conquerors, came under any influence at all on British soil, that influence was Celtic and not Roman.

(5) In a note, Dr. Vinogradoff, speaking of De Coulanges, remarks: "The celebrated French savant (italicised by V.) directed his furious onslaught against the attempts of German scholars to vindicate a village community introduced into mediaeval Europe by the Teutonic invasion, but he would have certainly resented even more the notion that village communities were living or forming themselves under Roman rule. He was clear in his mind about the origin of all property in land from private ownership."

(6) The quotations are from: The Growth of the Manor p. 83-87; the note is on p. 114.

B. THE ANGLO-SAXON CONQUEST

After centuries of piracy, the first landing of Jutes on Kentish soil with a view of conquest took place in 449, but the complete conquest of Kent was effectuated with the fall of Lyne in 478. It thus took a quarter of a century to subdue this S. E. corner of Britain.

In 477 the invasions at the S. W. and N. from Kent began; that was the start of Sussex and Essex respectively. In 495 the West Saxons went up the Southampton, and in 577 they reached the Seven^r River. Whilst the Saxons were conquering the South and Middle of Britain the Angles were conquering the East and North up to the territory of the Picts. Thus it took a century to conquer England (not including Wales) after Kent had been conquered.

Making all allowances for circumstances that had favored the Britons, for instance the wildness of the land, we must admit that they were quite vigorous fighters when we remember that at the same time they had to fight against Picts to the North, Scots to the West, and they conquered the Britany in Gall to the South just as thoroughly as they were conquered in Britain by the Teutons.

In view of all this, we cannot take the Germania of Tacitus of 100 A. D. and apply it to the Jutes in Kent at 500 A.D. We cannot look upon vikings at sea like Hengist and Horsa as upon the Maldorman of their tribes on the land. The viking was not the choice of his people, but he surrounded himself by men of his own choice. On land, in case of war, the host bore in its organization the ethnical agnatic and territorial stamp of narrower and wider kinship and of the "mark"; the viking's sea wolves might belong to the same tribe, but that is likely how far their blood and territorial ties went. The sea is a roaming place. The stronger pirates might force vanquished ones into subordination, voluntary or compulsory. On land the people are born into a "ham" and a "mark", they defend the territory of the village tribe; the vikings, at first pirates, coast plunderers, slave trappers, adventurers into unknown regions, at last, "ceased to look for movable booty alone, but looked upon

Possession of land and people as the most attractive aim." (7) For three centuries did Hengists and Horsa's ravage the British coasts and were beaten off by the Romans. A political and economical code of justice must have developed especially as to the distribution of honors in war and booty after war: "jus praedatoris maritimi" let us call it. In that interval they must have learned that Britain was worth while possessing, not merely as a source of booty and slaves, but possessing both the people and their land, and when Kent was at last theirs, a conquered property of the Hengists and Horsa's and not of their tribes, they showed themselves to be neither Scandinavian vikings nor Roman imperatores. They conquered a land for their elders, womenfolk, and children. The hosts of the Norsemen were conquered by the conquered French in Normandy just as the hosts of the Franks had been conquered by the conquered Gaul-Romans in Frankland. The hosts of the Jutes called forth waves of immigration from their tribal homes to the "promised land." This is the only explanation possible for the maintenance of the Germanic dialects in Britain and absorption of the Celts. In war they were savages and in their advance all that was Celtic and all of Roman relic was annihilated body and soul; but when the cruelty of the war abated there sat three stocks of people: the Jute conquerors, the Celtic conquered, and the tributary native of old--likely the tacit allies of the new conquerors.

The ⁿcunings and their followers, either individually or as a body, were not born into a given set of economical and political conditions connected with the conquered territory, nor were their tribes and tribal institutions directly instrumental in the conquest. The conquered territory belongs to the conqueror who rewards his followers.

The settlement of ⁿThane and Jutish Kent and their economic organization were not the result of economic development but of political relations and powers concentrated in one single person or, at best, around a few powerful leaders. The land belonged to the conquerors, the Hengists and Horsa's and their descendents. Their followers, thanes, and the common fighters, churls, were given land to settle upon; the nobles, titled by the conquering ⁿ"cuning" rather than by noble descent, these new "ethelengi" were patrons of the land by the grace of the "cunnings." The immigrants may reconstitute new maegths, may lay out new "marks", may revive the old moots, but all these old

(7) Julius Lippert: "Deutsche Sittengeschichte": 1889, Pt I p. 107

institutional forms were filled with additional content as a result of *jus praedatoris maritimi* coupled with *jus fortioris*. The King was the Lord and he gave land to his people and in him lies the centre of gravity. The patronymical names used as topographical nomenclature in Kent and surrounding counties tell us that the immigrants effected the actual settlement of the land by connecting territorial division with kindred *maegths*; but this is not in contradiction with our conclusion that the land was granted to them just as well as to the disbanded individual churls directly by the cunnings or indirectly in his name by his vassals.

What became of the still living Celts and their *Tribulawii*? It is hard to dismiss the thought that many a churl married into a Celtic or native family and many a Celtic and native maid was brought into a *Sippe* or *maegth* and thus many a communal organization was founded, where life and earning were so much alike recognizing one lord of the land, the conqueror.

That part of the nomadic right that we may call "*jus praedatoris terrestris*" too, had its place beside the "*jus praedatoris maritimi*" and the "*jus fortioris*." Between the Saxon churls and their slaves there is a middle class of people quite unknown to the Northerners: the "*lits*" or *tributerii*. When the nomad in a war for the sake of booty, captured one like himself, he gave the captive a place in the family as a working hand....If, however, he captured men of a settled agricultural people....he subdued at once both the field ^{and man} and left the man on his land as if this were the tool by which the man would from then on toil for the conqueror"(8). Such conditions were also known to the Saxons on the continent.(9) Thus the new conquerors, which were the lords of the land, of the actual agricultural land as well as of the country as a whole, reduced the Celts and the *nativi* to *lits*." The loets form a very interesting item in this social arrangement, and, although mentioned only in a couple of enactments, present several well

(8) Deutsche Sittengeschichte I p. 108.

(9) Ibidem p. 109.

established traits....The name was applied to the descendants of conquered tribes which retained personal freedom and certain tribal rights, but were reduced to the position of tributary dependents of the conquerors. Some of them may have come from over the sea with the freemen and ethelings, but we have also evidently to look to that class to find the place of the remnants of the Romano-Celtic population of Kent."(10)

In this connection the writer may justly suggest that in Kent, especially in the maritime part, where before Caesar's time "those who had crossed over from Belgium for the sake of booty and waging wars....and war being waged they remained there and began to cultivate the lands,"(11) and where the Roman influence had been possibly the strongest in Britain, the gvelly organization must have been vanishing as a factor in economic organization before the coming of the Jutes. The ²gvel tver (about gvelly and gavel tver see Appendix I) must have been the predominant form as closer to individual property. The Jutish conquest surely hastened the process in that direction and we cannot expect the conquered stocks to have formed large congested centres or to have preserved any local tribal organization. The conditions must have been different in other parts where the romanization had been indeed only superficial or of no effect whatever and the Anglo-Saxon conquest less destructive to the local tribal organization of the conquered. This may be suggested by the writer as one of the factors favoring the predominance of gavel land in Kent and this in turn causing enclosure to be earlier in Kent than in other parts of England, where gvelly organization among Celts and natives likely favored their own vilainazation and that of their Anglo-Saxon conquerors. (12)

Of what we have said about the Conquest of Britain by the Jutes and Anglo-Saxons we come to the conclusion that the "land" did not belong to the "people" and the cunning or Kings of the viking class and their descendants were not the trustees but lords both

(10) The Growth of the Manor p. 124

(11) Caesar's Gallic War Bk. 5, 12.

(12) See next page.

of the people and the land upon which the people lived. This was the result of centuries of piracy before the Jute-Anglo-Saxon conquest and of one century and one quarter of a century of conquest.

In the light of this interpretation of the Anglo-Saxon Conquest of Britain the "protection theory" of the Germanists, according to which the "mark" was derived of its independence by those offering protection to it, and the "customs theory" of the Romanists by which the people changed the customary holding into a "right" thus infringing upon the rights of the owners of the land lose, in the opinion of the writer, the significance ascribed to them as primary causes of the manorisation of the land before the Norman Conquest. This conclusion is strengthened when we consider still further the struggle for supremacy, the Danish Invasion and Conquest.

(12) Compare: English Society in Eleventh Century pp. 92-93.

APPENDIX I: CELTIC ORGANIZATIONS

In our attempt to find an answer to the first question, viz. about the trusteeship over national land ownership invested in the King, we have then to consider the Celtic organization in this respect as a possible influencing factor (1). By common property of a clan we ought not to understand that the clan as a whole either through its "head" or "heads" claimed the land as its domain either for a clan-wide common husbandry, a kind of economic state-collectivism, or as a complex of parcelled estates, lots being let to individuals, families, or larger collectivities. The clan was an ethnographic unit and it necessarily had claims upon a well-defined territorial unit. The "Dux" (to use a Latin term) of the clan granted no land since he had none, but his own due share, to grant. He possibly had the privilege of granting or rejecting clan membership; he led the clan, but did not economically husband its territory himself, nor did he farm it away; he certainly claimed dues as the "head" of the clan, but not as the lord-owner of the land.

The "princeps" or the head of a "cymwd" was to his division of the clan what the "Dux" was to the whole clan and represented him locally; he might regulate claims as to land, but not as the lord-owner or lord-farmer of the land of the cymwd. A certain proportion of the land was reserved for his own cultivation, and to it was restricted his economic right and lordship. He established, in council with kinsmen and kinswomen, the right of kindred and consequently the right to a share in the land of the kindred, but the kinship's land was not depending on any manor like centre, and he was no lord. The cymwd was an administrative division, not an economic unit.

The trev or village was not merely a cluster of houses, a hamlet or village, and outlands belonging to a lord-owner and farmed by tenants or to single households each minding its "own" land; nor was it a number of husbandries independent of or depending upon some manorial court, and spread over the countries around. The trev was communalistically managed land unit, the joint property of its inhabitants in the gavel trev or the inherited or allotted property where the men traced their descentance by father's line four to six generations of a gwely, an agnatic kinship back to a common ancestor.

In the gavel trev the land pertaining to the village was divided in equal shares among the full aged inhabitants of the trev, irrespectively of genealogical position; so are also the duties incumbent upon the land. The amount of land held by a shareholder should also enable him to get a sufficient living from it, according to his social standing. If there was no room to satisfy the requirements of an increasing population after a necessitated redivision, new land had to be reclaimed, eventually a new colony had to be budded off.

In the gwely trev every male head of a household as an originator of a gwely got a share on equal footing with the other heads of his generation. His sons inherited and shared equally in the land allotted to their father. Readjustments by redivisions and extensions took place usually among the second or third cousins, but often later. Such genealogical adaptations naturally were less equalizing than in the gavel trev; but they kept the agnatic organization of the gwely and trev more stable. Now, this gwely was no Patriarchate, it had no chief in ownership. The trev was the owner of the land; the gwely was the technical means of its distribution; the single household was an economic unit on its own share of land in arable or a co-partner in pastoral husbandry. A householder could under certain conditions claim land outside the agnatic gwely.

It is important to remark that the gavel trev was more suitable for a mixed population of natives—once conquered by the Celts—and Celts. It further allowed easy

(1) In the following exposition use was made chiefly of: "The Growth of the Manor" Ch. I part I.

access to land to such as for some cause or other, lost their relationship to any kinship, but still pertaining to the Clan at large. For obvious reasons, the larger numbers of inhabitants of the gavel trevs were nativi. However, there were gwely trevs of nativi as well and others of Celts. This brings us to the question of economical relations between the two stocks of population. The nativi were no slaves, but descendants of a conquered populace, and, therefore made tributaries to the conquering Clan as a whole, paying higher dues, being estimated at lower wergeld, and filling out the rank and file of the lower class of Celts in war services. At last it may be remarked that the Celtic population of Britain was not only vertically divided in clans and gwelys, but also stratified horizontally, within the clans, in aristocratic gwelys--from which the duces and principes were hereditarily selected--freemen, unfree and strangers looking for protection. Slaves in the usual meaning of the word were relatively few. Special merits could lift any gwely to aristocratic standing.

In conclusion we may say a few words about methods in arable. Both in the gavel and gwely trev the communalistic property in land was a centripetal power. The requirements, powers and personal interests of individual householders were centrifugal powers of variable rates. The production was preponderatingly cooperative and thus supporting the centripetal communalism. Very often the size of the share in the allotted land, consequently the fruits of one's labor, was determined also according to the share of performance in such cooperative arable undertaking; providing the plowshare, acting as a plowman, contributing oxen, driving them, &c. This must have been especially true within the gwely, and likely less in the gavel trev. We may justly think that every factor, such like war, that contributed to bring chaos into the agnatic organization of a tribe caused also a breaking away from coaration. A clan, as a whole, might assimilate the strangers within its gates although its gwelys are largely smashed as constitutional elements. Coaration in Wales must have ceased to a large extent early and, according to Dr. Slater's (2) suggestion, the English counties Cornwall and Devonshire and those bordering on Wales owed their early appearance as inclosed, in part at least, to differences in the agricultural system due to an assimilation of their condition in this respect to that prevailing over the border. Coaration, which was not practised in Wales, did not prevail in those counties and thus common rights after crop over the various strips in the arable fields also vanished.

(2) See Prof. E.C.K. Gonner: Common Land and Inclosure P. 125.

C. AFTER THE ANGLIO-SAXON CONQUEST.

In 577 the conquest of Britain may be considered as concluded: By that time the many ruling chiefs of the conquering tribes were reduced to seven and even among them the struggle for supremacy went on, and so we find Aethelberht, King of Kent, and overlord over neighboring kingdoms suffer defeat (571) at the hands of the West-Saxons before the latter completed their share of the conquest. This struggle for supremacy kept on till 825, about two centuries and one half after the completion of the conquest when Egberht of Wessex was recognized as the overlord of all the English. It was during this time that Christianity became an organized power in Britain. Christianity must have spread among the Jutes in Kent without waiting for Queen Bertha and St. Augustine's mission (597), but by the intercourse with the mass of the conquered the mass of the conqueror must have in this respect, been conquered. Neither the struggle for hegemony nor the spreading of Christianity could have reversed the relation of Land and Lord in Britain; though both contributed to the advancement of what we may call the "English" under one Lord.

Prof. Maitland's division of King's private property in some lands and king's rights in others is not in contradiction to the King's absolute ownership both in land and people and the granting away of lands. As to Aethelbert's (858) effecting an exchange of land with one of his own thanes as two private owners, the writer can't accept that for more than its actual worth. The Psalmist, or the King, David, did not take away the wife of his faithful soldier whilst the latter was alive, but sent him to a sure death in the front ranks.

With the advent of Egberht to the throne of Wessex (802) a new era in British history breaks in; the Danish invasions and conquest. If the Danish hosts, welcomed as they were by the rulers of the Angles, would have been followed by waves of Danish immigration, the young rising Anglo-Saxon civilization of Britain would have been swamped, if not completely destroyed, and, instead of an England, history would have brought about a Daneland. As it was, even the Dane-law was no Daneland; the conquering Dane was ultimately assimilated flesh and bone by the only superficially conquered Angles. The Treaty of

Wedmore (878) was only to disguise defeat. What was the result? New hosts disbanded, old and new parts of the land granted away to a new stock of free and half free socmen in the Danelaw. There is a marked difference between south and west Anglo-Saxon districts and the east and north Anglo-Danish districts due to this repetition of the conquering process by a way of temporarily changing of masters of the land in a part of the country. (13) However, the relation of lord and land was not reversed.

When at last Danes are on the throne of England, the South and West are little affected except for the change of Earls. The period of 1042-1066 can hardly be considered as anything but a transition from Danish rule to the forceful Norman Conquest and a period of contest between Danes and Normans over the domination of England.

Now, during all this Danish period of over two centuries, the condition of the peoples of England, whether Saxons, Angles, Jutes or Danes, whether thanes, churls, locts, free or unfree socmen, the economic organization and the rulers and their favorites, whether Anglo-Saxons or Danes completely separated from and became more absolute masters of both people and the land that the people were tilling and living on.

The people never possessed the land of Britain, they never chose their masters on British soil. Six centuries of warfare gave the people no time to ponder over the question, whether they had any right at all to the land and accepted the conditions as they were born into and the masters they were living under. "From Alfred's day it was assumed that no man could exist without a lord," Green tells us (14).

It is evident that the "Conquest" did not only not reverse the order of things with regard to lord and land, but, with the change of the masters, the crushing landlessness of the people robbed the few freemen that were left of the little freedom they still enjoyed. William the Conqueror, by ruthless savagery, succeeding to enforce his "lawful"

(13) In "The Growth of the Manor" and "English Society in the Eleventh Century" references to this point are too numerous to enumerate but one should be indicated here: English Society in the Eleventh Century, p. 57.

(14) Short History of the English People, p. 76.

claim to Edward the Confessor's throne, he kept for himself, as royal demesnes, later called ancient Demesne all that was royal demesne land when Edward died. His Norman followers were rewarded by being granted Anglo-Saxon lands for services rendered and sworn allegiance. Any breach of fealty resulted in forfeiture of the land not to the benefit of the nation which was thrown into the meanest bondage, but to that of the conqueror and par force the lord of lords of the land. If in history there was any ruler of any country who had a right to say "L'etat c'est moi" it was he, the Conqueror; moreover, he could have afforded to say, "L'etat est a moi". His "Great Council" of Lord-Tenants-in-Chief was more his than the Witenagemot which was forced into the force of electing his legal heir. (16)

(16) When Charlemagne subdued Saxon tribes under his Frankish Scepter he soon forbade the holding of moots; they seemed to him too dangerous. (See Deutsche Sittengeschichte, p.108-110)

D. AFTER THE DEATH OF WIL. THE CONQUEROR.

With Wm. the Conqueror's death starts the most interesting chapter of English History. The Danes disappeared as an independent factor in the shaping of the destiny of the country. The Celts and natives and the common Anglo-Saxons and the other elements were fused into one conquered mass by the pressure of the conquering Normans. Had, at this junction, Normandy thrown into England waves of Norman immigrants and not of Barons and Knights and Clergy alone a new Norman-land would have been produced. However, as it was, the English showed themselves capable of digesting Normans and Angevins as it once digested so many of the Danes. The Crown, the nobility and the clergy are engrossed in the fight, each for its own power and each one in turn often tries to win the support of the "people". The story were too long to narrate, but the result was that the land gradually ceased to belong to the Crown; to till the land and live on and from the land ceased to be of necessity by the grace of the Crown. The old land aristocracy, first fought by the Tudors and then favored by the Stuarts was greatly reduced both in numbers and authority. However, as much of it, as did reach the Restoration, could keep its place only by allowing its blood ties to be broken through by a social class lower than itself, the class of squires, "a class into which their younger children was ever descending and from which peers were ever being recruited; while the body of the country gentry who formed the great bulk of this curious aristocracy was ever being added to from below by the admission into their ranks of the successful lawyer, the banker, merchant or other prosperous man of business and affairs". (16)

(16) Arthur H. Johnston: The Disappearance of the Small Landowner, 1909, p. 83.

E. NATIONALIZATION OF LAND.

The Acts of 1672 and 1702 were not acts of denationalization of the land, but the parliamentary disowning of the Crown of its last claims to the ownership of the land, a claim that lasted and grew from Hengest over Guthrum and ~~Cnut~~ to Wm. of Normandy's Doomsday Book, and later kept on decaying from the time of the "Great Charter" (1215) and the "Great Revolt" (1381) to those memorable days of the Commonwealth and finally those Acts of Parliament when Charles II was forced to surrender the last feudal claims of the Crown.

Holding land under the Crown as representative of the nation is legal fiction and has no historical facts for a ground. Professor Nicholson's theory of "denationalization of the land", on one hand, and the Liberal Land Committee's "principle of national service *on the other* as the payment for the use of the land", both rest on that legal fiction. Thus the answer to the second question must be; that Parliament not only did not denationalize the land, but, as it divested the Crown of the last vestiges of its twelve centuries old claim of ownership of the land, it, in that measure, nationalized the land.

History knows some fine kinks: Henry VIII secularizes the lands of Roman-Catholic institutions and swamps the old aristocracy by new land-holders. His daughter Mary restores by bloody deeds Roman-Catholicism, but can't restore the secularized lands to the Church.—The Commonwealth confiscates and sells to common people the lands of feudal lords who supported Ch.I, King by Divine Right. When Monarchism is restored, Ch.II, again King by Divine Right, revenges his beheaded father by hanging the exhumed dead leader of the Commonwealth, but cannot restore the lands to the Crown's loyal supporters.—Moreover Parliament disinherits the Crown of its 1200 year's old claims of the Lordship of the land granting the excise on beer. (17) Ch.II's agricultural policy naturally considered those loyal gentry, who had made such great sacrifices during the Civil War,

(17) Dowel: History of Taxation and Taxes in England Vol. II, p. 20 ff Excise.

and whose losses he had not altogether been able to make good. When Wm. III came to the throne the political motive was sharply altered, but the result was the same. Instead of a legitimate monarch rewarding the landowning aristocracy for their loyalty, and endeavoring by material means to knit still more strongly the ideal bond between himself and them, we have an illegitimate monarch who had to seek to gain the favor of a class whose consent he needed to the imposition of a land tax"(18) (present writer's italics)

The Church, the Crown, the Old Aristocracy, each in turn lost in the fight of swaying the lord-ownership of the land. However, the contest did not end there. The History of Enclosures, of development of Small Holdings, of some phases of Lands Taxation, and at last the split in the ranks of English Liberalism over the Rural Land Policy tell us that not only did the struggle not end with the Acts of 1672 and 1702, and not only could the English nation not have denationalized the land of which she was not the de jure owner, but that the contest between a "curious aristocracy" and the nation at large is still on and the watchword seems to sound: nationalization of the land. Whatever this watchword means to those who sound it: single tax, expropriation, with or without compensation, nationalized or communalistic ownership, socialized production, distribution to small holders is not our business to discuss. Here it suffices to say that, however vague the term is, however divergent the directions it represents, however varied the underlying principles (historic, materialistic, natural rights, ethic), nationalization of the land is fought for and against in England of today.

If we hold an outlook, historically and for the events of our own generation we find that every country in Europe, small or large, neo-romantic teuton, slave or fin, north or south, old, young, or new, offer pictures of the same general traits as insular England and the struggle for land nationalization is actual. An interesting sketch of the struggle is given by Venn (19) concerning land ownership. The diverse people must have formulated or are in the process of formulating new conceptions of right and new land policies, conceptions based not on historical and legal intricacies and fictions and it is on the basis of such new conceptions that the struggle for that as yet undefined "land nationalization" ~~and~~ is conducted in the countries of Europe.

(18) Dr. W. Hosbach: A History of the English Agricultural Laborer, 1920 p. 49

(19) J. A. Venn: Foundations of Agricultural Economics, 1923, pp. 50-57 *Some more changes took place later.*

Chapter II

INTERPRETATION OF A TENDENCY IN HISTORY (II)

A. THE H.B.C.'s CHARTER

If a concrete example is required to show the extent to which the Crown was master of the land and the people living ^{of} in it, and that not as trustee representing the nation; if an illustration is necessary to support our conclusion that the tendency of the people's actions was at last to disown the Crown and nationalize the land; let one read thoughtfully the history of Manitoba, formerly Prince Rupert's Land, the Hudson Bay Company's Territories. Though the geographical extents of the three do not coincide, yet we shall not hesitate to embody the history of the three in the one we are most interested.

However, the writer is anxious to prevent any misinterpretation. We cannot very well go back on history, take revenge on our contemporaries for the wrong doings committed two and a half centuries ago, i.e. at a time when the will of the people to possess that land tried to overcome the might of the Crown based on tradition and history of twelve centuries and claiming justification in the Divine Right of Kings.

After Charles I's twenty-four years long struggle for the rights of the Crown until his crowned head fell at the order of "village Hampdeus"; then after an exile of twenty-one years during which Charles II was deprived of the Crown; at last, after the monarchy and the Stuarts were restored, Charles II faced a Convention (1660-1667) holding out "Indennities for the King's enemies" and "Oblivion for his friends." "Not a voice demanded the restoration of the Star Chamber, or of monopolies, or of the Court of High Commission; no one disputed the justice of the condemnation of ship-money or the assertion of the sole right of Parliament to grant supplies to the Crown." One of the first acts of the Convention (1660) was to free the country gentry by abolishing the claims of the Crown to reliefs and wardships, purveyance, and pre-emption, and by the conversion of lands held till then in chivalry into lands held in common socage."⁽¹⁾

(1) John Richard Green: A short History of the English people, (Revised Alice S. Green) pp. 204-205

We may well easily picture to our mind the dire misery of such a Crown, besides the political humiliation. These were, however, the conditions under which Charles II was when he, in great secrecy, granted the charter to the "Gentlemen Adventurers Trading to Hudson's Bay", on May 2, 1670.

It is characteristic who were the leaders of those "Gentlemen Adventurers": Prince Rupert of Bavaria, a cousin of Ch. II, who fought for Ch. I in the Civil War was first governor of the H.B.C. (1670-1683). The Duke of York, the King's brother, later James II, King of England, the first in the list of shareholders, was second governor of the H.B.C. (1683-1685). Duke of Albemarle, whose father, General Monk, was instrumental in the restoration of Ch. II., Earl of Arlington, a member of the ruling Cabal, and Lord Ashley, later Earl of Shaftesbury, influential in the Restoration and a minister of Ch. II., and Earl of Craven, a personal friend of Prince Rupert, were with Prince Rupert and Duke Albemarle among the petitioners for the charter of the H.B.C.

The third governor of the H.B.C. (1685-1691) was Lord Churchill, a favorite of the Duke of York, later instrumental in calling William of Orange to England and raised by the latter to Dukedom of Marlborough, but afterwards thrown into prison for high treason. From these names it may be seen that the leaders of the "Gentlemen Adventurers" were men of the King's kinship and entourage. The application was made in great secrecy, a kind of family affair. "The Charter was purely a royal favor, depending on that idea of the Stuarts that the earth was not the Lords', but the Stuarts', to be disposed of as they wished." (2)

For what the applicants "humbly besought" the King and what they and their successors were granted was more than a Wm. the Conqueror would have granted...the sole trade and commerce of all those seas, straits, bays, rivers, creeks and sounds in whatsoever latitude they shall be that lie within the entrance of the straits called Hudson's Straits together with all the lands, countries and territories upon the coasts and confines of the seas, straits, bays, lakes, rivers, and creeks and sounds, aforesaid which are not now actually possessed by any of our subjects or by the subjects of any other

(2) Agnes C. Laut: The Conquest of the Great North West, p.111, p.119

Christian Prince or State."

Not merely the riches already discovered and still discoverable, not only the ownership of the lands, but also sovereignty over the territory in making laws, applying and enforcing them without any impediment of the Crown was the Company granted by Ch. 11s ample grace, and the struggling nation was charged to aid, favor, help and assist the company on land as on sea. (see Appendix 11).

What was the great merit of the "Gentlemen Adventurers"? The Charter tells us that "these have at their own great cost and charges undertaken an expedition for Hudson's Bay in the Northwest part of America for the discovery of a new passage to the South Sea and for the finding of some trade." What would the King have as tokens of allegiance for his "more especial grace"? When he or his successors shall happen to enter the dominions granted, the Company shall pay him "Two Elks and two Black Beaver.". Considering the circumstances, both material and political of Ch. 11 at the time, as explained above, and knowing who the leaders of the "Gentlemen Adventurers" were, we must really wonder at his disinterestedness in bestowing, for two elk and two beavers "his most especial grace" to reward them for the expedition they had undertaken. The cabots got only £10 from H VII. How about the nation? She had to "aid, favor, help and assist" the Company, without the least right or claim. The Crown deprived of her rights at home plays a stroke abroad at the nation's expence. The nation had to struggle and even bring sacrifices in order to acquire the rights of ownership in the territories granted away by the Crown.

APPENDIX II

"Extracts from "The Charter Incorporating the Hudson's Bay Co". (1)

"-----Of our special grace certain knowledge and mere motion we have given, granted, and confirmed and by these presents, for us, our heirs and successors do give, grant, ratify and confirm unto the said Governor and Company and his successors the sole trade and commerse of all these seas, straits, bays, rivers, lakes, creeks, and sounds in whatsoever latitude they shall be that lie within the entrance of the straits, commonly called Hudson's Bay Straits, together with all the lands and territories upon the countries, coasts and confines of the seas, bays, lakes, rivers, creeks and sounds aforesaid, that are not already actually possessed by or granted to any other Christian Prince or State or to any of our subjects or possessed by the subjects of any other Christian Prince or State, with the fishing of all sorts of fish, whales, sturgeons, and all other royal fishes, in the seas, bays, rivers, inlets, and within the premises, and the fish therein taken, together with the royalty of the sea upon the coasts within the limits aforesaid, and all mines royal, as well discovered or not discovered, of gold, silver, gems and precious stones, to be found or discovered within the territories, limits and places aforesaid and that the said land be from henceforth reckoned and reputed as one of our plantations or colonies in America called "Rupert's Land".

It was not a mere trade monopoly that the Governor and Company of Adventures of England trading into Hudson's Bay were granted, nor were they given only the riches of the coasts and the riches within these limits and territories, but "further we do by these presents for us, heirs and successors, make create and constitute the said Governor and Company for the time being, and their successors, the trade and absolute Lords and Proprietors of the same territory, limits, and places, and of all other the premises, saving always the faith & allegiance and sovereign dominion due to us, our heirs and successors, for the same to have, hold, possess and enjoy the said territory, limits and places, and all and singular of the places, premises hereby granted as aforesaid, with their and every of their rights, members, jurisdictions, prerogatives, royalties and appurtenances, whatsoever, to them the said Governor and Company, and their successors, for ever to be holding of us our heirs and successors in free and common soccage, and not in capite or by Knight's service, yielding and paying yearly to us, our heirs, and successors, for the same, two Elks and two Black beavers, whensoever and as often as we, our heirs, and successors, shall happen to enter into the said countries, territories and regions hereby granted".

Moreover, they were not only granted absolute ownership of the aforesaid limits and territories, but the King conceded: "That the said Governor and Company, so often as they shall make, ordain, or establish any such laws, constitutions, orders or ordinances, ...shall and may lawfully impose, ordain, limit and provide such pains, penalties, and punishments upon all offenders contrary to such laws, constitutions, orders, and ordinances, or any of them as....shall seem necessary, requisite, or convenient, for the observation of the same laws, constitutions, orders and ordinances, and the same fines and ameraciements shall and may, by their officers and servants from time to time to be appointed for that purpose,

(1) See Appendix to Beckles Wilson's "The Great Company", 1899.

levy, take, and have to the use of the said Governor and Company and their successors, without the impediment of us, our heirs, or successors, or any of the officers or ministers of us, our heirs, or successors, and without any account therefor to us, our heirs, or successors, to be made..... so always as the said laws, constitutions, orders, ordinances, fines and amerçiements, be reasonable and not contrary or repugnant, but as near as may be agreeable to the laws, statutes, or customs of this our realm.....

"----The Governor and his Council of the several and respective places where the said company shall have plantations, forts, factories, colonies, or places of trade within any of the countries, lands, or territories hereby granted, may have power to judge all persons belonging to the said Governor and Company or that shall live under them, in all causes, whether civil, criminal, according to the laws of the Kingdom, and to execute justice accordingly.....where judicature cannot be executed for want of a Governor and Council there,....to transmit the party, together with the offence to such other plantation, factory or fort where there shall be a Governor and Council.....or into this Kingdom of England....."

"----We do give and grant unto the said Governor and Company and their successors, free liberty and licence....to send either ships of war, men, or ammunition into any of their plantations, forts, factories, or places of trade aforesaid.....to continue to make peace or war with any prince or people whatsoever, that are not Christian, in any place where the said company shall have any plantations, forts, or factories, or adjacent there- to.....it shall be and may be lawful to and for the said Governor and Company and their successors from time to time and at all times, henceforth, to erect and build such castles, fortifications, forts, garrisons, colonies and plantations, towns or villages, in any parts or places within the limits and bounds granted....."

"----We do grant unto the said Governor and Company and to their successors, full power and lawful authority to seize upon the persons of all such English or any other than our subjects, which sail into Hudson's Bay or inhabit in any of the countries, islands, and territories granted to the said Governor and Company without their leave or licence, and in that behalf, first had and obtained, or that shall contemn and disobey their orders and send them to England.....in case any person or persons being convicted and sentenced by the President and Council for the said Governor and Company....shall appeal from the same, it shall and may be lawful to and for the said President and Council factors or agents, to seize upon him or them and to carry him or them home prisoners into England, to the said Governor and Company there to receive such condign punishment as his case shall require and the law of the nation allow of."

"----Any one is at liberty to judge whether all this does not mean a transference of the Crown's sovereignty to the Governor and Company over the granted territories and limits. It is true that the Charter calls for restrictions of the laws, and constitutions, orders and ordinances, to be reasonable and not contrary or repugnant but as near as may be agreeable to the laws statutes of this our realm. Yet, who makes and issues them who applies them and who enforces them and to whom does one appeal? Moreover the Charter charges the nation through her "Admirals, Vice-Admirals, Justices, Majors, Sherriffs, Constables, Bailifs, and all or singular other our officers, ministers, liegemen, and subjects, whatsoever to be aiding, favouring, helping and assisting" the Company "on land as on sea."

"B. Red River Settlement"

Here is not the place to go into the H.B.Co's history, to tell of its successes or failures, to show its importance in its positive and negative contributions to the development of B.N.A.; we therefore pass to the period that interests us most, about 140 years after the granting of the Charter, to the founding of the R.R. Settlement by Lord Selkirk. A few characteristics of that period are significant: a) The feud with rival traders forced the British Government to institute the "Canada Jurisdiction Act" in 1803, and the trial under that act of Mowat of the H.B.C. in Nov., 1809 for having shot MacDonell of the N.W.Co. On Lord Selkirk's enquiry on the validity of the Charter of the H.B.C. in its various aspects, legal authorities in England did not think that the Canada Jurisdiction Act (42 G 111) gave either of the Canadas jurisdiction within the territory of the H.B.C., the same being within the jurisdiction of their Governors and Council. However, it soon became clear that the sovereignty of the H.B.C. was fundamentally shaken by the very existence of that Act.

b) In 1809 the H.B.C. petitioned the Chancellor of the Exchequer for temporary assistance to maintain a colony of 600 Europeans, their wives and children and some thousands of native Indians. Concerning the Indians the petition pointed out that they were depending for their very existence on the use of fire-arms in hunting, and the hatchet in building, and other British manufactures. That was certainly a good reason why the nation should assist from public funds. Further it was told in that petition that the H.B.C. should be assisted that it might continue the advantages to the Indians, religious and civil welfare and progressive improvements in their gradual civilization and education. This after 140 years of sovereignty. The petition also referred to the history of the H.B.C. beating off French attacks upon the Company's factories, and so by

imperial services they might lay claim upon the English nation's assistance. This distressed situation, of course, was ~~xxxxxxx~~ claimed to be a result of the market situation during the Napoleonic wars. However, that is not the point. The point is that the H.B.C. did not colonize, did not assure its own Europeans or its Indians with means of subsistence, did not show great willingness to bring sacrifices, and asked the nation, the public in England to assist out of public funds. The reasons for that assistance are fully transparent.

c) At any time of its existence, the people questioned the legality and validity of the H.B.C.'s claims. As early or as late as 1748 a special parliamentary committee inquired into the rights of those claims and the conditions of the H.B.C.'s affairs and territories. The report was favourable to the Company, yet the nation at large kept on questioning.

d) In spite of hard times and need of assistance, the H.B.C. apparently needed and could have absorbed hundreds of men. This can be seen from one of Lord Selkirk's obligations, as we shall presently see, to provide the Company with 200 men for ten years starting 1812. The fact is that it was difficult to secure men for the H.B.C. in spite of the unfortunate conditions in Great Britain. The H.B.C. during its existence never tried to win the sympathy of the nation at large or of the colony in its territories.

Under such circumstances and at such times there steps into the field a young Lord, feudal in his views, paternalistic in his sympathies, ambitious in his business ventures. Having submitted the Company's Charter to legal critics as to its validity, with respect to exclusiveness of trade, territorial property, jurisdictional power and power to levy war, and the Charter being found valid he secured (1810) 2/5 of the Company's stock. No dividends had been paid on the

H.B.C.'s stock for years before that and its stock had gone down from 250 to 60 when Lord Selkirk decided to go into his adventure.

After having fought against adversaries who hoped to get the mastery of the H.B.C. into their hands, against many of the H.B.C. itself, against others who titled him a phantasmist, Lord Selkirk was granted by the H.B.C. on February 6th, 1811, in fee simple a stretch of land, where he decided to start his experiment in colonization.

The lands defined by deed to be transferred to Lord Selkirk were between 52°30' northern lat and 102° 30' western longitude and on both sides of the Red to the east and on both sides of the Assiniboine to the south and their confluence. (3) The conditions were: 1.) Lord Selkirk took the obligation of supplying the Company 200 men for 10 years, starting to embark May 1st., 1812, forfeiting £10 per man short of 200; 2.) The Company to transport at its own expense the servants sent out for its service; pay each man wages not exceeding £20; 3.) At the expiration of the term of service with the Company a man to get 200 acres, a factor 1000 acres, and become a settler if he does not leave the territories; 4.) The Company to transport settlers on Company's ships, the settlers paying for their transportation; 5.) The Company to levy custom duties on export and import payable by settlers not above 5% at Fort Nelson unless higher duty be levied at Quebec; such duties to be used for government, police and improvement ~~between~~ of communication between Lake Winnipeg.

(3) As to the area granted the data does not agree. Thus we find in John Macoun "Manitoba and the Great West", 1882 p 429, the area to have been 116,000 sq. mi., whilst in George Bryce's "A History of Manitoba" 1906, pp. 67, the area is given as 110,000 sq. mi. In an other source it is set as low as 70,000 sq. mi., However, when we take into consideration the fact that up to 1846 there was no fixed boundary between B.N.A. and the U.S. east and west of the Rockies, we have also an explanation for the extension of the land grant to Lord Selkirk as far south as 46° fully 200 miles into the U.S. of today.

parallel

and Port Nelson, but not as profits for the Company. 3.) The men recruited as his Lordship's servants for a term of years to work in the colony would get at the expiration of the term, 100 acres free and become free settlers.

It should be mentioned here in passing by that the company had to offer protection to the settlement. Since the friction between the Company and its rivals grew more intense because of Lord Selkirk's enterprize and the settlement was finding itself between sledge and anvil, the Imperial Authorities were ready, though unwilling, to step in and that meant encroaching on the Company's sovereignty, a great deal more than the Canada Jurisdiction Act was likely to lead to.

Now, feudalism had to complicate itself and bring about its own decay. Lord Selkirk was handed over the lands by deed, he would bring settlers who would buy the land, he would also have servants who, after the expiration of their term of service, would be granted land by him and become free settlers, the sovereign company would levy duties and have the exclusive trade, and reserved the right of free access to all lands granted or surrendered, the sovereign nation in England and her daughters of the Canada's reserved the rights of watching over security and good order in the colony without infringing the sovereignty of the Sovereign Company. What about the real historical owners of the land along the Red River and the Assiniboine. Lord Selkirk quieted the Indian title in July 1817 by a treaty by which the Indians transferred "unto our Sovereign Lord the King" all that tract of land to have and to hold forever the said tract of land and appurtenances to the use of the said Lord of Selkirk and of the settlers being established thereon with the consent and permission of our Sovereign Lord the King or of the said Earl of Selkirk," for a yearly quit rent of 100 lbs. of good merchantable tobacco to each of the settlers and Cree Nations. Thus, the Indians being under

the direct protection of the Crown, this portion of their land^{was} so transferred to the King for the use of Lord Selkirk and his settlers, the Lord held, formally, the land from the King, but the Company had some rights reserved to it according to a King's Charter, a century and a half old. Thus was the formal, legal, feudal settlement of ~~XX~~ Douglas, so named in honor of Lord Selkirk, in the colony of ~~Assiniboia~~ Assiniboia, so named after the river of the same name, in the Rupert's Land, so named by the Charter. The lands transferred to the King were adjacent to the Red River, beginning at the mouth of the Red River and up to the great forks at the mouth of the Red Lake River, and along the Assiniboine River to the Musk Rat River and extending to six miles from Fort Douglas, (Kildonan of today) on every side and also from Fort Daer (Pembina) and also from Great Forks, and in other parts in breadth of two English statute miles back from the banks on either side.

Lord Selkirk died in April 1820 after a decade of brave struggle for the realization of his visions. By a single thoughtless feudal act he caused in 1814 the absolute destruction and eradication of this colony in a fortnight, June 8 to 25, by the Northwesters against whom the Act was directed. With his death he also served his noble aim; an obstacle to the ~~XXX~~, amalgamation of the H.B.C. and its rivals was removed. The amalgamation took place in March 1821 for a period of 21 years. One condition of the pact was no expense of colonization. In 1835, however, the company bought back the lands once granted to Lord Selkirk, and paid his successors £84,000, and this for two reasons; one political, the other of fur trade. The political reason was that the settlers would soon ask for a form of Government as those of Minnesota and that would mean loss of sovereignty over a good portion of the land. The fur trade reason was that the settlers would not allow the search for fur for "illicit" trade. Now, the H.B.C.

threatened settlers found to be dealing in illicit fur trade with the forfeiture of their lands.

C. The Assertion of the Nation.

Whatever one's view would be about the H.B.C. as a factor in imperial expansion or loss before 1850, but we may safely say that its continuance seemed an evident menace to the western part of British N.A. The H.B.C. leaders themselves understood the growing danger of being peacefully conquered by immigration and colonization and leaders of the Empire saw the imminent danger of losing territory without bloodshed. The result was that the H.B.C. in 1857 would gladly get rid of the burden of governing the territories if it could be done equitable as to their ^{possessive} "rights" and it so informed the Parliamentary Committee, which, however, recommended that Rupert's Land be left in exclusive control of H.B.C.

It is characteristic of the conditions that in ~~1824~~ 1824 the settlers were charged for their land 5s per acre; in 1829 the price was more than doubled, but the stern resistance of the settlers forced it down to 7s6d.⁽⁴⁾ in 1841 the settlers were in armed revolt against the company, in ¹⁸⁴⁴ the proclamation threatening ^{with} forfeiture of land was issued ~~XX XXXX~~ ⁽⁴⁾ Gustave Myers; History of Canadian Wealth.

In 1857, 575 settlers complained to the British Parliament that the company refused them the deeds for the lands they had paid for and they appealed that the protection of the Canadian laws and institutions be extended ^{to them}. The Indians also complained to the "Great Mother" that the H.B.C. claimed all the lands between the Assiniboine and Lake Winnipeg, nearly twice of what they were originally asked for. All that is an indication that there was a future in the land to take the place of the past in furs, a nation^{al} government to replace the satrapism of the H.B.C.

In 1863 an International Finance Association purchased all the rights, privileges, and ownership of the H.B.C. for £1,500,000, (the original investment in 1870 was £10,000) and soon another company

of bona fide purchasers competed with the Government of the newly organized Dominion of Canada (1867). We know from English history what troubles there were on account of "bona fide purchasers" and now, at the breakdown of the last feudal domain history repeats itself. The Canadian Federal Representatives were actually not allowed to question the validity of the Company's Charter. Already in 1856 when Canada insisted in settling the boundary between it and H.B.C. Territories, ~~many~~ Canadians were told not to question the validity of the charter as that matter was an imperial one and not a provincial one. One must wonder what kind of pressure the Imperial Government brought to bear upon the bona fide purchasers^{of} the company's charter^{ed} rights to accept the final terms as they did. Was it not connected with the questioning of the Charter.

At any rate, the name of Schultz 1864, the transfer of the centre of gravity to Portage La Prairie 1865^{and} the name of Manitoba coming 1867, the ~~causing~~ of the metis to the fore in their own interests and tens of other incidents were indicative that the H.B.C. were going to lose out if they did not hurry to accept terms instead of backdoor coquetting with other interests. The territories had been included in the programme of Confederation since 1865.

The men of the law of England were of the opinion that ~~the~~ Rupert's Land did not belong to the people of England, but to the King of England, and that in spite of the course of events, the restored crown had a right to alienate that land in exchange of two elks and two black beavers if he or any of his successors would ever come to Rupert's Land. The people questioned and earnestly questioned the conception of righteousness of the men of the law of England. With the Red River rebellion, feudakism came to a conclusion in this country. The Province of Manitoba emerged from that chaos in 1870 as one of the provinces of the Federation.

Lack of a military system to defend her rights granted by the Charter was the Company's weakness; that is the opinion of one historian.⁽⁵⁾ Let anyone imagine the glory the Company would have secured itself with by such defence. The original company (1670) to (1863) received after 193 years of gainful exploitation of its domain the 150 fold of its original investment, in a peaceable business transaction. The International Finance Association in possession of the H.B.Cs Charter since 1863 received ~~xxx~~ for the renunciation to exclusive trade, monopoly and territorial rights, which no army and no court of law could have defended, after four years the round sum of 2300000 or 20% of the ^{investment} ~~50,000~~ acres around the posts and 1/20 of the land to be surveyed in the fertile belt, many times the investment.

What for a military system? With a little common sense of all parties concerned the R.R. rebellion could ~~xxxx~~ also have been avoided, to say nothing about the criminal incitation into it and the wicked exploitations of it.

According to the writer's interpretation, Rupert's Land was nationalized not when Ch. 11, used his feudal royal prerogative claiming those lands for the crown as representative of the nation, but when the representatives of the people in the Dominion redeemed them, never having recognized the validity of the Charter. Not only were the 19/20 of the land nationalized but even the 1/20 left in the hands of the Company as private ^{property} was brought a step closer to nationalization in the sense that it is held from the people and at the disposal of the people at large in exchange of certain market conditions, and subject to taxation by the people and to ^{legislation} ~~legalization~~ passed or to be ~~xxx~~ passed by the people. All "legal fiction" to use Prof. Nicholson's words in this connection, is effaced, the Crown and its vassals have been as such disowned by a people claiming the right to and privileges of self government.

(5) B. Wilson: "The Great Company," 1899, p. 491.

Chapter 111

Lux ex Tenebris

(A Historic Survey of Manitoba)

A: EXTENT OF PROVINCE

The Organic Act (1) of 1870 created and brought into the Confederation the Province of Manitoba. The 96th and 99th meridians were the eastern and western limits respectively, while north and south it extended only one and one half degree latitude north of the 49th parallel. In 1881 an Act extended it to about 95 and about 101° 20' longitude to the east and west respectively, and to 53° latitude to the north. However, the eastern boundary was not settled before 1883. In round figures (2) the extended Manitoba covered in all close to 70,000 sq. mi. A new extension took place in 1911 adding about 182,000 sq. mi. and giving her an outlet around the Hudson Bay.

(1) The Organic Act of 1870 is explained in George Bryce's "A History of Manitoba" 1906 pp.170-175.

(2) These figures are rounded up from a map of Manitoba published by the Dpt. of Agriculture of Manitoba ~~published~~ in 1915.

B: PROGRESS

The Population of the R. R. Settlement in 1831 was 2,390 persons in 460 families whites and halfbreeds together. In 1840 there were about 4,700 persons in 745 families in Assinibolia, in 1849 about 5,291 in 1,052 families cultivating 6,592 acres producing 2 bu. per acre. (3) The official census of 1871 gave for the population of the R. R. Settlement and along the Red and Assiniboine Rivers with Fort Garry as a center; whites 1,565, French Half-Breeds 5757, English Half-Breeds 4,083, 558 Indians. By religion: R. C. 6247, Prt. 5716, Total 11,963. By racial settlements: to the north along the Red the Scottish descendants of the original Selkirk settlers reinforced by retired H.B.C. officials and their families; to the south French Half-Breeds; West along the Assiniboine, reaching as far as Portage la Prairie scattered Scotch and French settlements.

Already in 1862 the hamlet of Winnipeg was begun and there several stores competed with the H.B.C. shops of Fort Garry. The commercial and administrative ^{centre} of the settlement, however, was Fort Garry in the midst of the 500 acres reserved to the H.B.C. To the north of it ^{was} as Winnipeg ^a hamlet of 19 buildings in all along a trail what is now Portage Ave. and further north, along the main trail, Main Street of today, stood the village of Point Douglas. Later Winnipeg grew to swallow both. Portage la Prairie was the extreme westward outpost of the R.R. Settlement. Winnipeg was incorporated in 1873 under the general municipal Act of the province and in 1902 granted a special charter.

The settlement was dependent for its supplies upon St. Paul, Minn., over 400 mi. away. The freight rates from St. Paul were 16 sh. sterling per 100 lbs. payable half in cash and half in goods. To supply a public revenue these goods paid an import duty

(3) In this historical sketch the writer followed in the main J.W.Dafoe's Economic History of the Prairie Provinces 1870 to 1913," in "Canada and Its Provinces" Vol.XX, 1914. pp. 283-328. However, many data were taken from other sources such as Bryce's "A History of Manitoba", 1906, Harold A. Innis' "A History of the Canadian Pacific Railway," 1923.

of 4% ad valorem except on ale, wine and spirits upon which 25% was levied. These rates continued for four years after the creation of Manitoba as a province of the Confederation of Canada.

After Confederation the R. R. Settlement could be reached over Canadian Territory by 1400 mi. up to the Great Lakes and then over water and land from Port Arthur to Fort Garry. Over the route through the U. S. the railroad brought the settler only within 400 mi. of Fort Garry. In 1871 a stage line and transmission of mails began running between Winnipeg and Abercrombie, Min., tri-weekly and in 77 daily. First telegraph line opened from Winnipeg to Pembina in November 1871. In 1872 the private Steamer "Selkirk" was the first on the R. R. carrying supplies for the settlement, whilst the "International" had been doing service for years, but for the Company only. The first Railway to be operated in Manitoba was the Winnipeg-Emerson line meeting the St. Paul and Pacific; its construction started September 1877 and finished December 1878.

The H. B. C. surrendering her territorial rights in the settlement,-- and this was the start of the Province of Manitoba with an area of 13500 square miles--the Dominion Government assured the bond five settlers of the recognition of their rights to their lands upon completion of the survey. This gave an impulse to squatting in 1871. For the half-breeds the Dominion Government set aside 1, 400, 000 acres as their reserves. In 1871 prairie surveying began in one square mile blocks or sections of 640 acres. The narrow and long river lots were recognized and legalized as matter of fact. In fall of 1873 the Province of Manitoba was ready for settlement.

Of the 36 sections in each township (a six mi. square) sections 8 and 26 were reserved as H.B.C. land from the outset, and, in 1879, sections 11 and 29 were reserved from homesteading as an endowment for common school education in the province. The same system of surveying and opening for homesteading was extended for the territories west of Man. To remove the land interests of the half-breeds due to their Indian descent, land scrips were issued to them, each scrip good for 160 acres of any quarter section open for sale or settlement. Members of the expeditionary force were also rewarded by similar scrips. As these scrips were transferable, the beneficiaries often sold them for a few dollars or even for a few bottles of whiskey. The result was that hundreds of thousands of acres of the best land in the province, in the immediate vicinity of Winnipeg, came into the

hands of a few speculators. The original half-breed reservation of 1,400,000 acres was increased by subsequent issues of half-breed scrips to meet additional demands.

The Indians in each district were regarded as possessing the Indian title for that district, and formal treaties were made with them by representatives of the crown. The first two treaties covered the territory in the original Province of Manitoba. By the Indian treaties reserves were set apart on the basis of 640 acres for a family of five.

The Railway Act of 1874 provided for locking up large blocks of land along the proposed railway route, absolutely prohibiting settlement on those lands. However, a large amount was squatted and the government was forced to recognize the rights of those squatters to buy their farms.

In 1879 the Macdonald Government laid out five land belts along each side of the main line of the railway, forming a strip in all 140 mi. wide, with descending rates for preemption and purchase with the right to homestead on even numbers. Again the Government was forced to modify its plans. Later the Government decided to set aside 106,000,000 acres of land as a reserve for building the C.P.R. All ungranted lands within 20 mi. of the main line were withdrawn from homesteading. Again modifications were forced upon the Government by settlers' agitations. After arrangement had been made with the C.P.R. syndicate, the Government reserved all odd-numbered sections throughout the West for railway purposes, throwing open to homesteading all even numbered sections. All these blunders delayed settlement for a decade.

In spite of all difficulties of transportation, the grasshopper plague of 1874&75, the locking up of lands in reserves, and the concentration of land by speculation in scrips and the wrong land policy of the government with regard to homesteading, 1876 saw the first exportation of wheat from the R.R. Settlement. The crop averaged 32½ bu. to the acre. In 1878 the wheat yield of Manitoba was 1,000,000 bu.

The first settling was along the water courses and prospective lines of railways.

In 1875 a considerable number of homesteaders came from Eastern Canada to the Pembina *some 80 mi. from Winnipeg on semiwooded lands. In the* Mountain District, same year 6000 Menonites had entered upon 17 townships between the Pembina Mountain and the Red River, notwithstanding the absence of timber. Another party of Menonites took up the same year 8 townships east of the River. At one time there were 62 Menonite village communes in the larger reserve. The Menonites were the first to

introduce flax growing in this country. In 1876, 250 Icelandic immigrants settled on the shores of Lake Winnipeg, some 60 mi. north of Winnipeg. The population of Manitoba grew from 18,995 in 1871 to 62,660 in 1881; Winnipeg grew from a hamlet of 241 to a town of 7985 in the same decade. The English speaking settlers grew from about 5000 to over 38000. By then the C.P.R. ran a couple of hundred miles west from the City of Winnipeg. In that year the population of Winnipeg doubled. Speculations in land ran high, prices rose until spring of 1882 when the boom collapsed. Immigration checked itself; circumstances were several; no market for the grain at remunerative prices; continual changes in land regulation; severe summer frosts; the monopoly of the C.P.R., and the disallowance of provincial railways charters.

However, in spite of all the drawbacks, the population of Manitoba grew, during the decade 1861-1891 to 152,506, including Winnipeg with its 25,639. In 1891 8,691,800 bu. were inspected by the Government in Winnipeg. In that year the census showed 307 manufacturing establishments in this city. Manitoba then had 1605 mi. of railway and the territories 1926 mi. In the late 80ies, the monopoly provisions of the C.P.R. having been terminated between the company and the Dominion Government, the Northern Pacific Railway entered the Province of Manitoba constructing a line to Winnipeg with branches to Brandon and Portage la Prairie. These Northern Pacific lines received financial assistance from the Manitoba Government, while the Manitoba and Southwestern from Winnipeg the Manitoba and Northwestern from Portage la Prairie, and other lines in the territories received liberal land bonuses, usually 6400 acres per mile, making additional 6,864,074 to the C.P.R. grant of 25,000,000 acres. All the odd numbered sections in the West were held for selection by the railways, each railway having its delimited area from which to choose its allotments. In most cases the selection was not completed until 20 years or more after the grants were made. Meanwhile they financed their enterprise by issuing land-grant bonds against the security of these lands.

The C.P.R. carried on an organized propaganda for settlers both in England and the eastern provinces, offering at \$2.50 per acre with a rebate of 1.25 for every acre brought under cultivation. The first sale of this kind was in 1881. This inducement brought about a comparatively rapid settlement in the Brandon Districts and west ward.

In 1892 Ruthenian immigration set in, but in 1895 their influx became larger.

They settled in colonies in the outskirts of Manitoba, east of the Red River and along the northwestern boundary. They were placed on scrubby land on which eastern Canadian, English and American settlers would not have wanted to be settled. In 1896 American immigration began to settle in scattered manner. In 1898 large bodies of Doukhobors were settled along the C.N.R. in northern Saskatchewan and only partly in Manitoba. The population in Manitoba rose from 152,506 in 1891 to 255,211 in 1901, including Winnipeg with 42,340 population. In 1911, ^{the population was} 455,614 besides the 6016 of the territory added, or 6.18 per square mile of the postage stamp. (136,035 in Winnipeg). The acreage under crop in 1901 was 275,6106 as against 1,229,041 acres in 1891. 60% of the land was given up to wheat. Each farmer in Manitoba owned an average 278 acres.

It was in this decade and in Manitoba that the C.N.R. system originated, as the Lake Manitoba Railway and Canal Company began in 1896 by the Gladstone Dauphin line. In 1901 under the name of Canadian Northern it absorbed the Northern Pacific Manitoba lines and connected its Manitoba System with Port Arthur, with the aid of subsidizing of the provinces, and in 1903 extended towards Edmonton and Prince Albert by the aid of Dominion guaranteed bonds.

education especially in new homestead settlements. The University of Manitoba established in 1827 as a confederation of theological colleges and in 1883 a medical college was incorporated in it, and in 1899 a general faculty of science and mathematics was opened by it. In 1885 the Dom. Gov. assigned to the new University 150,000 acres of land but it, too, was looking forth to assistance of the provincial government. Thus the needs of the province became manyfold in number and extent, some though at the first glance appearing to be of a local character were beyond the reach of local authorities and grew into national significance; others were evidently provincial in character but beyond the means of the province.

To understand the financial conditions of the province we must recall the terms of the Br. N. A. Act of 1867. We must also remember that this province, when first created out of a corner of the Rupert's Lands it was not handed over the control and administration of the public domain within its boundaries.

CHAPTER IV

FISCAL SYSTEM OF MANITOBA AS A RESULT OF
DISTRIBUTION OF RIGHTS AND
SYSTEMS OF TAXATION IN CANADA.

A. Provisions of the B.N.A.A.

The rights of taxation and the modes or systems of taxation are explicitly distributed by the B.N.A.A. By 91, 3: "The raising of Money by any Mode or System of Taxation" comes within the exclusive authority of the Parliament of Canada. "The taxation may be either direct or indirect." By 92, 2: "Direct Taxation within the Province in order to the raising of a Revenue for Provincial Purposes" comes within the exclusive rights of the Province. To this, Walter S. Scott (1) annotates as follows: "The Provincial Legislature may, whenever it sees fit, impose direct taxation for a local purpose upon a particular locality within the Province." "It is ultra vires of a Provincial Legislature to tax property not within the Province." "It has been held in Manitoba that heading 14 of this section (dealing with administration of justice and all pertaining to it) will not authorize indirect taxation for the purposes of that heading."

As to the terms "direct taxes" and "indirect taxes," Walter S. Scott (1) annotates as in a certain case approved of by the Privy Council, as follows. "A direct tax is one which is demanded from the very person who it is intended or desired should pay it. Indirect taxes are those which are demanded from one person in the expectation and intention that he shall indemnify himself at the expense of another."

Quoting Scott again, he annotates to 92, 8: "Municipal Institutions in the Province as follows (2): "The authority given by s. 92 (8) to make laws as to municipal institutions in the province only authorizes the giving of such institutions powers that are given to the provincial legislature by the other headings of the sections, and does not

(1) Walter S. Scott, "The Canadian Constitution," 1918; p. 239.

(2) "Canadian Constitutions," p. 240.

permit the clothing of the municipal institution with all the wide authority which might have ^{been} granted to them before federation. From this it necessarily follows that municipal taxation can't be ⁱⁿ direct taxation.

Direct taxation is, however, not limited to personal taxes and to the taxation of real or personal property. By 92,9: "Shop, Saloon, Tavern, Auctioneer and other Licences in order to the raising of a Revenue for Provincial, Local, or Municipal Purposes" are within the powers of the province. "Taxation by license is direct taxation," Scott annotates (2). We may further mention that "Income Taxes" are direct taxes whilst monopolies and excises are indirect taxations.

From all this we conclude that while the Dominion Parliament has the power of imposing both direct and indirect taxes, the Provincial Legislature may impose direct taxes only. A further conclusion is that Municipal Authorities have only powers as delegated to them by the Provincial Legislature and consequently, taxation for municipal purposes may ^{be} only direct. By Art 91 the right of levying and collecting customs and excise duties is reserved exclusively for the Dominion Parliament. The institution of a uniform tariff ^{de} was one of the professed objects of the advocates of Confederation. However, on giving up this chief source of revenue, Old Canada and the Maritime Provinces had to be given some compensation for the financial needs of the provincial governments. This was provided for in several ways:

First: securing the provincial legislatures the authority of "Direct Taxation within the Province in order to the raising of a Revenue for Provincial Purposes" (92,2).

Second: granting "The following sums shall be paid yearly by Canada to the several Provinces for the support of their Governments and Legislatures:

Ontario	Eighty Thousand Dollars
Quebec	Seventy Thousand "
Nova Scotia	Sixty Thousand "
New Brunswick	Fifty Thousand "
	<u>Two Hundred and Sixty Thousand Dollars (#118).</u>

(2) "Canadian Constitution," p. 240.

Third: "an annual grant in aid of each Province shall be made, equal to eighty cent per Head of the Population as ascertained by the Census of one thousand eight hundred and sixty-one".....(118). There still remained to the provinces important and expensive functions such as administration of justice and all pertinent to it, education, sanitation roads and bridges. The 85 cents subsidy should contribute to the defraying of the expenses.

Fourth: A source of revenue of the several provinces from the public lands in the respective provinces Before Confederation. By the B.N.A.A. 109: "All Lands, Mines, Minerals and Royalties belonging to the several Provinces of Canada, Nova Scotia, and New Brunswick at the Union, and all sums then due or payable for such lands, Mines, Minerals, or Royalties, shall belong to the several Provinces of Ontario, Quebec, Nova Scotia and New Brunswick in which the same are situated or arise, subject to any trusts existing in respect thereof, and to any interest other than that of the Provinces in the same."

To this article Scott annotates: (3) "It must be always kept in view that where public land, with its incidents, is described as 'the property of' or as 'belonged to' the Dominion or a province, these expressions merely import that the right to its beneficial user, or to its proceeds, has been appropriated to the Dominion of the province, as the case may be, and is subject to the control of its legislature, the land itself being vested in the Crown."

He further remarks "Lands in Ontario surrendered by the Indians by treaty became vested in the Crown for the beneficial use of the province," and, again, he remarks "a province cannot of its own motion and power extinguish Indian Rights." Whatever the term "vested in the Crown" may mean to the men of laws; de facto, however, it means less to-day than the saying "the lands belong to the people." It is a useless legal fiction devoid of all content.

(3) "Canadian Constitution," p. 247.

Fifth: Proceeding that "Canada shall be liable for the Debts and Liabilities of each Province existing at the Union" (110). Limits of such debts are set as follows: Ontario and Quebec conjointly \$62,500,000, they having to pay to Canada interest at the rate of 5% (112); Nova Scotia And New Brunswick 8,000,000 and 7,000,000 respectively (114 and 115) they having to receive for the defect interest at 5% per annum (116)

B Application of These Provisions to Manitoba.

With relation to Manitoba those subsidies were applied as follows: (4)

Debt Allowance:

(a) In 1870 Manitoba entered Confederation with an estimated population of about 17000 and a debt allowance of \$472000 for which assumed in debtedness the Dominion Government had to pay 5% interest to the province. The allowance was increased on several occasions; in 1912 its boundaries were extended it was again increased to \$8,107,500. However, Manitoba had drawn on the capital of debt allowance to the extent of \$475,816 thus reducing it to 7,631,684 yielding at 5% an annual income of \$381,584.

Eighty Cents per Head Subsidy.

(b) On entering Confederation with an estimated population of 17,000 Manitoba was granted the subsidy of 80¢ per head, i.e. \$13600. In 1882 the estimated population was taken to be 150000, then by each quinquennial census this grant was increased. In 1907 by the revised B.N.A.A. the limit of increase was when the population of any province reached 2,500,000 (against 4,00,000 as in the original act) and then 60¢ per head for any excess of population over that limit. Thus Manitoba with its increased population in 1912 (461630) received \$369,304 out of the 80¢ subsidy.

Allowance for Government and Legislation.

(c) On being created a province Manitoba received a \$30000 grant annually for that purpose. In 1882 it was increased to 50,000. In 1907 a scale was adopted by which provinces with 200000-400000 population received \$180000, and above 400000 to 800000 \$190000.

Besides these allowances received as per B.N.A.A. along with the other provinces of the Dominion there is the Allowance in Lieu of Public Lands in the province over which lands Manitoba has been given no control when it entered confederation.

(4) In the following account we follow Prof. X, A. B. Clark in "Finance and Taxation" of "Canada and its Provinces" Vol. XX pp 351-362.

When Canada bought out the Territorial rights of the Hudson's Bay Co. it was a natural assumption that the acquired territory would be held for the benefit of the whole Dominion and it was provided that these should be vested in the Crown, and administered by the Government of Canada for the purposes of the Dominion.

Such provision constituted a financial grievance and reason for political agitation in Manitoba. Thus when, in 1882, Manitoba's per capita grant was increased an annual subsidy of \$45000 was also granted to her as an indemnity for her public lands. In 1885 that indemnity was raised to \$100,000. An endowment to the University of Manitoba of 150,000 acres of land was also made by the Dominion Government. Further such of Crown lands as being shown to be swamp lands to the extent of 2,012,416 acres were transferred to the province at the different dates. Of these the Province sold 848,274 for \$3,189,168 prior to the enlargement of 1912. By the Manitoba Boundaries Act, 1913, the unsold balance of 1,164,142^{acres} of swamp lands were retransferred to the Dominion, and a subsidy based on population as per each quinquennial census was agreed upon. Before the war Manitoba received accordingly \$562500 per annum (population 400,000 to 800,000) in lieu of public lands with following reductions by the Dominion, \$153,493 being 5% on (a) \$300,000 for the university lands (b) \$2,769,857 on the amount of sales of swamp lands by the Province, minus \$419211 charges of administration and inspection by the latter. This left the province with a \$409,007 indemnity for her public lands.

Next comes the School Lands Fund: By the Dominion Lands Act, section 11 and 29 in every surveyed township in Manitoba, Saskatchewan and Alberta are set apart as an endowment for purposes of Education. The monies realized are invested in securities of Canada as a school fund, the interests of which, less cost of management, are turned over to the provincial governments towards the support of schools organized and carried on in accordance with the law of the Province, and for that purpose only.

C The Place of Taxation of Agricultural Lands
in
The Western Prairie Provinces.

Now that we know the fiscal system of Manitoba as resulting from the B.N.A.A. we are going to see what place the taxation of agricultural lands takes in the Western Prairie Provinces.

In Saskatchewan (5) we find the following provincial taxes on land: (a) the "Public Revenues Tax" (superseding in 1917 the "Patriotic Revenues Act" a war measure of 1916), a tax of 2% on total assessed value of all rateable property in the municipalities, and 1¢ per acre on land in the local improvements districts, and 1/5 c per acre upon grazing land leased from the Crown, (b) the "Wild Lands Tax" (superseding in 1918 the "surtax" of 6½c per acre on uncultivated land in rural municipalities) a tax of 1% on the assessed value of unoccupied land (c) the "Timber Areas Tax," dating of 1917, a tax of 1¢ per acre with a minimum tax of \$25; (d) the "Supplementary Revenue Tax" of 1¢ per acre, ½¢ per acre of grazing land leased from the Crown.

Again, in Alberta (6) we find in connection with land taxation: (a) "Wild Land Tax," in operation since 1915, a tax of 1% ^{of the} assessed value, homesteads being exempted (b) the "Unearned Increment Tax," dating from 1913, a tax of 5% on the increase on the unimproved value of the land over its last preceding value and levied at the transfer of land, (c) the "Timber Areas Tax," a tax of 2½¢ per acre held from the Dominion Government, (d) "Educational Tax" on lands outside the boundaries of organized school districts and on grazing lands leased from the Government of Canada, homestead land being exempted for four years; a tax of 1½¢ per acre on farm land, ¾¢ (½¢ before 1915) on said grazing land, a minimum

(5) Sec: An Outline of Provincial and Municipal Taxation in British Columbia, Alberta and Saskatchewan, A.B. Clark, 1920; pp. 73-81.
(6) An outline etc. pp. 42-49.

tax of 50¢ on parcels of at least one acre and of 25¢ on less than one acre; (e) "Supplementary Revenue Tax," since 1913, 1% of the assessed value of rateable land in urban units 4¢ per acre in rural units, and 1¢ per acre grazing land held from the Dominion Government.

Concerning the "Public Revenues Tax" in Saskatchewan, Prof. A. B. Clark (7) makes the following remarks. "By this "Public Revenues Tax" the Provincial Legislature has made a decided inroad on the field of real property taxation, which had by custom come to be regarded as the exclusive preserve of the municipalities. Real property is preeminently suitable for local taxation." While as an administrative desideratum and from the standpoint of suitability taxation of real property should be left exclusively to the municipalities for local purposes, desirability and suitability may not be the only considerations in the policy of taxation.

However, a system of distribution is desirable by which the objects and domains of taxation for dominion, provincial and municipal purposes should be separated. For that desideratum the Dominion is looking for sources of revenue other than real property. In Manitoba, more strictly than in the other two prairie provinces, the principle of leaving real property to the municipalities has been adhered to.

In Manitoba the Municipal Commissioners levies for administrative purposes a certain amount from every municipality in the Province. In 1924 (8) the ratcoff levy for the M.C. varied by municipalities from ~~about xx x 2%~~ 2% to over 10% of the assessed taxable value and for the whole province the levy for the Municipal Commissioner, ^{was} close to 11% of the total of levies raised by all the municipalities both rural and urban together.

The "Unoccupied Land Tax" is the only tax that applies to real property in Manitoba for provincial revenue. It dates since 1918 as "An act to Encourage Production by Providing for a Tax on Unoccupied Land.

(7) *An Outline etc. p. 75*

(8) See Statistics for 1924 published by the Municipal Commissioner of the Province.

CHAPTER V

Conclusion

From this historical survey, meagre and incomplete though it is, the writer feels justified in drawing his own conclusions.

Charles II was right or wrong; but the men of note of the nation found the Charter valid for two centuries. These men might have been influenced by their own social standing, might have been possessed by a particular class psychology, might have had a trend of thought due to their legal education; the nation might have doubted the honesty of some, and rejected the conception of others; the beneficiaries themselves, in their selfishness might have done great harm to the nation; yet for two centuries Rupert's Land was what Rupert and his associates and their successors wanted it to be, and all the officers of the nation, from the Crown to the Bailiff supported then in their claim. The "land" had belonged to the Crown by virtue of Conquests, Divine Right, Might, or other virtues; the nation had fought by revolts, petitions, civil wars, appeals to religion, and other forms of struggle. To-day the Crown is disowned and de facto divested of power civil, military, religious, or other powers. The H.B.C. as a sovereign company went down into past history.

The Confederation of Canada sent the H.B.C. as a sovereign company into oblivion paying £300000 and a huge grant of land. The money part is insignificant compared with Canada's debts of to-day. The revenue that the New (1) H.B.C. has already derived and will ever derive from its sales of land is a negligible quantity compared with the wealth in population, land, institutions and material goods of Manitoba, instead of the illgoverned and illused fur business of Rupert's Land.

(1) Every time we shall speak of the company that bought out and sold out to the Confederation the chartered rights of the H.B.C., we shall call it the New H.B.C.

The people of Manitoba have great say in the matter of the lands the New H.B.C. owns in Manitoba, not because we think that such ownership was acquired by a two centuries old arbitrary feudal act of Ch. II, but because the people may in the future, legislate concerning H.B.C. lands as over every humble homestead acquired at great personal sacrifices.

Now let us consider a few bare facts. In 1824 the H.B.C. charged to settlers 5s per acre; in 1829, 7s 6d. per acre. The H.B.C. reserved for itself the right of trespass over granted lands and right of search for illicit trade.

In spring 1881 the H.B.C. sold to English investors 300000 acres of land averaging \$2.59 per acre. In 1881 the C.P.R. sold land in the Brandon District and west of it at \$2.50 per acre with a rebate of \$1.25 per every acre brought under cultivation. In 1882 the C.P.R. sold 1,255,640 acres on similar conditions. By 1881 homestead entries reached 13750. In 1882 the Dominion government dispossessed itself by homesteads, preemptions and sales of 2,699,145 acres of land. At last in 1882 the land bubbles burst.

Evidently the H.B.C. Satrapism of 1824-1829 did nothing to cause 101 blades of grain to grow where only 100 had grown before. The rise in the price of land was due to the "Human Material" willing and ready to cultivate the land. Again the New H.B.C. contributed with nothing in 1881-1882 that this vast land that we call "the West" should become the "Golden West." Again it was the "Human Material," undergoing pains, privations and, in numerous cases untimely death, that produced the change.

Let us be clear in this matter. The nomad occupies a piece of land, settles on it, claims jus primi occupantis; yet, that is only the outside appearance: it is jus primi occupantis et laborantis; considering his conditions and ways equivalent to our using the land; jus primae occupationis alone without jus laboris would be no jus at all. Again- jus fortioris implying the subduing of the former occupants, and making them, one way or

another, tributary contributes with nothing to the welfare and progress of those subdued unless it be as a by-product of the means of securing the tribute. The master of the land by jus fortioris claims the tribute openly and honestly as a result of the sacrifices he and his men brought in order to become the master. He claims a certain credit due to him. Now, the H.B.C. claimed ownership and sovereign rights in the Rupert's Land as something transferred to them in the name ~~in the name~~ of a fiction and ruse. Since, for two hundred years, the English nation tolerated the claims these became quasi legitimate by use and custom. The New H.B.C. that "International" Financial Association, bought from the H.B.C. the levying tribute from the Rupert's Land. Wherefrom did the money come? Where to did the money go? How much of it remained in Rupert's Land as productive capital to make 101 blades grow instead of 101? The right to levy tribute in Rupert's Land, as the right to collect taxes in a Roman Province, were not the result of economic forces, but, at its best, derived of that absolute and unquestionable divine right of the tyrant. The Confederation bought and paid for the Freedom of Rupert's Land dearer than any borough in England had ever paid to any English King to be freed from feudal subjection. Thus not the £1,500,000 that the New H.B.C. paid to the Old H.B.C. but the Human Material that the Confederation was able to attract to the new province, the people seeking for land and freedom made Manitoba what it is. The 300000 times \$2.39 of English investors in acquiring the ownership of land in the "West" was only the payment of a subcollector paid to the collector of taxes, surely not for the benefit of the tribute payers. Yet, since the Roman Laws made then and the social-economic organization makes now such transactions possible and legal, the writer has to recognise not the legitimate but the legality of the ownership of the absentees in the share of tribute they hold in the Rupert's Land.

It is somehow different with the C.P.R.'s millions of acres; a free deal

without fiction and by no Divine Right. If Aristides the Just would have been a Minister of the Dominion then he would have told us about bribery, partisanship, and other defects of the deal, if there were such. And the people? They would have ostracized him. However, that economic nervous system of thousands of miles of railway is something concrete and it was produced after the federal Government had demonstrated glaringly its incapability of constructing it.

How much of the money obtained for the over 1 $\frac{1}{2}$ million acres sold by the C.P.R. was afterwards invested in the C.P.R.; how much of it was legitimate gain; how much of it was taken as tribute; and how much was squandered we may suppose that not even Aristides would have been able to account for. On the other hand, however, the Confederation obtained, according to the *conceptions* ethical of the time, an economic instrument without which that rapid development would have been impossible.

Yet, another country, just as rich, was empty at that time. Peoples of Europe sent their offshoots ~~XXX~~ across the Atlantic where land and freedom were offered, not where Land and Czardom were coupled.

The vision of ~~XXX~~ Confederation in the West would have soon ~~XXXX~~ vanished, ~~XX~~ the enterprising spirit of the C.P.R.-Men would have soon been wasted but for the ~~XXX~~ Human Material. The population of Manitoba grew from 18,995 in 1871 to 62,660 in 1881 (2). All and everything considered, it is not the people who owe thanks to the C.P.R. it is the C.P.R. who secured - not to say exacted tribute, and surely excessive tribute, from the people. The Dominion Government did not seem to have any sense of proportion in their generosity. Not the monopoly for twenty years, not the high rates, nor the extended exemption from taxation were or are the part of the tribute that an Aristide the Just would have resented, but the excessive stretches of choice land, 25,000,000 acres within 24 mi on each side of the main line

(2) R.C. MacBeth, a native of early Manitoba, in his "Romance of the Canadian Pacific Railway" assures us that land on the Red and the Assiniboine Rivers were then 50¢ an acre.

or its branches (3).

We may repeat in this connection that in the late 80ies the Man. & Southwestern from Winnipeg, the Man. & Northwestern from Portage la Prairie and other lines in the territories received land grants, usually 6400 acres per mi., making additional 6,864,074 acres. In the first decade of this century the C.N.R. as the successor of the Wpg. & H.B.R. earned that railway's land grant of 3,422,764 acres. The C.P.R. when taking over the Man. & Northwestern R'y and the North-West-Central R'y, acquired land grants totalling 1,396,800 acres.

Up to March 31, 1913 Land grants to R'y Companies in the West added up to 31,864,074. Up to that same date the H.B.C. received from the Dom-

(3) Point (II) of the Schedule* to the "Act* Respecting the Can. Pac. R'y" (assented to Feb. 15, 1881) provided: "The grant of land, hereby agreed to be made to the Company, shall be made in alternate sections of 640 acres each extending back 24 mi. deep on each side of the railway from Winnipeg to Jasper House in so far as such lands shall be vested in the Government-the Company receiving sections bearing uneven numbers. But should any of such sections consist in a material^{leg} or land not fairly fit for settlement, the Company shall not be obliged to receive them as part of such grant, and the deficiency thereby caused, and any further deficiency which may arise from insufficient quantity of land along the said portion of railway to complete the said 25,000,000 acres, or from the prevalence of lakes and water stretches in the sections granted (which lakes and water stretches shall not be computed in the acreage of such sections) shall be made up from other portions in the tract known as the fertile belt, that is to say the land lying between parallels 49 and 57 degrees northern latitude or elsewhere at the option of the Company, the grant therein of similar alternate sections extending back 24 mi. deep on each side of any branch line or lines of railway to be located by the Company."

The said act also provides that "the Government shall extinguish the Indian title affecting the lands herein appropriated and to be hereafter granted in aid of the railway." A further provision is made that "all the lands of the company in the North-West Territories, until they are either sold or occupied shall be free from such taxation by the Dominion or by any Province hereafter to be established or by any municipal corporation therein for 20 years after the grant thereof from the Crown.

Of further interest from our view point is the freedom from taxes on stock and other property for all times and exemption from regulation of rates till 10% had been earned on capital investment.

* The Act and Schedule are in Harold A. Innes' "A History of the Canadian Pacific Railway" 1923.

union surveyed lands in the West (unsurveyed area not included) 6,638,000 acres.

After the bursting of the land boom in 1882 it took some time before an evident improvement took place. From 1893 to 1914 the C.P.R. (and its subsidiary companies) sold 12,377, 088 acres for the sum of \$79,750,357, or at an average for all that period of \$6.44 per acre. During the same period the C.N.R. sold 2,282,659 acres and the H.B.C. sold 2,007,157 acres. The average prices per acre of land sold by all these companies were: 1906, \$6.01; 1907, \$6.02; 1908 \$8.78; 1909, \$11.08; 1910, \$13.36; and 1913, \$13.95. In 1915 a bad year for land sales in the prairies, the C.P.R. sold 390715 acres for \$6,126,108 or at an average of \$15.67. In 1917 the C.P.R. still had 7,870, 056 acres of agricultural, mineral, and timber land in possession as inactive assets. From the above figures we may roughly summarize as follows:

Up to March 31, 1915 the "Crown" granted away to Railways in the West and to the H.B. 38,552,000 acres. Of them we have collected data as sold to the end of the War a minimum of 18,613,000 acres.

H.B.C. 2,307,000 acres for	\$13,703,000	
C.P.R. 14,023,400 "	"	\$86,955,000
C.N.R. 2,282,600 "	"	\$14,700,000
		for a minimum of \$115,358,000.

Add to all that the hundreds of thousands of acres in the immediate vicinity of Winnipeg which were hunted up by dishonest speculation with scrips granted the expeditionary forces and to half-breeds in the early days and the picture of mismanagement of the dearest asset a country possesses, the land acquired for and by the people, will be half-way complete. As to the New H.B.C., for the £1,500,000 they invested in tribute collecting, - according to the above figures and remembering the £300000 and whatever their city lots in Wpg. and elsewhere brought, - have already been returned double.

Now let us compare the quantity of land that the people obtained in the West directly from the Dominion Government. In 1882 the Dominion had dispos-

assessed itself, by homestead entries, preemptions and sales of 2,699,145 acres. In a great total the Dominion had dispossessed itself in the West, up to March 31, 1913, by homestead patents, homestead purchases, preemptions, special sales, half-breed and military scrips^{of} 75,368,544 acres.

School land endowment 3,566,227 acres (not including unsurveyed area).

Manitoba Swamp Lands and Irrigation Lands 1,893,463 acres.

This makes a total of 86,848,000 acres.

Add the grant to Railways and H.B.C. 38,662,000 acres.

The Dominion dispossessed itself of 124,400,000 acres.

This left surveyed lands in possession of the Dominion 30,000,000 acres for about 187000 homestead entries. When we look back we find a few interesting figures. By 1881 the number of homestead entries reached 13750. The mass immigration set in in 1875, and the gross of it settled in Manitoba. During the decade 1881-1891 37399 entries were made. In 1910 alone 37071 and in 1912 alone 39151 entries were made. If the war would not have disturbed the march of immigration as it did, we may, in the light of these figures, safely suppose that by 1920 about all that land that had been surveyed before March 31, 1913, would have ^{been} taken up, i.e. in the fertile belt, within reasonable distance from any railroad, land worth the pains and sacrifices of homesteading would have been exhausted and the smaller and larger tribute collectors and their agents would have sharpened their teeth.

Certainly the Dominion would have opened new districts; new school lands would have been sold, new special sales would have been made, new homesteads would have been available. However, when we are able to show, as we did above, that whilst the Dominion dispossessed itself of about 86,000,000 acres, and that by far not all for homesteads, the H.B.C., the C.P.R. and the C.N.R. sold-what we could gather from sporadic figures-at least 19,000,000 acres, we may conclude that free land granted to homesteaders is losing its attractiveness if it is beyond certain limits of distance, below certain qualities of soil, at a certain stage of general development of the country of immigration

and if the immigrating human material has attained a certain height of culture, a certain standard of living and has obtained some knowledge about the country of immigration, either before or after reaching it. That is what speculators, tribute collectors and their agents understand, but many tax and land-laws reformers do not seem to take into account.

Now, all this has taken place within remembrance of many still living. No fiction about it is possible: no Crown, Devine Right, no Right of Conquest, no Reward for Fealty, no Deserving from the Nation, no Endowment of Religious Institutions, no Secularization ; in short, the Nation or People or State- call it what you will- was in possession of the lands between meridian 95° west and the Rocky mountains only 56 or 57 years ago and it was granted away, mismanaged, squandered. The process is still going on (4).

There is, however, one stronghold of the people: the holders of land hold it from the people, not from any fictitious abstraction of historically non-historical intricacies. The holder of land is personally free, he is not bound to the land; in numerous cases he has never seen and will likely never see the land. The people are not descendents of serfs on the land; in numerous cases they have not come over yet to take their share in the institutional life of this country. Those who will come to this land and those who will be born in it will by jus laboris, by their contributions to

(4) The "Free Press" announced June 8, 1825, that a man of St. Paul, head of a concern in Manitoba was negotiating with the Dominion Government for ten sq. mi. or 6400 acres, near Marchand on the C.N.R., in addition to the 90,000 acres that concern owns there already. That our Government have no vision, no understanding for a national land policy is to be seen from the fact that the St. Paul man had planned already the drainage necessary and possible should his concern acquire the 6400 acres. A 90000 acres had been drained and floods were caused in a neighboring district; The new drainage would rectify conditions. The whole of it is changed into a dairy district. Suppose 320 acres to a homesteader it would mean 300 homesteads. What would a National Land Policy of Y.M. have had to do?—What about a Land Policy of the Provincial Government of Manitoba? Quite simple: "getting rid." The area of unsold land in Manitoba belonging to the government amounts to 243,656 acres which-as reported-is very favorably located as regards good roads, schools, and shipping facilities. We remember how little satisfactory to the Province the deals of provincial lands turned out in the past. Let us hope that in the future, the results will be more favorable than in the past. However "getting rid" is no more a land policy than suicide is a remedy against destitution.

the advances of this country while carrying on the processes of their own life and struggle for their own existence, all will have the same right to say to the landholder: "in Manitoba, in the West of Canada you hold the land from the people; whatever legal claims of interest you are justified to in the land we recognise; but you hold it from us and you have to satisfy all charges we hold or shall legislate against the land. Whatever benefit you derive, whatever your ability to pay be, we as collective prime owner of the land, lay no charge against you; but if you want to hold or to continue to hold the land in the West, the people hold prime charges against the land those charges depending upon our social needs and upon the extent to which we may in justice expect the land to satisfy those needs. If you can't hold the land because of the conditions imposed (5) the land reverts (6) to the people as prime owner and the people has to clear the land reverted of the charges you are justified to hold against it. . . .

Our original aim has not been nor is our aim now the unfolding of a National Land Policy. Without prejudice we have tried to get historically an answer to the question: "Who should by right be regarded as the prime owner of the land of this Province of Manitoba?" This question being answered, we may be able to answer the basic questions of taxation: Who and by what qualification should tax the people holding the lands of Manitoba?

(5) Thoughts are fathers to deeds. Van Hisse in his book "The Conservation of our Natural Resources " says: "As rapidly as a sentiment can be developed for their enforcement laws should be passed which will prevent the neglect of the land." He suggests a policy of public control over private farms. R.T. Ely in an article "Soil Deterioration and Public Land Policy" in the Journal of American Society of Agronomy, Feb. 1926, quotes Van Hisse and is in agreement with him. Our Weed Laws are just one phase of a Public Land Policy in matters of neglect of the land. Our unoccupied Land Laws (uncultivated, Wild Land Laws) may find their justification in a policy against neglect of the land.

(6) The Unoccupied Lands Tax Act of Manitobas Section 34, provides for the sale of the land after two years of unpaid taxes, and Section 36 authorizes the Municipal Commissioner to purchase such land. A National Land Policy would only invert the process: such land would be taken over by the Mun. Comm. as land reverting to the people and he may keep it or sell it as the law may provide.

The historical survey led us to the conclusion that the growing "people" of Manitoba- a growth that is still in the infant state- is the prime owner of the lands of this Province. However, this point has to be made clear and pointed. Whether later the metis were instigated or they were led by their own judgement to take ^{up} arms; whether the whites pulled to the South or to the East; the 19000 people were all in agreement upon one fundamental point: The rule of the H.B.C. had to be ended. Here lay the strength of Confederation, even before it was created, as far as the West was considered; here also lay the weakness of the H.B.C. If the newly created Dominion would have neglected this matter, the 19000 people of the R.R. Settlement and the "Republic of Manitoba" would have shaken off the H.B.C. sooner or later irresistibly, an action leading possibly to bloodshed and international complications. The at once firm and ~~XXX~~ diplomatic tactics of the British Government both towards the Dominion and the New H.B.C. avoided such consequences, and brought about a consolidation of British North America. Now, the Dominion advanced £ 300000 and assured the New H.B.C. of $\frac{1}{20}$ of the land in the West. Was the Eastern Dominion going to substitute herself for the New H.B.C. in treating those 19000 of the Red R. Settlement and the "Republic of Manitoba" as a tributary hinterland, squander their lands which by the nature of things should serve as homes ^{for} coming thousands, hundreds of thousands and millions? Evidently not. The Old Canadas, on their way to industrialization, concluded a good bargain when, at a cost of £ 300000, extended their activities beyond the Great Lakes, to the Rockies and beyond. The administration of the natural resources of the West by the Dominion Government is therefore to be looked upon as a matter of trust and not of compulsory right. The History of their ~~ix~~ administration has not justified the trust set in them. Now, when the Dominion is on the eve of a new conception to be translated into her consolidation, the three western prairie provinces should claim their right to their natural resources not as an act of magnanimity, but as the result of a) historical facts b) jus occupantis et laborantis of those present c) jus

laboris of those still to come and reside here and of their offsprings. The claims of Manitoba to her natural resources should not be based (as some occasionally seem to think) on as charitable an attitude of the Dominion towards the Prairie Provinces as that of the Mother Country towards the Dominions. No, the History is different, the conditions are others, the conceptions of right have changed (7).

Considering the unused land in organized territory in Manitoba, as far as far as it still is in the hands of the Dominion Government, it may be pointed out that it has been reduced to about 1,885,800 (8). That means that if the Province does not get back its natural resources now, that much land is withheld and will be withheld from her legislation for some time yet ; but she exercises her full rights of prime ownership over all the other lands in her organized territory, with some, relatively insignificant, exceptions.

From all this it results that the fiction "vested in the Crown" with regard to the former Rupert's Land, as far as they are within Manitoba today will sooner or later, but in a near future, cease even in this form. The conclusion is then: the agricultural lands of Manitoba belong in prime ownership to the people of Manitoba and these people of Manitoba should be the only ones to legislate and to tax land in this Province. To whatever was provided contrary to the prime ownership of Manitoba has, in fact, unconsciously been under one form or another protested against by the people of Manitoba.

Here another point may be mentioned. Taxes are paid by somebody and that somebody has his gross income reduced by so much. Are the taxes

(7) The attitude of the Federal Government towards the Provincial Government of Manitoba in the timber question is unjustifiable and humiliating to say the least.

(8) According to Professors Grant and Murchie of the Agricultural College.

a charge against the land or against the holder of the land. Whatever Prof Nicholson (8) might show to be true for England that "all taxes fall on persons and not on things" does not hold good for agricultural land in Manitoba. The origin of holdings, the acquiring of ownership the place of the land in the national economy, the kind of taxes and their history, the human side, and in many other ways, everything is not only dissimilar but even contrary to conditions in past and present England so that we are on the safe side in our statement: charges are against the land to be cultivated and not against the cultivator. The cultivator pays the taxes not because of the benefit he derives from their expenditure; all those batchelor or batching homesteaders paid their taxes to the School District without having any children at school. Nor did homesteaders pay according to their ability to pay; in numerous cases they had to think of bread instead of eating it. Why did they pay taxes? Because a charge was laid against the land as soon as it passed into the hands of a holder. In many cases the homestead was dropped before the S.D. got its taxes. What happened? The writer was teaching a rural school the budget of which was based on a certain number of quarter sections held by settlers at the time of making the assessment roll. In the course of the school year a number of homesteads were dropped and others or some of the ones dropped were taken on. The budget was disorganized the teacher could not be paid not even to the extent of securing his board. A certain number of settlers could not pay taxes out of the boulders they had to clear. Yet, the attendance ran 40-44 daily in one room with grades 1-8. The Dpt. of Education gave, on the recommendation of the Inspector, a special grant of \$100, not to help to pay for the teacher's board, but to be applied on the bonds. As the S.D. was in an unorganized territory there was nobody locally to go to. The Bank refused credit, of course. The Dominion Minister of the Interior refused any help

(8) J.S. Nicholson: Rates and Taxes as Affecting Agriculture, 1905, p.9.

to recover the taxes from the improvements on deserted homesteads, and the Crown(?) can't possibly be taxed. A private institution gave a grant to the S.D. in recognition of the good work the teacher was doing. This helped not only the teacher to pay his board, but also the homesteader to board the teacher.

Was it, is it right to recover such taxes from such homesteaders from their improvements they leave behind? The writer has been informed that that is possible to-day. It is not the homesteader who benefits from the land before he gets his patent; it is the land, the Province who are benefited by those improvements produced by sweat and blood of the homesteader. The patent is only a compensation for his pains, privations, and sacrifices. When he has his patent on the land he may be said to hold the land against which the taxes are charged; otherwise we tax his brows punishing him for trying to improve or actually improving ^{not only} those 160 acres but a new part of the Province by his mere presence and holding on to the land; we tax the homesteader because he holds the land, not because of any benefit, nor because of and according to his ability to pay, for so long as the land does not revert to the people. Of course, by the disorganization of so many budgets for years and years in so many School Districts the latter saw themselves forced to do something and then made homesteaders' improvements responsible for taxes. Yet, we must not be sophisticated by such measures into believing that taxes were against the holder and not charged against the hold-
ing.

Sections 169 and 170 of the Assessment and Tax Collection Act of Manitoba, show, though not fully, the spirit of our conclusions. By Sect. 169, if the land sold for taxes does not sell for the full amount of arrears and costs ~~XXX~~, the sum obtained shall be accepted as full payment of such arrears and costs; there is no charge against the holder himself, but if the owner wants

At least the writer feels that his conclusions with regard to Manitoba
drawn from the history leading up to the creation of this province will
apply no less to the other two prairie provinces. Moreover, his conclu-
sion about the right of the people of Manitoba to the prime ownership of
the land of Manitoba is in keeping with the claims the people the world
over are laying to the lands of their respective countries. These claims

Social Implications.

The existence of a collectivity of people second to labor power with its
not the only form of wealth to be taxed, but the most important asset in
essary to the satisfaction of social needs, keeping in mind that land is
the only authority to charge the lands of Manitoba with taxes now-
the local bodies to which the province transfers necessary authority, should
vince of Manitoba. d) The province, both as a central power and through
commonly understood, hold their land or lands in Manitoba from the pro-
vince should administer her own lands in Manitoba. e) "Land owners," as
to be: b) The province of Manitoba as an organized power of that collect-
ple of Manitoba is as a collectivity the prime owner of the lands of Man-
to summarize we may lay down our conclusions as follows: a) The pro-

be stated by law (Compare Note 6 of this chapter).

Equality and the Municipality may keep it or sell it under conditions to
the owner of the land of Manitoba, the land would first fall to the Mun-
ity, conforming to our conclusion that the people of Manitoba is the prime
may then dispose of the land at any time. If we had a national land pol-
of taxes and costs and may become the purchaser thereof. The Municipality
Municipality may bid for the land up to the amount due thereon for arrears
taxes and costs together with penalties for redemption. By Act. 170 the
then to redeem his sold land he shall pay the full amount of arrears in

universal in their extent, irresistible in their force, based on new conceptions, dim though they may be, forced some governments to action, others at least to thinking. In no country, however, are those claims more justified than in Manitoba and the two sister provinces in the West.

*"Taxation of Agricultural Lands
with Special Reference to Manitoba."*

Part II: Technical.

I

Instead of Introduction

The Candidate humbly presenting his thesis on "Taxation of Agricultural Land, with Special Reference to Manitoba" begs to submit some points concerning him personally. They may be of help in judging his thesis on its merits in the light of its contents, but also throwing light on what is not contained but might have been contained in it had the writer had better opportunities.

Born in 1872 in Roumania where he acquired his B.A. in 1894, graduated in Agronomy in Vienna in 1903, he came to this country in 1908 and has been teaching since in this Province with the exception ^{of} one year and one half in Saskatchewan. In 1914 he was granted by the Department of Education of Manitoba a First Class Teacher's Certificate, Grade A, and in 1923 he was granted a B.A., adeundum, by the University of Manitoba.

Whilst this was in short his academical career before he embarked on his studies for his M.A. specializing in Land Economics, his practical experience as student, teacher, employee in agricultural concerns, sheet metal worker, in Rumania, Austrian Bucovina, Vienna, Lower Austria, Western Hungary, Liege (Belgium) and Quebec, Manitoba and Saskatchewan, taught him no less than his "schooling" did. Through all these changes of countries and vocations the dream of "land" guided him all along and the study of questions pertaining to land was a necessary corollary. Homesteading in the West did not materialize in spite of some effort and sacrifice. Rural, semi-urban and urban teaching gave him an opportunity to see the needs and learn the longings of the people here. This in short summarizes his practical education.

And now to the thesis. The writer would refer her to the second part only. Armed both with some academical schooling and some practical education through life experience and observation he hoped to be able to

accomplish something to present in his thesis results worth while. Step by step he met with difficulties in getting reliable information. First there was the difficulty of getting at printed sources as far as there is any printed material accessible to the public. Secondly the attitude of "can't be bothered" of some and business like suspicion of others were rocks against which almost all his attempts shattered. The result of these difficulties were often calamitous.

The writer begs to illustrate this by just one example. Our rural municipalities include semi-urban clusters of houses and not only do these contribute both by land and house assessment whilst farms contribute just by lands assessment to the special school and municipal levies, but, in many cases, their contributions are considerable. The statistics given out by the Municipal Commissioner to the public throw the rural and semi-urban contributions together.

In spite of all effort the writer could not get information to clear up the matter. The result was the throwing out of one of the most valuable chapters of his work. Whatever examples he used in the thesis concerning such material imposed upon him great restrictions in drawing conclusions and if he did try to do so there always was a fog blurring the scene.

Another difficulty was that the statistical materials offered both by the M.C. and the Dpt. of Agriculture are not always matters of exact facts. The former ~~XXXXX~~ shakes off the responsibility and the latter assures us that in spite of their being conjectures of limited material yet they are reliable enough. Thus the use of such material often caused very careful and hard work and when the results were obtained they could only be considered as a tendency but not as a safe direction.

Under such conditions and other handicaps the writer feels that his thesis is the result of his best endeavors and submits it for judgment.

S.A.

CHAPTER I

Relative Valuation of Agricultural Land.

Haas(I), in his instructions for farm land appraisal, takes into consideration as follows:

Seven Classes of Land

Soil Types (By situation in county map).

I Woods not pastured:

Relative proportion of each type.

Potentially tillable;

Remarks: stony, flooded, poor drainage, run down soil, land improvements, etc.

II Woods pastured:

Potentially tillable;

III Other non-tillable pasture:
Rough.....Wet,,... Stony...

Topography

IV Tillable pasture

Yields (Various crops in usual units per acre).

V Wild hay land

(Reasons why not plowed)

Distance to Market

VI Other tillable land

VII Waste land (its nature)

Road frontage; Type of Road.

The Manitoba Commission (2) in its "information for assessors" (2) calls for the following:

A Map of the Municipality by Township and Range each quarter section being subdivided into 4 squares a,b,c,d, and giving information about: Topography (flat, rolling, hilly, etc); of the different parts; kind of soil (black loam, loam, etc. stony, some stony, etc); and other features, such as: Lake, slow, river, creek, timber, railways, stations or sidings, elevators. In each a,b,c,d, be recorded average value per acre.

In connection with each farm it calls for: nature of soil, water supply and its distance from house, distance of railway siding, kind of Road, and the following: I Under Crop (wheat, oats, barley, rye, potatoes and other hoe crops in acres

and bushels; green feed, cultivated hay in acres and tons) Summer Fallow, and

(1) G.C.Haas: "Sale Prices as a Basis for Farm Land Appraisal" U. of Minn. Agr. Exp. St; Bull. 9, pp. 28-29.

(2) See "Information for Assessors" issued by the Manitoba Tax Commission, 1926, pp. 8-10, 14-15.

Unbroken Land, acres and value per acre. II Wild Hay (in acres and tons); Pasture (in acres and cattle); Timber (in acres and cords), acres and value per acre.

III Under Water and other Non-Productive acres and value per acre. Detail of Crops are optional but the total acres and value per acre in the three categories are requested to get the total assessment.

Remarks may be made about any authentic information which would be of assistance to establish the value of the land.

Assessed taxable and non-taxable value to be given separate. | Chambers, (3) discussing the "Relation of Census Land Values to Productivity" and productivity factors sets "roughly" (Chamber's own expression) the following:

"Land Classification:"

Yield:

I Acres of multiple use land.

I Five or ten year average yield of major crops.

A. Acres needing drainage.

B. Acres needing other improvements.

II Acres of single use land.

Distance

A. Acres of permanent pasture.

I to local markets.

1. Acres potentially multiple use.

II Distance of local market to central market.

a. By drainage.

b. By clearing.

c. By both.

Road Types

B. Acres of woods pasture.

I Mileage of each type of road.

1. Acres potentially multiple use.

a. By clearing.

b. By drainage.

c. By both.

C. Acres of waste land.

(3) Clyde R. Chambers: "Relation of Land Income to Land Value" U.S. Dpt. of Agr., Bull. 1224, p. 14.

(5) This "Classification of Soils" is based not so much on geological origin but partly on chemical composition and partly on physical properties as they affect the growth of our agricultural plants. Both the chemical constituents and physical properties are chosen not only by their significance for plant growth but also with a view of their practicability for the practical agriculturist in the application of his theoretical knowledge. The grouping and subdividing of every group as shown by notations are according to descriptions of A. Novacki: *Practische Bodenkunde*, 1899. The slight rearrangements, as shown by the changed sequence of figures within the groups, and the arrangements according to bonanza are the writer's. The classification may not be complete, it may not be ideal, but it will serve the purpose of demonstration of the workings of the "economic relative valuation" theory.

Explanations: * Bqz = Bonanza or class of quality of a soil; * (dr) = drainage necessary. ! Grus = Sharpedged and cornered fragments of decayed stone and of 2-5 mm axis. !! Kies = rounded and smoothened; fragments of stone in alluvial deposits and of 2-5 mm axis. !!! Grand = stone fragments of 2-1 mm axis; usually in alluvial soils and then smoothened; occasionally sharpedged and the result of decay, as the particles of decayed granite. !!!! Gravel = stone fragments above 5 mm possibly to 30mm axis; !!!!! Sand: coarse = 1- $\frac{1}{2}$ mm; fine = $\frac{1}{2}$ - $\frac{1}{4}$ mm; dusty = $\frac{1}{4}$ mm and less.

Humus Soils with 20% humus and over by weight or 50% by volume. Under different natural conditions and different treatments soils of different bonanzas may be the result.

Note: "Grus", "Kies", "Grand" taken from Novacki as convenient, simple and short terms.

- 4 -
Classification of Soil (5)

Principal Groups.	1. Stone & Gravel.		2. Sand		3. Loam		4. Clay		5. Marle		6. Lime		7. Humus.	
	Cl	Soil	Cl	Soil	Cl	Soil	Cl	Soil	Cl	Soil	Cl	Soil	Cl	Soil
1.									1. Clayey Marle rich in Humus.	1. Lime rich in Humus(?)				
2.									2. Common Clayey Marle.	2. Clayey Lime.				
3.							1. Black Clay.		3. Loamy Marle rich in Humus.					
4.					1. Loam rich in Humus.				4. Loes like Loamy Marle.					
5.					2. Loes Like Loam.	2. Clay rich in Lime.			5. Common Loamy Marle.					
6.					3. Common Loam.				6. Sandy Gravelly Stony Marle.	3. Loamy Lime.				
7a.					4. Heavy Loam(dr)	3. Common Clay.								
7b.			2. Marly Sand!!!!		6. Sandy Gravelly Stony Loam.									
8.			3. Loamy Sand.!!!!											
9.			1. Sand!!!! rich(dr) in Humus		5. Wet ** Loam(dr)	4. Severe Clay(dr)								
10.			4. Common Sand.!!!!											
11.	1. Grus! rich in Humus.													
12.	2. Loamy & or 4. Marly Gravel!!!!									4. Sandy & Grandy Lime.				
13.	6. Grand!! 5. Kies!!		5. Wet ** Sand(dr)			5. Wet ** Clay(dr)				5. Stony Lime.				
14.	3. Grus!		6. Drifting Sand.!!!!			6. Pottery Clay.				6. Lime C Chalk.				

GRASS HUMUS. WOOD HUMUS.

In everyone of the above systems the aim is that of attaining a monetary value per unit of land, one acre.

The "relative valuation" of agricultural land does not try to find a monetary value of a given land unit, f. inst. 1/2 section or of 1 acre, in a given region, f. inst. in a county or in a municipality as a current price or as an average of a number of transactions in land during a number of years passed. The "relative valuation," taking a certain soil of agricultural land as a standard as it affects the growth of our agricultural plants, expresses the relative value of any other soil in terms of the standard soil. This relative value is used as a basis for further work.

As an illustration we bring here the relative values of soils of the same class but of various depths. Considering 6" as an average depth of agricultural soil we may, other conditions remaining the same, according to Albrecht Thaer, consider an increase in fertility value, of 8% for every additional inch down to 12" depth and then an increase of 5% for every additional inch depth greater than 12". Similarly its fertility value falls by 8% for every inch less than 6" depth. Assuming 50 points for a 6" depth, the relative values of soils of the same class and some other conditions but of different depths will be as follows: (1)

Soil Depths (when dry)	Relative Value of Soils
3 in	38
4 "	42
5 "	46
6 "	50
7 "	54

(1) A. Novacki: Praktische Bodenkunde, 1899, p.49.
The values for "3 to 12" are reproduced by A. Novacki from A. Thaer; those for 13 to 16 have been added by the writer.

8in	58
9 "	62
10 "	66
11 "	70
12 "	74
13 "	76½
14 "	79
15 "	81½
16 "	84

The value of depth is not merely a proportional quantity of unlocked dispenible mineral matter, and not only a loosened soil to receive more readily the plants in their pushing downward, but also as a range of activity for soil bacteria of various kinds. Such Bacte^{ria} are missing in the subsoil.

Using the table "Classification of Soils" and taking the soils of "bonanza 6" as standard with 50 points and adding on 10 points for every class above it up to bonanza 1 and taking away 10 points for every class below it down to bonanza 10 we would have the following table:

Soil Bonanza	Relative Value of Soils
1	100
2	90
3	80
4	70
5	60
6	50
7	40
8	30
9	20
10	10

If we now take bonanza and depth combined, then a soil of bonanza 6 and depth 6" will have a relative value of $50 \times 50 = 2500$, whilst a soil of bonanza 90 and depth 12" will have a relative value of $74 \times 90 = 6660$. If other conditions (such as location, precipitation, temperature, etc.) added would balance for the two soils then the ratio of their relative values for equal land units would be as 125:333.

Considering the mineral constitution of the immediate subsoil we may modify the relative value of a soil. It is true that our grains, and most of our agricultural plants have the bulk of their roots in the upper 6"; nevertheless the lower parts are also used not only as a reservoir for moisture but also for plant food. The points for consideration of the subsoil may be: by how much may the soil be deepened; will the gradual deepening of the soil and bringing up of subsoil material improve or deteriorate the soil; will subsoil cultivation improve general conditions or not? For instance a marly or sandy subsoil will improve a heavy clayey soil and a clayey subsoil will improve a sandy soil. A subsoil of the same mineral constitution as the soil will allow the gradual deepening of the soil; a bringing up of and mixing the soil with subsoil material means wasting some of bacterial life. In view of this we may consider the additional inches of depth that may be acquired for the soil, within a reasonable period, at a proper bonanza and add to the actual relative value of the soil at the time of valuation. Our bonanza table hardly considers this point.

Again, the depth of the mirror of the underground water; its effects upon the soil during the time of plant growth may further change the relative value. If the water mirror is at a depth of 10"-12" or less the soil is likely to be covered by sour humus plants and not give us even a good grass land. To change it into a good meadow we must drain it down to a depth of 20"-24". If the depth of the water mirror is at 20"-24" the land may give a good nutritive grass; to change it to a field for

for other agricultural plants we have to lower it by drainage to 30-40 in. As we study the conditions of soil and subsoil when dry, it is evident that the value obtained will have to be diminished on account of too high a water mirror during the period of plant growth or even drying up too late in spring. Our bonanza table takes this consideration in but partly.

In intensive agriculture with Red Clover or lucerne in the rotation plan we may consider a great depth of the underground, even as far down as 33 feet (the influence of the sun may sink that deep in the soil) but at least 10 ft. if before that we don't hit upon the rock or too high an underground water level where water is not merely in capillary adhesion. A deep underground will again add to the relative value. Our bonanza table does not consider this point at all.

Speaking of land units we must bear in mind that a sloping parcel has to be reduced to the horizontal projection as far as area is considered since plants grow vertical i.e. perpendicular to the horizontal. At the same time a slope offers greater difficulty in all the agricultural work depending upon the slope greater than 1°-2°. The horizontal position of a field is not the most desirable, since it offers no natural run off for the water. The extreme limit of the slope of agricultural land with regard to agricultural work is 15°, but 10° already offers considerable difficulties. Since we have a lower and desirable and a higher and extreme slope limit, experiments may find some k (6) reducing the economic relative

(6) By way of illustration: G = weight of horses; Q = weight of implement; $\sin\alpha$ = the height through which the horses have to lift G+Q when α is the angle of the slope; Z = the average power of the horses. $\therefore Z = (G+Q) \cdot \sin\alpha$. Let two horses have together an average power Z of 120 mKg (Kilogrammeter) per second and a total average weight G of 800 Kg; let a plow be Q=60 Kg. and a seeder Q'=600 Kg. $\therefore 120 = (800+60) \sin\alpha$, for pulling the plow,
 $120 = (800+600) \sin\alpha$, for pulling the seeder.
 $\therefore \sin\alpha = \frac{6}{43}$, $\sin\alpha' = \frac{2}{5}$ $\therefore \alpha = 8^\circ 1'$, $\alpha' = 4^\circ 55'$.

That means that two average horses will spend their average powers to lift their own weight and the plow or the seeder up a slope of an angle of 8°1' or 4°55' respectively. An additional pair of horses would be required to do the plowing or seeding as the case may be.
 From: Johann Pohl's Landwirtschaftliche Betriebslehre, 1885, p.180.

value, i.e. of the already reduced or horizontal area of a land unit. It should be also remembered that the cardinal direction of the slope affects the growth of plants.

Concerning shape and size of parcel we may only mention without considering that the economic value of an agricultural parcel is influenced by size, shape and division. This point is not actual with us since, as a rule, the smallest parcel mostly considered in this country is a square of 160 acres; in rare cases a square of 40 acres gains consideration.

So far we have considered soil conditions only: Bonanza of soil, depth of soil, merit and depth of subsoil, underground water, slope of the land. This is by far incomplete; we have, f. inst., omitted the consideration of soil defects, such as: alkalinity, deficiency in a certain nutrient, weeds overrunning, which would surely be taken into consideration under certain conditions. From all these and other conditions we proposed that a relative value of a land unit as well as a ratio of relative values of two land units may be found if the values of other elements balance.

However, land includes also precipitation, heat, and light. One can hardly separate the three from one another both in their interdependence and effect upon plant growth; yet, we can measure precipitation by itself and we know that precipitation means cloudiness i.e. less light; and we can measure temperature during the period of plant growth and higher temperature means mostly more light. Thus by measuring precipitation and temperature without going into the trouble of measuring directly hours of sunshine we may obtain two terms of comparison important enough and sufficiently implying the third element i.e. light.

We shall illustrate the use of these elements of "land" considering precipitation. It would be wrong to add up in a lump sum all the precipitation during the year. What we want is a certain distribution during the season of tilling and that of growth and harvest. Let us take for instance, a few

points of Manitoba for which we have averages of precipitation of a long record.

Yearly average: Wpg(47)21.11, Brandon(36)16.73, Minn. (38)16.88, P.la P. (38)17.9

Apr. May, June, July	10-11	8-9	8-9	9-10
Aug., Sept., Oct.	6-7	4-5	4-5	5-6
Snow (10 in=lin. rain)	4-5	3-4	3-4	3-4

Morden(36)17.48, Treesbank(36)17.82, Cartwright(32)18.62, Swan Lake(36)18.24.

8-9	8-9	9-10	9-10
5-6	5-6	5-6	5-6
3-4	3-4	3-4	3-4

The numbers in brackets indicate the number of years of which the average was obtained. Two further points may be mentioned in this connection; first that the appreciation of precipitation is to be considered in conjunction with the underground water in dry season; secondly, that agriculture is a long-year business and long-year averages of precipitation are fully justified.

John Macoun has an interesting chapter on water conditions, agriculturally considered, in the Red River Valley and some interesting remarks concerning the once considered desert of the Souris District.

Another element of Land, as far as agriculture is affected, are early and late frosts.

Before we proceed we may remark that with the advance of cultivation of the soil of a certain district frost conditions are ameliorating. One district in Manitoba which was suffering badly of late frosts in early days was south of Rosenfeld and down to Gretna both east and west of the C.P.R. Old timers among Menonite settlers of that district told the writer that X that lasted way into the 90th, but steadily improving. About 1910 late frosts to damage the grain was almost unknown. In two Saskatchewan settlements about Regina in 1910, one only slightly further north than the other,

were suffering of late frosts; but the report ran that in the five years older settlement conditions in this respect were greatly changed to the better. The writer is not able to state the exact location of these settlements. It may further be mentioned that the acclimatization instead of change of seeds might have also contributed to the ameliorating conditions with regard to late frosts. Long days during growing season, a dry climate, steady warm and clear weather, a warm soil of moderate yet sufficient fertility are conditions producing seeds of short vegetation terms i.e. *suited* for late seeding and early maturing.

The soil might have reached a certain minimum temperature before it is fit to accept this or that seed for germination. To the minimum soil temperature there corresponds a range of minimum air temperatures (See appendix I a). In addition to the soil ^{im} minimum temperature certain plants need an additional number of degrees considering the sensitiveness of the seedling to two temperatures below 12°C and raw weather. To secure for the seeds a good start at and after germination we may say that any seeding at all should be waited with until the temperature is steady above 10°C while the lowest temp. be 5°C. The seedlings and even more advanced plantlings may be endangered by a late frost that is by a fall of temperature to 0°C or lower. The farther advanced the season is the less is there of such danger and of the damaging force. Some plants are not at all safe before all such danger is all removed and have to be seeded late in the season.

Appendix I b gives average frost free periods of several points in Manitoba. The average dates of late spring frosts and the average dates of early fall frosts are also given. Some averages are over 20 year long records others only of 10 and over and again others of less than 10. The year of conclusion is 1920 (?)

Since such conditions make agriculture a long-year industry, the consideration of such averages is fully justified and those of longer records are more conclusive.

Inquiring into principal causes determining the variations of dates of late and early frosts from place to place would be a specific case of the determination of the variation of early and late spring and fall from place to place. The ratio of relative values of a unit of two distant places will, other conditions being alike, depend upon the respective lengths of the growing season.

One factor that enters into such determination is latitude. Russia between the Black Sea and the Arctic Ocean offers an almost uniform land configuration almost devoid of large interior water masses and covering, ^{between} Cherson at the South and Archangelsk at the north, a difference of latitude of about $17\frac{3}{4}^{\circ}$ giving Cherson a growing season by 25 days for oats and 12 days for barley longer than at Archangelsk. For the same reason, Cherson has an advantage of 32 days for wheat over Olonez about $14\frac{1}{2}^{\circ}$ N. of Cherson. (Northern limit for wheat 61° .) For winter rye Cherson has in fall 45 days longer time than Archangelsk. Intermediate points are bearing out the (See Appendix I c) dependence of length of growing season upon latitude.

Another factor to be considered is altitude. Without having sufficient data to prove it the writer feels inclined to consider a difference of about 300 ft. in altitude to correspond, in matter of growing seasons, to 1° latitude (Appendix I d).

Comparing on a map of 19st spring frost zones of Manitoba the boundaries of the zones: a) May 24-31, b) June 1-7, c) J 8-14, south of the lakes. we see they are running almost parallel from east to west ~~XXX~~ zone (a) of earliest frost-free period ~~XXX~~ being the most southern, the zone of latest

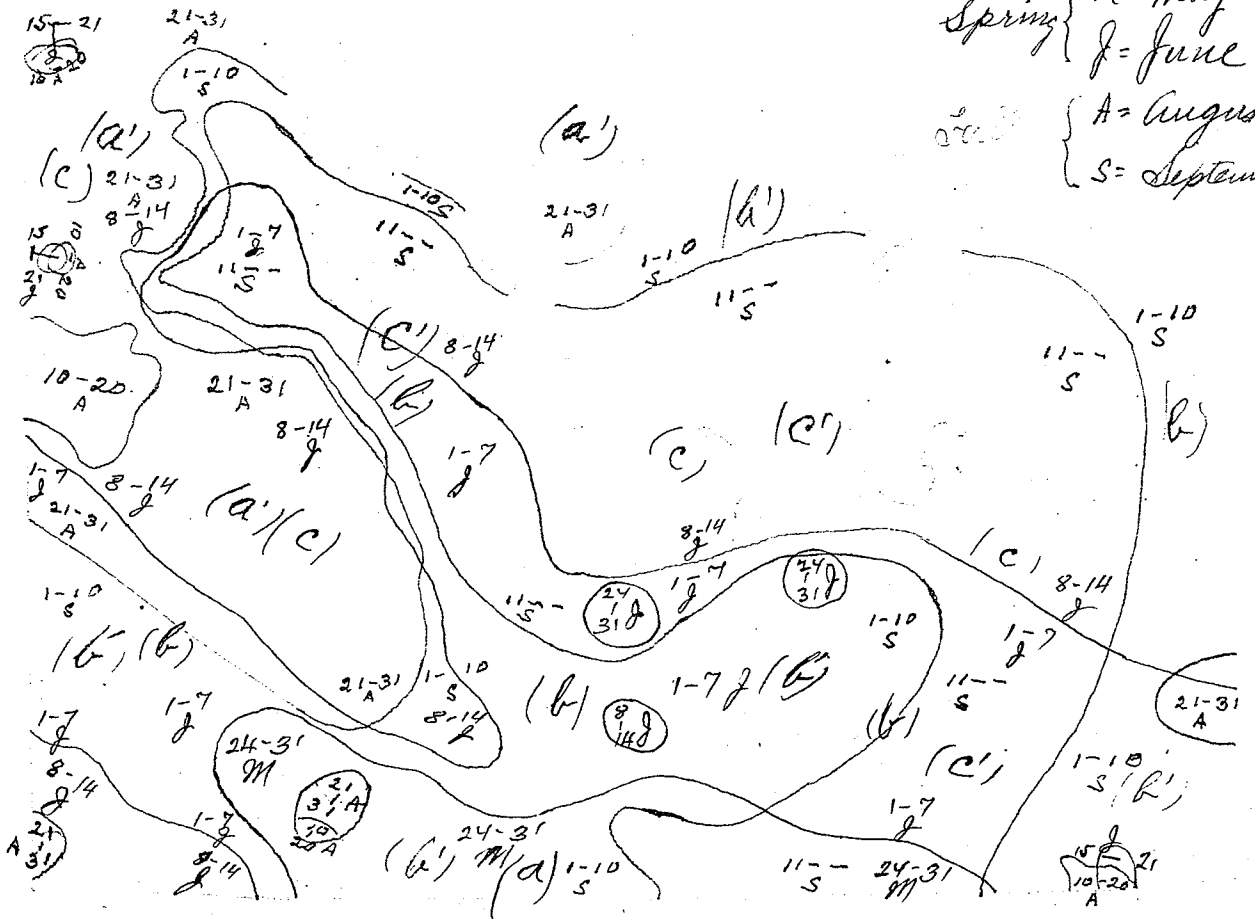
v.

Manitoba Last Spring - Frost Zones (a), (b), (c)

Manitoba First Fall - Frost Zones (a'), (b'), (c')

(The two maps combined in one by the writer.)
S. A.

from
Charts and Maps to
Progress Report of
Manitoba Agricultural Survey
1921.



frost free period (c) close to and between the lakes and zone (b) between the other two zones. As we go westward the differences of altitude unmistakably combine with differences of latitude. The S.W. corner has no (a) zone; there we find only (b) and (c) zones. Going northwestward zone (b) is greatly narrowed until it disappears and (c) is covering almost the whole of western and northwestern Manitoba.— With regard to early fall frosts we have exceptional spots having frosts as early as Aug. 10-20. The map shows the early fall frost zones a') Aug. 21-31, b') Sept. 1-10, c') Sept. 11 and later. It is possible that some change of time division would bring about a more adequate arrangement of the zones. Yet even as it is we recognize the influence of the lakes and of altitude. It is to be noted that region of higher altitudes of western and northwestern Manitoba which has its latest spring frosts as late as June 8-14 has also its earliest fall frost as early as Aug. 21-31.

From all we have said about precipitation and frosts we are justified to conclude that in not far distant time science will be able to give a more definite answer as to the relation how these and related factors affect the relative value of agricultural land and the ratios of two land units in two different localities.

A third group of considerations may be said to be of a social nature. We have considered a) the soil and underground b) the atmosphere completing the land. Such circumstances decide upon the fertility of the land, i.e. on what we may obtain from the soil. In a primitive organization under which the cultivator with his limited means and simple methods of production would try to obtain his food and housing and fuel and clothing from his soil and his sweat the considerations of fertility would be sufficient. The term "physical productivity" or "fertility" would coincide in meaning with the term "economical productivity". In our complicated

social organization with our methods of agricultural production, our manyfold needs and wants and our dependence upon the market both for the sale of our products and the satisfaction of our requirements there is a sharp distinction between "physical productivity" or "fertility" and "economic productivity." To shorten terms we may adopt the two terms fertility and productivity.(7)

"Economic productivity" or simplified "productivity" includes the "physical productivity" or "fertility" both of soil and sweat represented by the raw or finished materials we obtain for our own use as well as what we get for them in exchange on the market for what we do not use ourselves of those materials. As all exchange values are expressed in monetary units the cycle "economic productivity" will only then be completed when I know ^{what} what we get for our money, we may obtain for the results of our soil and sweat. Two farms at distances 3, 3 1/2 of the same gross "fertility" will suffer different reductions of their relative values for instance by the number of additional gallons of oats to be fed to our horses hauling our products to the market. The same will be true of the kinds of roads, high roads or dirt roads. The relative value will suffer a further reduction if for the money we get we may secure in commodities in our market town M. only 95% of what we might obtain in the market town M. or what sacrifices we may have to bring or privations to suffer because we are not within the zone of town M. In short economic productivity depends also upon elements of a social source. Such social elements will affect the cultivator both as a producer and consumer.

These chief social elements may be considered to be a) the class of town we are geographically connected with, b) the zone (2mi, 6 mi, 17 mi,

(7) The writer has adopted these terms from Henry C. Taylor as he uses them in the first edition of his "Agricultural Economics."

etc.) around that town and the nature of means of communication c) the age of the settlement d) the ethnographic element.

A unit of land of a certain bonanza and certain physical and microbiological conditions may be a grain land at 150 mi. north of Wpg., may make a grain cream-and-veal producing farm at 75 mi. may break up in potatoes-cream-and-poultry farms at 35 mi., in vegetable-and-poultry farms at 20 mi. The same ^{man} with his wife and family putting in more work and also wasting less time may make their living on 160, 80, 40, 20 acres at 150, 75, 35, and 20 mi. resp. That means that from the standpoint of economic productivity one acre of that same class of land at 20 mi. will be worth as much as 8 acres at 150 miles. It will only depend whether that man is equally efficient in all four types of agriculture. For the relative valuation of such units of land it is indifferent who occupies or is able to occupy them. It is in the nature of the matter itself that A, B, C, D is likely ^{to} look for the type and place offering him economic security according to his own efficiency. A, A, A' may not evince the same degree of economic efficiency on the same land in the same type of agriculture under the same objective conditions; yet the relative economical value of the land remains the same. Again, if, instead of Winnipeg we consider Portage la Prairie, the corresponding distances may be reduced possibly to $\frac{1}{3}$: 50, 25, 12, 6 mi. to produce the same economic effect in the relative valuation of agricultural land. Dauphin may reduce them to $\frac{1}{6}$.

To the phase of production there may be added the phase of consumption as distance from town and the class of town will influence the prices of commodities not only by virtue of distance from the wholesaler but also the size of the market: selling more, selling cheaper and gaining more.

The indices would have to be found how social factors influence the cultivator both as producer and consumer.

The aim of this chapter is not more than suggestive of the relative valuation of agricultural lands, and not of going into the details of a

system based on the theory of relative valuation as indicated in this chapter. Naturally, a thorough and scientific survey of the province in more than one respect will be necessary in order to lay out a cadaster of agricultural lands and come to a scientific conclusion as to the relative valuation of agricultural lands in the Province. Once the cadaster being laid out any changes are more easily followed up.

Appendix I

(a)

Plant Growth and Temperature.

Temperatures for Germination* (according to Haberland).

Plant	Soil Temp. Minim.	Number of days at:				Range of air Temp. for the soil minim.
		4.38°C.	10.25°C.	15.75°C.	19°C.	
Rye	1-2°C	4-4.5	2-2.5	1-1.5	1.	3.5-9°C.
Barley	3-4.5°C	5.	3.	2.	1.75	3.5-9°C.
Wheat	3-4.5°C	5.	3-4.	2.	1.75	3.5-9°C.
Oats	4-5°C	7.	3.75	2.75	2.	3.5-9°C.
Mais	8-10°C	-----	11.25	3.25	3.	12-18°C.
Red Clover	1°C	4.5	3.	1.75	1.	3.5-9°C.
Lucerne	1°C	5.	3.75	2.75	2.	3.5-9°C.
Peas	1-2°C	5.	3.	1.75	1.75	3.5-9°C.
Vetches	1-2°C	5.	3.	2.	2.	3.5-9°C.
Beans	10°C	-----	-----	-----	-----	12-18°C.
(Garden)	-----	-----	-----	-----	-----	-----
Beet**	4-5°C	22.	9.	3.75	3.75	19-18°C.
(Man & Sug)	-----	-----	-----	-----	-----	-----
Sunflower	8-9°C	-----	25.	3.	2.	12-18°C.
Flax**	2-3°C	-----	-----	-----	-----	3.5-9°C.
Potatoes	8-10°C	-----	-----	-----	-----	9-12°C.

* When the radicle of the embryo breaks through the seed. When the bud breaks through the eye.

** Seeded later because of the sensitiveness of the plantlings to frost and raw weather.

(c)

North and South Russian Growing Seasons.

(Compare Frans Schindler: Die Lehre vom Pflanzenbau, 1896, Sp. 162 165).

In the Archangelsk District (ab. 64°30 N. lat.) the growing season for Oats and barley lasts 98 days. In the Cherson County (ab 46°45 N. lat.) oats grows 123 days and barley 110 days giving a difference of 25 and 12 days respectively. Wheat in the Olonez County on the Ladoga Lake (ab 61°N. lat) has a growing season of 88 days, but in the south 110 days, i.e. a difference of 32 days. In places intermediate between the extreme latitudes as given hereabove, the growing seasons take an adequate length but grow more towards S.W. direction than straight southwards, and are the longest in the Vistula Districts due to the more frequent and lasting precipitations and cloudiness in this part of the country.

There is also a great difference between N & S with regard to seeding time of fall rye: around Archangelsk it centers around 15th of August around Cherson it is about 15th of September. Joining the points of about the same seeding dates of fall rye we obtain curves inclined from N.W. to S.E. running in the same sense as the isochuines, i.e. the temperature curves joining the points having the 0°C at about the same

b)

Average Frost Free Period.

(after "charts and maps, Progress Report, Manitoba Agricultural Survey" 1921, p.11).

Yrs.	Station	May	June	July	Aug.	Sept.	Days
21	Russol	--	20	31	20	--	71
7	Drossbank	--	17	31	27	--	75
15	Pierson	--	18	31	27	--	75
10	Singa	4	30	31	13	--	70
10	Swan River	--	18	31	30	--	70
10	Hoose Horn Bay	--	19	31	29	--	70
12	Birtle	--	21	31	20	--	80
6	Vaugh	--	25	31	26	--	82
38	Minnedosa	--	22	31	27	--	81
29	Brandon	--	23	31	28	--	82
19	Almasippi	--	20	31	31	4	86
13	Bereus River	--	19	31	31	5	86
17	Virden	--	24	31	31	--	86
9	Ninette	1	30	31	29	--	91
16	Cypress R.	--	22	31	31	8	93
26	Frederna	--	25	31	31	6	93
24	Hillview	--	30	31	31	2	94
15	Pipestone	--	26	31	31	6	94
5	Pinawa	--	17	31	31	15	94
4	Morris	--	24	31	31	11	97
21	Oak Bank	--	30	31	31	6	98
8	Carman	--	29	31	31	7	98
46	Wgs.	--	30	31	31	8	100
15	Dauphin	--	28	31	31	12	103
8	Sousis	3	30	31	31	12	107
27	Fortage	3	30	31	31	15	110
16	Morden	1	30	31	31	17	110
7	Swan River	--	29	31	31	20	110

c) continued

dates.

In central Europe the numerous mountain ranges and wide plateaus disturb the regular connection between seeding periods and latitudes as illustrated for Russia. In Southern Europe the sea becomes a factor; also the winds and rains.

In connection with higher latitudes it may be remarked that the days are longer and not only is by that the daily amount of heat greater compensating for the shortness of the season of growth in making up what some called the "heat total" but also the duration of light per day is longer, which factor should not be left out of account.

d) Northern Limits of Cereals: (According to Edward Wolny).

Plants	Eng.	Scand.	W. Russia E.	W. Asia E.	W. N.A.	Inland E.			
Barley	62°N.L.	70°N.L.	67°N.L.	65°N.L.	61°N.L.	54°N.L.	57°N.L.	65°N.L.	50°N
Rye	62°N.L.	69° " "	67° " "	65° " "	61° " "	53° " "	55° " "	61° " "	50° " "
Oats	59° " "	66° " "	65° " "	62° " "	60° " "	54° " "	53° " "	65° " "	50° " "
Wheat	58° " "	64° " "	65° " "	61° " "	59° " "	53° " "	55° " "	60° " "	44° " "
Maise	.....	.....	.....	.....	.....	.....	.....	51° " "	.....

d) Haight Limits for Cereals:
1000-1700m (3282-5579.4 ft.).

On the plateau of Upper Peru, i.e. in the torrid zone, cereals may still be grown though they are suffering from late frosts.

According to Schindler, at 900-1200 m (2953.8-3938.04 ft) above sea level in the Alps (about 46°-47°N. Lat.) conditions prevailing are similar to those at 55°-59° N. Lat. in Russia, with regard to shortening of season of growth by early and late frosts. Rye and oats go higher than wheat.

Absolute height is an important factor but the cardinal direction of the slope is also to be taken into account: an eastern and southern sloping will receive more heat and light than a western and northern sloping. On the other hand the contrasts of temperature between day and night are also greater in the former than in the latter sloping.

CHAPTER II

Methods of Appraisal of Farm Land.

The present methods of Taxation of Real Estate in general necessitate the monetary value of the land since the taxes are expressed in mills or cents on the dollar of the market value of the property. Since only a small fraction of the number of real properties of a city or countryside is on sale or has recently been sold and bought, a method is needed of finding indirectly the values of real properties to be assessed. This matter offers greater difficulties in communities where land and buildings are treated separately. The difficulties increase enormously where the value of the unimproved agricultural land is asked for.

There are three methods of appraisal of farm land ever used: a) using rents (as farm income) as a basis, having established a ratio of rents to farm values b) using sale prices of farms as a basis in the appraisal of improved land c) using economic productivity (as land income) as a direct means of appraisal. Adc) We start with the last method since at the surface it gives the impression of the soundest method. Considering the average of past net incomes for a period of many years valid also for the future and taking a certain rate of income in perpetuity and neglecting anticipated fluctuations of such rate, the formula $V = \frac{a}{r}$ would solve our difficulty. When we think, however, that the economic productivity of a farm is not merely the result of physical forces but to a large extent also depending upon the physical and intellectual efficiency of the farmer, this being true more than in any other industry, the immense difficulty is apparent. Any attempt at finding a standard for net incomes on basis of a standard intensity of cultivation for a given farm, even as an average for long years, is, by the nature of things, futile. Thus is this method

wrong at its premise of a net income (1).

Ad b) and a) At the basis of procedure is the finding of an average and we may look a little more closely at such averages. Let us have a,b,c; d,e,f; g,h,j; nine quantities in increasing order in three groups. of three. We may have $\frac{a+b+c+d+e+f+g+h+j}{9} = m$ or $\frac{a+b+c}{3} = k_1, \frac{d+e+f}{3} = k_2, \frac{g+h+j}{3} = k_3$ and $\frac{k_1+k_2+k_3}{3} = m$. The two averages are evidently equal. Now, if we obtain m in the first manner and place it in its place by magnitude among the nine quantities it is easily compared with the extreme values a and j.- If we obtain the group averages k_1, k_2, k_3 first, we have dropped a and j as extremes and we have eliminated all kinds of gaps between them. Placing m by magnitude among k_1, k_2, k_3 we may show the tendency of the groups more clearly than by first method, but not more than that: the extremes, though dropped, are not figured out of existence; and the gaps, although overbridged, are still there. The overbridging of the gaps will often depend upon the grouping so as to find the tendency more clearly visible.

The graph shows average cash rents and average land values per acre of 52 different groups, in 567 counties of 8 to 9006 tenant farms to a group. From such a graph the extremes and wider gaps are not visible. The fields enclosed in rectangles may be said to indicate the tendency in general that the high value areas are high rent areas and low value areas are low rent areas. Yet, in every field there is such zig-zaggure, even with extremes eliminated and bad gaps overbridged, that the constancy of such tendency is very obscured.

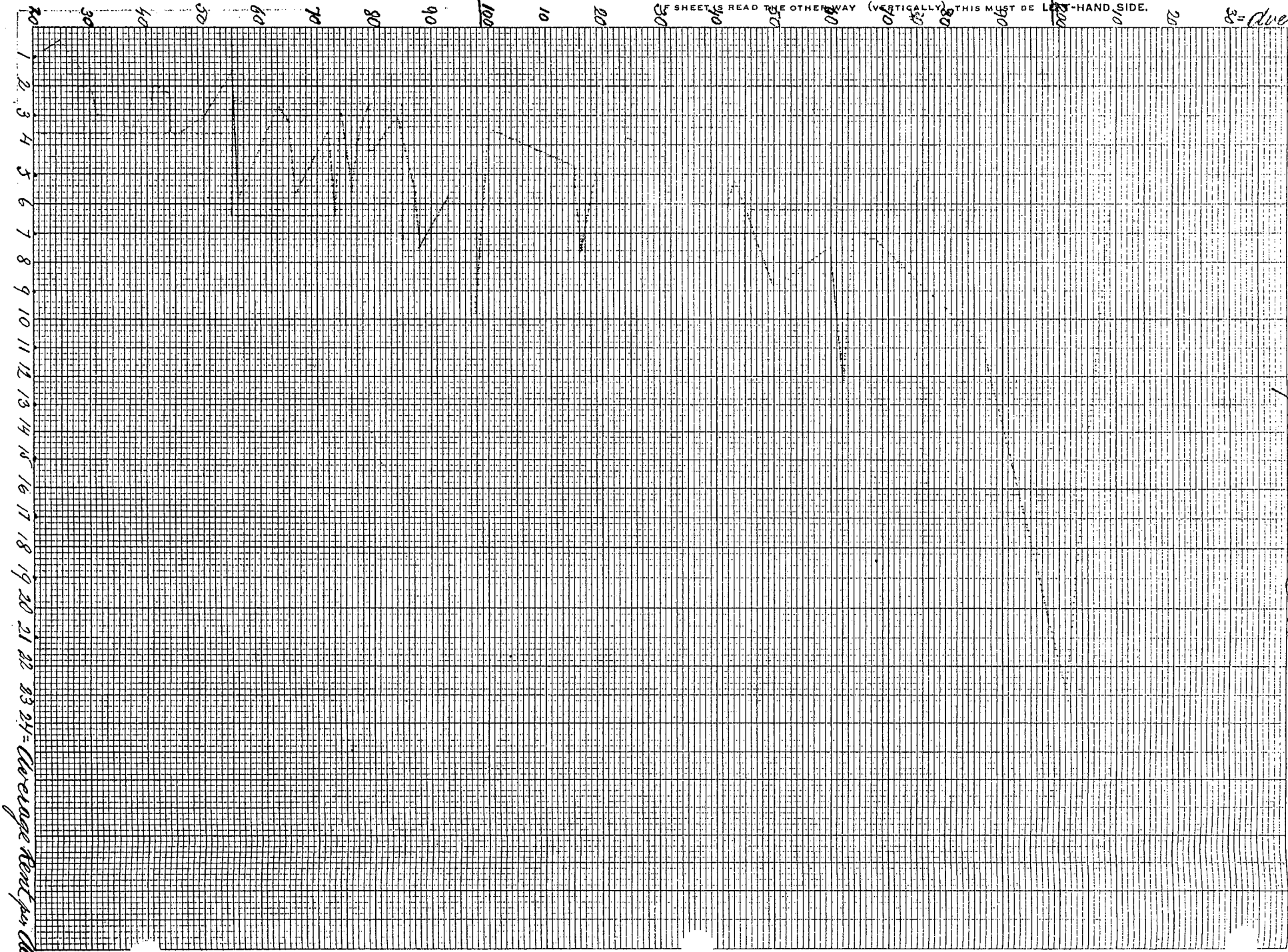
This graph (the work of the writer) represents Table 1 of Clyde a

(1) There are others reasons as well, but, in the opinion of the writer, of minor significance. See Prof. Acreeboe's (Berlin) article "The value of landed property" in Bulletin of Agricultural Intelligence and of Plant Diseases. Nov. 1912, pp. 2342-2348 incl.

THIS MARGIN RESERVED FOR BINDING.

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24 = Average Rent per acre.

88 = Avert. Valu.
per Acre
Graph illustrating the
MANUFACTURED BY: FENSUP PUBLISHING CO., MONTREAL
E. F. Henderson's "Relation of Land Revenue to P.T.
by The Author, N. A.

Chambers' "Relation of Land Income to Land Value" (2). The merits of Chambers' study is here not dragged into discussion; on the contrary, it leads to some valuable conclusions. However, it does not lead to ratios of either the gross or net rents to land values even within reasonable limits of fluctuation, to be of value for practical purposes, i.e. under a concrete set of conditions. We may only mention the fact that leasing two farms of similar conditions at about the same time may but are not likely to bring the same rent although they may be of the same market value or assessed. Again the ratio of rent (gross or net) to land values necessitates land appraisal where the land has not been recently acquired by actual sale. Where the lands under consideration were acquired years before, they must be brought down to a common index which transformation may be a source of great errors.

Coming now to land appraisal making use of actual sales. To use the actual data for conclusive work would surmise that the land market has definite norms to go by, that lands of the same condition of productivity would sell at the same price per unit at the same time or one and the same land would sell for the same amount in two consecutive years. We know that that is not the case. Moreover, in many cases the price of a unit of land will depend not only on the amount but also on the kinds of improvements and even on the preferences of the buyer. Any formula, such as that of G.C. Haas in "Sale Prices for farm land appraisal" (3) may serve as a guide in drawing general conclusions, but for the above reasons as well as for what we have said about averages, such formula can't lead us to results as matter of fact under a given set of conditions.

But in rent and sale price, more so in the latter, the lessee or buyer respectively pays not only for the land and economic improvements but in

(2) U.S. Dpt. of Agr., Department Bulletin #1224, June 11, 1914, p. 7.

(3) University of Minnesota Agricultural Experimental Station; Technical Bulletin # 9, November 1922.

many cases also for imponderabilia, for instance for being nearer a certain settlement than another, near a certain church, etc. In other cases land with the accompanying improvements may be cheaper than similar land similarly improved because it is in a certain settlement and not in another. To separate the additional cost or the loss caused by such imponderabilia from the cost of the land and its economic improvements offers some difficulties, if it is at all possible.

In the above consideration we have not had in view the moment of "driving prices upwards, " either by speculation or by ignorant competition, and the following "breaking down of the boom." The writer is here not concerned with the appraisal of lands anymore than to get an answer to the question: If we are taxing lands by their selling values appraisal according to the well-known formula "in payment of a just debt from a solvent debtor" does the appraising assessor speak with any greater authority justified by his facts than each one of the pretending or actual bidders at an actual sale justifying for himself his own bid by facts and reasons both subjective and objective known to himself only? The reader will supply the answer.

CHAPTER III

Taxation of Farm Property.

A: Taxing Selling Values:

"A property tax based on estimated selling value taxes part of the value increment before it occurs since present selling values customarily discount future appreciations in value." (1)

Census valuations (2) representing market value showed that in ten counties in the North Central States the rent of 1919 capitalized at the current rate of interest on first mortgages were between 28.8% and 50.6% of market value or estimated selling price. Therefore $\frac{1}{2}$ to $\frac{2}{3}$ of the assumed taxable value bore no more apparent relation to the income from which the annual tax was paid than the mere possibility that incomes might increase at some future time. Sale value as the basis of taxation is frequently justified on the ground that it taxes in part land value increment. Now the increment is realized on sale; it makes no addition to the actual revenue. It should be taxed then, if no decrement takes place meanwhile.

(1) The cultivator-owner of his farm did not buy it with the aim of selling at a higher price than bought for. (2) He does not amortize and keep changing his capital invested in the land passing it meanwhile through gain producing channels. (3) He acquired the land in order to be able to gainfully apply his mental and physical powers and additional capital; this is the explanation why investments in land by cultivators are mostly made without figuring on high returns from the "inert" investment. Consequently a property tax on estimated selling value taxes the

(1) Ely & Morehouse: Elements of Land Economics, p. 323.

(2) Annals of American Academy for Political and Social Science: "Taxes in Relation to Earnings on Farm Real Estate" by C.O.Brannen; Jan. 1925, pp. 41-44.

cultivator's mental and physical powers to pay a value increment tax before it is due. As this is repeated year after year without any regard to his income, the claim of the state to tax the cultivator-owner according to his ability to pay as represented by the estimated selling value of his land is only sham reason. All this is so much more evident in the case of the homesteader who has not bought his land but who has been rewarded by a patent of ownership for the sacrifices he brought, for the privation he endured in opening a tract of land for the benefit of the state.

Whatever be the justification of "taxation," the very essence of taxing the selling value of the land is therefore absurd. It rests on no logical principle, on no matter of fact and sets forth unjust reasons for ^{just} claims. The fact that the appraisal of the selling value in too numerous cases exceeds by far the value according to any possible economical productivity because of speculative machinations of "investors" or ignorant competition of cultivators speaks already against taxing the selling value of the farm. In the U.S. more than 8% of the owner farmers in 15 corn and wheat producing states lost their farms between 1920 and spring of 1923; over 15% of the farmers in that section were temporarily insolent but held on through the leniency of their creditors. In those 15 states, of 250000 farmers who lost their property 43000 lost it as a result of purchase during boom period. Ignoring the principle of annual income and taxing the selling value of the land is then substituting fiction instead of fact.

We must admit that all other conditions being similar, the annual income of a quarter section will depend upon the individuality of the farmer who is both the cultivator and manager of his own farm. Yet if factors independent of the farmers' classes drive land prices high forcing

upward the assessment of a first class farmer on first class land, although he never intends selling it, the State (through the local public authorities to which the state delegates certain powers) becomes guilty of co-operation with speculators and absentee landlords strangling such farmer by taxes in a similar way as the speculator does by high installments and interest and the absentee landlord by high rents. What about those farmers who either through their individual lower degree of efficiency or through our unscientific system of land grants to "homesteaders" or other causes landed on classes of land where either coupled with their lower degree of efficiency or in spite of their high degree of efficiency the land reduces their economic productivity far below the speculative claims of State, Speculators and landlordism setting forth their "selling values."

In many cases "selling values" of land in a community under certain conditions are not so much determined by the economic productivity of the land and sweat of all the farmers together as by the speculative effi-

(3) See Crop Bulletins of Agriculture and Immigration 100-104.

See Appendix II.

Evident as it may seem to us the necessity of dividing into zones or regions, such a vast territory as this Province it was not done until a few years ago, even by the Dpt. of Agr. of Man. and that in a little satisfactory manner. The yearly Crop Bulletins since 1921 show a map of Man. divided into fourteen crop districts, the partition lines in all cases coinciding with artificial municipal boundaries. A glimpse at the map will show that, although this division is marking a great progress compared with the division into five districts of the years 1916-1920 inclusive, yet the districts are not conforming to any natural features although they apparently indicate some tendency in that direction. Prior to 1916 the agricultural statistics of Man. were given for the province as a whole.

Prof. Harrison of the M.A.C. in special articles on "Grasses and Clovers for Manitoba" (Free Press, May 3, and May 10, 1925) divides the Province into eight zones which do not and cannot agree with the 14 crop districts but they too seem to tend towards a division by climate, soils and moisture.

John Macoun in his "Manitoba and the Great North-West" has an interesting sketch of the surface and lands of Manitoba from the agricultural point of view following natural divisions.

iciency of one dozen real estate agents interested in land around that community. A fine instance is offered by the land values in the Red River Crop District (3). The average price of cultivated land per acre (3) was, \$43.30 in 1921 and it dropped to 37.60 in 1922, to 32.10 in 1923, to 30.80 in 1924 and went up again to 32.25 in 1925. The corresponding prices of wild land per acre were 40.75, 20.60, 17.10, 16.10, 17.40, giving differences in favor of cultivated land per acre: 2.55, 17.00, 15.00, 14.70, 14.85, resp. Unless the figure of 40.75 is wrong being too high, or 43.30 is wrong being too low, (the report assures us of their being approximately reliable) the difference of 2.55 between cultivated and wild lands in 1921 allows, in the writer's opinion only one explanation and that is that only or almost exclusively wild land was for sale and that was driven as high as to be on an average 40.75 whilst, due to conditions, cultivated land was retained either by cultivator-owner's or leasees or kept for "still better times." We know that in Wpg. while medium sized houses rented abnormally high large houses and small delapidated cottages were not for rent but for sale the agents preferring to allow them stay unlet. That was how many a poor man became an owner paying pretty high installments for what he "bought!"

When then land prices went down, because of low produce prices, wild land tumbled first and tumbled low, from 40.75 to 20.60; then, of course cultivated land was dragged down forcibly in the "selling value."

There are two items chiefly responsible for the difference in buildings on the farm and the cost of breaking. It is hard to say how much broken land there was under "cultivated" at a certain price per acre and how much there was still wild but sharing nevertheless in the burden of the buildings on the farms, and what the buildings were worth in a certain district. We are forced to leave this item alone. As to the item of breaking, let us consider open grass prairie and neglect the woods and scrubby land which had to be cleared first. In the R.R. District as a

(3) See foot note the page before.

whole such woody and scrubby lands were not the rule.

Now if the statistics averages are reliable, and they are claimed so to be, daily wages (4) in the R.R. District were 3.90 in 1921, 3.95 in 1922, 3.75 in 1923, 3.45 in 1924, 3.70 in 1925. Suppose a team to consume additional feed at hard work, adding this to the man's wages as $\frac{2}{5}$ of the wages, we may say that man and team per day would be 5.46, 5.48, 5.25, 4.83, 5.18 respectively for the years 1921-1925. If for breaking we figure on an average $2\frac{1}{4}$ days per acre their cost of breaking an acre of land in the R.R. District would have been 12.29, 12.43, 11.81, 10.87 and 11.65 respectively. Add this to the prices of wild lands and we get $40.75+12.29=\underline{53.04}$, for 1921; $20.60+12.43=\underline{33.03}$, for 1922; $17.10+11.81=\underline{28.91}$, for 1923; $16.10+10.87=\underline{26.97}$, for 1924; $17.40+11.65=\underline{29.05}$ for 1925. Compare these results with the average prices for cultivated land and we get the following differences in favor of cultivated lands over broken land: $-9.74, +4.57, +3.19, +3.83, +3.20$ This series shows the anomalous conditions of 1921 land market and we may well imagine what taxing by selling values meant in that year in that district.

(4) Crop Bulletins 100-104

Appendix II

Value of Farm Lands
(Crop Bulletins 100-104)

a) Average Price of Cultivated Land per Acre.

b) Average Price of Wild Land per Acre.

District		1921	1922	1923	1924	1925
1) Melita	a	24.50	23.70	21.20	21.20	21.60
	b	13.20	12.30	10.90	10.70	10.40
2) Killarney	a	33.00	30.90	30.50	27.10	27.80
	b	18.60	16.60	15.80	14.70	15.30
3) Red River	a	43.30	37.60	32.10	30.80	32.25
	b	40.75	20.60	17.10	16.10	17.40
4) Winnipeg	a	impossible to estimate; according to Reports of				
	b	Department				
5) Springfield	a	41.00	35.90	31.80	31.10	28.60
	b	19.00	19.20	15.00	16.50	13.70
6) Eastern	a	17.00	22.00	16.30	18.00	19.00
	b	7.75	8.40	6.70	7.30	6.50
7) Virden	a	31.00	28.90	25.90	27.50	26.00
	b	16.85	15.10	13.50	14.50	13.60
8) Carberry	a	39.70	34.20	31.10	28.60	30.00
	b	16.25	13.50	13.30	11.90	12.90
9) Neepawa	a	37.50	31.80	26.60	25.10	23.50
	b	19.60	16.40	13.40	12.50	11.30
10) Russel	a	34.00	30.50	25.90	23.80	23.70
	b	19.25	16.40	13.90	13.40	13.40
11) Dauphin	a	31.50	27.40	20.90	20.20	21.70
	b	20.00	13.10	9.90	9.80	10.50
12) Mid-Lake	a	21.90	23.90	18.80	16.30	16.30
	b	8.40	7.80	6.90	6.10	6.00
13) Swan River	a	33.50	29.00	26.40	24.10	24.40
	b	19.00	16.60	13.20	13.60	13.00
14) Ethelbert	a	17.50	17.70	15.90	15.60	14.50
	b	8.00	8.80	7.80	7.70	7.70

B. Taxing Farmer's Income.

In this section we are not speaking of what is generally termed "income tax" but of taxes generally that a farmer should pay on his total income as cultivator owner of his land. Those who claim that taxing "selling values" should give way to the principle of the farmer's income do not tell us whether they mean the farmer's absolute income or his income in its relation to his individual total of "needs". A dollar is not of the same final value economically until all the "needs" have been satisfied. What is the standard of living and who should set it? How should it be set? Can it be at all set, especially in this country of fluctuating conditions? Can it be set and settled for all? These objections are not valid with regard to "income tax" in the sense accepted because this "income tax" is supposed to allow a margin untaxed whilst for general taxation we allow no such margin. We say to the cultivator-owner something like this: "You have a farm of "selling value" of x thousand dollars; ^{the rate of taxation} for this year is $n\%$, hence your taxes are $n \times x$ dollars for this year. What do we care what kind of living you are making? If within two years you neglect to pay your taxes we put you off your land." Now come those others with their "income principle" versus "selling values" and say: "Evidently the farmer has not enough income to spare those $n \times x$. Your principle is surely wrong, your values are evidently wrong, your procedure has no justification, your increased taxation exceeds the farmer's ability according to his income.". "Should this tendency (of increasing taxation)," they conclude "be allowed to continue at this rate, within a generation or two all the income from farm land would go to the government in taxes and farm land values would fade away." (5)

(5) Ely & Morehouse: Elements of Land Economics. p. 316.

The writer would like to ask : What about it, if land values would fade away? The farmer is not desirous to sell; he is struggling to hang on; he is willing to pay his share of the community's expenses; he is only too often driven off the land because land values are so high. His neighbor is eager to be on the land, he makes a decent living on it and has no reason for deserting it; he pays his due share and prides himself of this; he is only too often induced to sell the land because land values are so high. This fear of dwindling a land values is absolutely absurd. As if taxes were the primary causes of ruin of the farming industry or at least one of the main factors of land depopulation. (We shall come back to this point later on. See Ch. IV, E) We have to emancipate ourselves in agricultural land economics of the "capitalization of taxes reducing land values" as one of leading principles in policy of taxation. Let land values be low; let people get easy access to land; let us see to it that their income do enable them to pay high taxes; let us give to every individual prospective buyer true facts about every parcel of land he is interested in. Will land values fade away? No, because the land will not disappoint anyone. Will land values soar too high? No, because no one will expect from the land more than the land is economically able to give. We need an agricultural land policy based on actual facts, warranted by agricultural sciences and not on fiction, a national policy without fear of hurting speculation, a steady policy not a machination of real estate men. If it is true, and it should be true, that taxation "is a means of controlling the use of property" (6) besides of obtaining revenue for governmental expenditures, that fear of "fading values" and the taxation of "selling values" will never lead us to our aim. Nor will drastic action of putting one off his land for not "being able" to pay his taxes for two years solve our problems of revenue

(6) Ely & Morehouse, p. 318.

and control.

As to taxing the income of the cultivator-owner, would it not be consistent to get no taxes if there is no income? Would it not be a parallel to the taxing of the English Lord's rent? No rent-no taxes; no income-no taxes. Where is that going to lead us? The insinuations of the industrial magnates of the East as to the why farmers are opposed to the repeal of the federal income tax is just an inkling as to what such a policy of taxation would mean to our community. It would be disastrous to our harmonious life and especially with regard to our ethnically so varied a population.

C. (a) Taxation ^{per} Unit of Land.

(b) Taxation on Raw Produce.

(a) Taxation per Acre of Land.

This system of taxation of agricultural land is still in vogue in some parts of Europe. Under ideal market conditions and use of agricultural lands, the injustice of such a system may not be so gross. Where all the farmers of a community put their different lands to different and most suitable uses so that they may obtain from every acre, directly or indirectly, approximately the same net income in the course of a given number of years according to a given plan, taxation per acre would distribute the burdens according to the number of acres, therefore also, as nearly as possible according to incomes. If farmer A, however, is more efficient than farmer F, and all the others grade between the two, and all have the same number (160 say) of acres, then F pays the penalty of his relative inefficiency but A gets no benefit from it since both have to pay the very same amount of taxes. The greater the differences in efficiency are, the stronger will be the effect of differences of soil. It is different under our conditions where not only the differences of soils and individual efficiencies are deciding factors in obtaining an income, but also our limited variety of agricultural production, and our market conditions, and also our technical methods set limits to our efficiency and prevent the ideal use of the different kinds of land. In view of all these facts nobody in this country will urge such a basis of taxation as part of a permanent taxation policy to-day. We find though in Saskatchewan (7) land in rural municipalities and in the temporarily organized local improvement districts to have been taxed on an acreage basis ~~in~~ prior to 1914 when "selling values" were adopted as basis of ~~tax~~

(7) A.B. Clark: An Outline of Provincial & Municipal Taxation p. 84; p. 84; pp. 50-54. 1920

^{mu}
municipal taxation. In Alberta (7) of prior to 1912 rural land was taxed on an acreage basis; then, up to 1918, on the basis of its unimproved value, and after 1918, on the "selling value" basis with the optional alternative of acreage as a basis. Generally speaking we may express this change of conditions as follows: The more settled an agricultural region becomes, the more permanent its forms of organization become, the greater the selling value of the land. Mistaking increasing selling values for the source of income and growing ability to pay of the settlers the authorities substitute "selling values" for acreage as a basis of taxation. As Manitoba of prior to 1911 was already in the main fairly settled whilst the stream of immigration was directed to the younger provinces to the west of her, we in this province have no reason to think of acreage as basis of taxation. However, if we have progressed enough to recognize the fallacy of the "selling values" as basis we must be looking for another basis.

(b) Taxes on Raw Produce (8).

There is a movement in this Province which is bound to revolutionize agriculture to a large extent. It is only a part of a universal movement, "pool" ing of agricultural produces. The farmer does not lose his individuality as a producer and consumer, but pools together as a vendor. In this Province, for the present, the wheat pool is already a factor to be reckoned with. What we need is a complete grain pool, a butter pool and cattle pool and the government could easily keep track of the agricult-

(7) A.E. Clark: An Outline of Provincial and Municipal Taxation, P.84, Pp. 50-54.

(8) The title and meaning only are taken from Ch. IX of David Ricardo's "Principles of Political Economy and Taxation" 1821. Manitoba of 1927 and England of 1821 can't be looked at in the same light.

Rural raw produces and tax these instead of taxing the land and distribute to the municipalities according to a devised scheme. To be sure the government would not take actual produces and take them to the market. (Such cases are known in history). The pools would be made responsible for the taxes of its members and statistics would give a clue for the taxing of others, non-members of pools.

There is only one great defect to such a system, viz: even if we supposed to enable the authority to have a perfect control of produces, there would be no account of the cost of production. Gross receipts are as yet no clue either to the income or to the ability to pay of the cultivator-owner.

Though such a system of taxation is not likely to be recommended for this Province (it is in vogue in some backwards countries such as Turkey, the tithe in England is historically of a similar nature) yet the writer on mentioning it has thought that it would throw additional light on the principle of income as a basis of taxation. The point is this: we may know the gross income of a farmer by knowing the quantity and price of his raw produce: we may also figure out what average expenses would make the cost of these produces; yet there is part of the needs satisfied on the farm and an additional amount of labor put into it to obtain that satisfaction often of an imponderable nature, of which even the economical values are not included in either the gross proceeds or estimate cost of production. The little backyard vegetable garden and front-yard flower beds of the city dweller can't possibly be estimated in \$ and ¢ without revolting the tenderest feelings of the man by such ridiculous pretences of authority. What about the farmer? His occupation is not as sharply cut off his own daily life as in the case of the manufacturer, business man, factory worker, miner and others. You may be able to figure cost

and gross income of certain produces but can one truly claim without bordering on the ridiculous that he is able to put down in \$ and ¢ the farmers full income and how it results?

C Legislation and Taxation.

About the custom duties in the first four years of the province we mentioned above.

The first legislature of Manitoba, 1871, before the Immigration from Ontario was fairly started, passed a County Assessment Act providing for the making out of a general tax roll by the county assessors of each of the counties of Selkirk, Provencher, Assiniboia, Marquette East and Marquette West, the assessors meeting at the call of the clerk of the peace at Fort Garry. Thus the cost of local needs was borne directly by the people themselves. The method of assessment implicated a function of the Grand Jury. This presented a statement to the Court of Sessions showing the amounts required in the several county districts for maintenance of roads, bridges, ditches, etc. The clerk of the peace thereupon levied the amount required for such purposes on the basis of the assessment roll, and the constable collected the taxes. Besides the County Assessment Act was the Parish Assessment Act (1871). Each county was sub-divided into parishes for purely local improvements on the basis of resolution passed at a public meeting of the heads of families, the clerk of the peace assessed the inhabitants of the parish. In 1871 an Act for the establishing of a provincial school system was also passed and the separation of protestant and catholic schools with separate Educational Boards were continued until 1890 when the Public School Act abolished the sectarian schools and a Department of Education was created. In 1873 the legislature passed its first general municipal act. Two thirds of the freeholders of 21 of age in any district containing not less than 30 freeholders might on petition to the L.G. in C. ask for the constitution of a municipality. Revenue of taxation was limited to 1% of the value of real estate. The Act was amended in 1883, then in 1886 in order to suit not only the requirements of a new province but also the conditions of a small population scattered over a wide area and yet allowing a large amount of decentralization by delegating a wide measure of local administration to municipal authorities. At last a more lasting municipal legislation for the province outside of Winnipeg was adopted in 1902. Roads and bridges building could later not be thrown altogether upon the municipalities and the provincial government had to grant one half the cost of more expensive bridges. Government assistance was also necessary to the maintenance of elementary

D Conclusion

Before we try to draw any conclusions as to the perfectness, perfect justification, suitability, and adaptability of any or all of the systems of taxation of agricultural lands, the writer feels himself obliged to express his feeling that no system in the past, present, and future ever had, has or will have any right to claim such attributes. Not only do human relations and ideals change, but even nature changes though following apparently, rigid laws, and our relation to nature is also necessarily changeable. Yet by the "law of inertia," so to speak, we are pretty conservative even then when we recognize the necessity and right course of adaptation. When we further consider that within mankind every individual and within nature his individual spot make a microcosmos by itself we must never expect our institutions to reach perfection. Our angelic nature is possibly in our striving towards it in spite of the limitations inherent in ourselves and imposed upon us by inheritance on one hand and changes of surrounding nature on the other.

Now to the conclusion.

We have seen in a previous chapter that "selling values" as a basis of taxation have no meaning, because we have no ways of appraisal for so long as a parcel of land is not actually sold. We hinted at it that that "selling value" was just what the bidder bid for it when he succeeded to become the buyer under a given set of conditions both subjective and objective. This should be sufficient reason for dropping "selling values" as basis of taxation. We are chasing a black cat in a dark cellar.

Yet we were willing to allow the notion of "selling value" to stand even if we could not get a method of obtaining a somehow justifiable selling value.

On further considerations we came to the conclusion that "selling value" did not represent what we meant it to do, namely the source of income and the ability to pay. There was no cat in the cellar and as to the blackness of what there was there it was due to the black darkness itself.

We took over by tradition; a tradition that has a history beginning in England at a time when the measure of one's ability to pay was closely connected with the acreage cultivated; a tradition that changed as conditions changed supplanting rent for acreage as a measure of ability to pay in one case, and the value of the land as a source of so much income and therefore also as a measure of ability to pay in another case; A tradition which was suspended in new settlements and recalled again in its latest form when the settlements took on more definite shapes of organization; a tradition declared for British and therefore continued although it worked havoc in Britain and was not and is not and will never be suitable under new conditions. We are inert; that we should shake off our rags and tatters we must ourselves be forcefully shaken and, with the change ~~of~~ of momentum, the direction of the course should also be changed.

On further observation we find that on being taxed on the basis of "selling values" we are taxed for sins we have never committed, not even intended to, nay, not even certain that we are ever going to commit; viz, for appropriating increment values due to society, before we got them, before we even know whether a reversed current would not turn them to decrement values. So, not only was there no cat in the cellar, but there was no cat at all there or anywhere around the place. We are not hunting but we are hunted, we do not know by what.

Hunted by fear of "Fading land values" on one hand and seeing tens of thousands forced off the land on the other, we feel our hearts melting

and we see our ray of hope in the "principle of income", but we soon find that that is a straw at the surface of the stream in which we sink.

The "principle of income" is just as little sound as a basis of taxation of a cultivator-owner as the "principle of economic productivity" is for the appraisal of his land. In fact the relationship between the two "principles" is very close.

Are we to be beaten out of our wits because we do not dare to break away from traditional methods and theories.

(a) Compare Prof. Aereboc's Article mentioned Ch. II foot note (1).

CHAPTER IV

Social vs. Private Viewpoint.

A. Illustrations.

There are two different viewpoints of economic life and activity possible: a social and a private viewpoint. From the social viewpoint, the private economies of individual members appear as enclosed within the sphere of activities of the social body, deriving "light and heat" from the latter, and moving in and along with the social system within which they are freely and yet forcibly suspended by one thousand and one visible and invisible ties. From the private viewpoint, a society appears to be merely the arithmetical sum total of individual private economic activities

In the following we shall illustrate the difference between the two viewpoints.

Adam Smith, (1) discussing the "Division of Stock", starts with "The stock which a man possesses". Summarizing, his chain of ideas is found to be as follows. The stock possessed by that man falls into two parts: one supplying his immediate consumption, and one expected to afford him a revenue. The latter part may be employed in two ways in order to yield a revenue: either by continually changing both shape and master, or a part of it suffering such changes and another part being fixed as machinery, buildings, land, etc. Only that part of stock which is employed in obtaining revenue is called capital and is consequently, according to the way it is employed, distinguished as circulating or fixed capital.

Then he continues. "The general stock of any country or society is the same with that of all its inhabitants or members, and therefore naturally divides itself into the same three portions, each of which has a

(1) Adam Smith: Wealth of Nations Bk. II Ch. I.

distinct function or office". He consequently divides the social stock into three parts: The first part is for immediate consumption affording no revenue, such as "stock of food, clothes, household furniture, etc., which have been purchased by their proper consumers, but which are not yet entirely consumed," and "the whole stock of mere dwelling houses, too, subsisting at any one time". The second portion is the fixed capital that affords a revenue or profit without circulating or changing masters. (a) Machines and instruments, (b) Profitable buildings, (c) improvements of land, (d) "the acquired and useful abilities of all the inhabitants or members of the society." The third of the three portions is the circulating capital: (a) money, (b) stock of provisions, "from the sale of which they (farmers, butchers, etc.) expect to derive a profit" (c) "rude, or more or less manufactured" materials, (d) finished work not yet disposed of or distributed to the proper consumers."

To simplify matters, let us suppose that that particular society either does not import or export, or it has exchanged goods already and no further exchange with any other society will take place for the next three months of slack production. Then the consumable stock is partly in the hands of the proper consumers and partly in the hands of their respective dealers to afford them "a revenue only by circulating or changing matters". We may then ask: From a social viewpoint, what is the difference whether a quantity 0 or n of goods is in the hands of the proper consumers, or $100-n$ or a full 100 is not yet disposed of, but is still in the hands of those which expect to derive a profit from the sale. That society as a consumer will prefer to leave the goods to be consumed later in the hands of those having them for sale for so long as there is no immediate need for circulation. On the other hand, when the sale takes place, the dealers make the profits at the expense of the consumers, no matter in what form that profit is obtained, in ready money, credit, goods, or work. Thus this distinction

between ready for consumption stock and circulating stock pertaining to society as a sum of the corresponding stock of private economies does not hold.

Furthermore, the question arises whether from the socio-economical standpoint all consumption is of a non-capital nature in analogy with the consumption of the individual in his private economy. Where do "the acquired and useful abilities of all the inhabitants or members of the society come from? A.S. gives the answer. The acquisition of such talents, by the maintenance of the acquirer during his education, study, or apprenticeship always costs a real expense which is capital fixed and realized, as it were in his person. Yet, the food, clothes, household furniture purchased by the proper consumers and the mere dwelling houses, in short a very large, non-capital stock of the private economy becomes a social "capital fixed and realized". When the son of a manufacturer studies engineering that "real expense" which limits his private capital in its growth by additional expenses increases the social economic forces. However, when the wage earner is paid a low wage and his son must eventually become a wage earner, some private capital is increased while society possibly loses the development of an economic force equal to that of the manufacturer's son.

From what we have said it is clear that the social viewpoint is not only different, but often in collision with the private viewpoint in the study of economics. When Ricardo disagrees with Malthus as to the object of Political Economy opposing the "division of the produce" to "the nature and causes of wealth" he is still treating the subject from a private viewpoint with free competition as a finely pointed resting base. Both, as Adam Smith, were the produce of their time and Political Economy evidently was a promising name for the future but a misnomer for that time. When

Marx wrote his Capital and opposed the social view point of collective factory production to the concentration of capital by gathering of "surplus value", and when Henry George opposed society as a rent gatherer to the all grabbing landlordism they still treated economical processes as private activities of isolated individuals and social economy as the mere sum of those private economies. The utopians made attempts at starting from society of a certain shape and organization and the individuals as mere agent of such societies. The most grandious was possibly Hertzka in his "Freiland". Yet they were utopians. From an agricultural point of view and from point of view of new settlements Frantz Oppenheimer in his "Landwirtschaftliche Siedlungs-Genossenschaft" is possibly the most important, but in Germany at the time of her fastest industrialization he was both out of place and at an inopportune time.

Another illustration of the two different viewpoints, social and private, of economic life and activity is to be seen in the claim the individual lays to the income of the capital employed.

Irving Fisher (2) in his "The Rate of Interest" is not so much interested in the origin and justification of interest as in the rate of it. To the problem "Why does interest exist?" Fisher agrees with Bohm-Bawerk's answer that "the world is so constituted that most of us prefer present goods to future goods of like kind and number. (Ch IV, 1:)"

At the very opening of his work (Ch. I, 1) Fisher says that "the rate of interest in any community is an index of the preference, in that community, for a dollar of present over a dollar of future income". Thus interest exists because and offers at the same time an index of that preference inherent in human nature. This neither explains its origin historically, nor justifies its existence socially. We do know however, that it was

(2) Irving Fisher: The Rate of Interest, Its Nature, Determination and Relation to Economic Phenomena, 1907.

recognized as injurious to society by the early Jews, later by the Romans, and in Western Europe even as late as at the time of the Reformation. He discusses and rejects and by right, all possible theories attempting to justify the taking of "interest" by the owner of capital either by some inherent property of "productivity" of capital or because of some "cost" to the owner to make capital productive. With Bönn-Bawerk he rejects the "supply and demand" and "money" theories as "crude" theories. (See Chapters I, II, & III). In the discussion there is one embarrassing moment: the throwing together of "interest" and "rate of interest". Yet, the following conclusions seem to be clear: a) Capital-wealth, i.e. as means of production, implies the inherent property of producing income-wealth as a physical result of production. b) Neither the capital wealth nor the income wealth have a definite value either during or immediately after the process of production without any reference to the future viz. to the moment when the consumers of that income will come forth with their demand. c) The present value both of capital and income, as expressed by some standard unit of measure, is merely discounted value (Oz. of gold, bu. of wheat) for the present of the value in the future. d) Interest is then the amount by which a certain value of the future is reduced to obtain the value of the present. e) The rate of interest is the ratio (per cent or per mill) at which that reduction of future values takes place at a given time. f) The rate of interest will vary with the general preference within a given society at a given place and time for present over future goods. To illustrate we use the following examples taken from Fisher's "Rate of Interest" "Capital Value", he says, "does not produce income value. On the contrary, income value produces capital value. It is not because the orchard is worth \$20000 that the annual crop will be worth \$1000, but it is because the annual crop is worth \$1000 that the orchard will be worth \$20000. The \$20000 is the discounted value of the

expected income of \$1000 ^{Per} annum; and in the process of discounting, a rate of interest of 5% is implied. (II, 3.) The orchard whose yield of apples should increase from \$1000 worth to \$2000 worth would itself correspondingly increase in value from say, \$20000 to something like \$40000 and the ratio of the ~~value~~ ^{value} income to the capital value would remain again as before.

If these are the right conclusions as to the interpretation of Fisher's theory of "Interest" and "Rate of Interest" these terms are misnomers and we should rather use the Banker's terms "Discount" and "Rate of Discount." From the whole trend of reasoning and from comparison of the present and past economic relations in this matter, Fisher's theory is a product not only of modern thought but also of modern business intercourse, whilst the terminology expresses not merely an earlier way of thinking but also an earlier social distribution. Marx's "surplus value" is a value added on over and above the cost of present production (and so was the old meaning of interest, added on to the principal). Fisher's (and Böhm-Bawerk's) "interest" is a value subtracted from the value of future consumption. The rate either of the "surplus" or of the modern "interest" may not be realized to the satisfaction of the capitalist because of poor conjectures and computations or for other reasons, often on account of unforeseen events but the early "surplus" might have represented a less complicated and therefore less risky business relations than those of our own days for which "interest" (rather "discount") may express more closely the relation of the fact that the capital values ^{of} the present moment are depending to a far greater extent upon the morrow than upon the day. Looking upon the various theories as representing phases of historical dynamics of production we may find times and conditions when the "crudest" theories, the productivity and cost theories of "interest", represent each in its time and place more matter of fact than Fisher's modern "interest" would have expressed it.

Having explained our interpretation of Fisher's (and Böhm-Bawerk's) conception of interest and how we may look upon it, we are going to illustrate another difference between an individual and social viewpoint of economics.

"As Böhm-Bawerk says:

'The perfectly just proposition that the laborer should receive the entire value of his product may be understood to mean either that the laborer should now receive the entire present value of his product, or should receive the entire future value of his product in the future. But Rodbertus and the socialists expound it as if it meant that the laborer should now receive the entire future value of his product'."

Let us take the example of the tree planted at the expense of \$1 for labor and worth \$3 when twenty-five years old. The fact is that the laborer receives \$1 right there and then at the planting of the tree and the capitalist who paid the laborer will enjoy the increase of value of \$2 when the tree will be ready for use.

The socialist theorist would claim that the laborer produced that "surplus value" and therefore he should receive it. To this Böhm-Bawerk and Fisher would reply that if the laborer would plant the tree, would not get the pay for his labor, and would wait for 25 years he would justly claim the full value of the tree at its maturity. Since, however, he was right there and then paid for his labor by the capitalist who bought the labor from the laborer the latter has no claim whatever to the value of 25 years later; it belongs to the capital only which implies an income increasing as time passes. If the tree will be worth \$3 at maturity after 25 years, that value discounted for the present leaves \$1 and that was given to the laborer for planting it.

Now, we must understand what it means that capital implies income just as a seed implies growth. Naturally a means of production lying

idle or wrongly managed will bring no income; the seed, too, must be planted and put under favorable conditions; i.e. labor must be added in order that capital should bring income. Yet, capital implies income for the following reasons: a) itself embodies, as a species, physical and intellectual work of generations, and as such must not only not be left to perish but put to use to produce income as labor should and would; b) it helps labor to be more productive of income, if both are put to the right use; c) it must directly and indirectly be not only reproduced but also multiplied, since every stagnation must ultimately result into decay. Thus the implication of income in the employment of capital should be not only conceded but given full recognition. Now, this has nothing to do with any concessions to the capitalist, since capital to be properly used, will be independent of the claim and kind ^{of} ownership and the person or persons of the owner or owners, as is evident from daily experience, if put into the hands of proper persons either as managers or laborers. From the individual standpoint of the owner or owners the employment of the capital owned may be restricted or used in socially wasteful or even harmful production, if it suits the owner's interests although it may be against society's interests. As a whole, however, the implication of capital in the sense as explained above should remain true even from the individual standpoint.

Not so when it is a matter of labor. From the individual standpoint of the capitalist buying labor the only implication labor has for him is that it has the property of helping the capital he owns to produce income; in many cases, labor is considered to be a necessary evil, at best an useful means of production which is bought at so much per standard measure of time or at such fraction of the cost of production of a certain article and, therefore, it becomes part of his capital. The \$1 he paid for the labor

in planting the tree made that labor his own property in the shape of the growing tree, growing according to the implication of capital, viz. that of producing $\$2$ interest. Fisher, Böhm-Bawerk and hundreds of economists representing the individual standpoint* agree on this point concerning labor. The occasional sentence that "labor is not to be considered a commodity bought and sold in the market" is only to appease some inner reproach, but not to influence our socio economic conceptions.

Let us modify our example of tree growing. A & B make partnership, their business going to be tree growing, the community giving the land and supplying the seed in exchange of a certain percentage of trees becoming public property and certain other conditions as to social uses of the plantation. For the first 25 years they have to pay no taxes. Thus the whole outlay is on labor. In the market one day's labor with team and tools costs $\$x$. During the first year A works n days without being paid by anybody for his work: he thus invests $\$nx$ in the tree growing business. B does not work at this business, his time remains his own, he gives not a thought to the difficulties, does not expose himself to the caprices of weather, takes not the least bodily risk; he pays C $\$n$ for n days work. When the work is over C is dismissed. In succeeding years occasionally some work has to be put into the plantation, C does the work and is paid from the occasional income of the plantation itself. Lately C is engaged as a permanent forester and is paid from the income of the plantation. At the end of 25 years the partnership A & B breaks up and the interests are to be sold out to A & C.

According to the "Sanctity of Contract" A & B should divide the income evenly; C is expected to pay out B's interests. B claims 50% of the present capital of the plantation, but C is not disposed to pay that and this is his argument: True, he says, he was paid for his work, but the

cash money B invested in his payment cannot be considered by him at a value equal to A's work actually put in by A which should mean more than $\$nx$, since A not only risked the $\$nx$, but the $\$nx$ he gave were connected with his person and body and portion of his life whilst B invested cold and lifeless $\$nx$. C claims if he is going to buy B's interests, to have in his opinion the right to consider as his in this connection with the plantation as much as A's personal share $(\$nx + y \text{ interest})$ and it is this $(nx + y \text{ interest})$ that he is willing to pay for B's share. The difficulty is from his standpoint in finding the equivalent of the excess of A's personal investment as labor or B's $\$nx$ capital investment as cash.

A naturally enjoys C's standpoint that the $\$n$ should not buy labor but be in the service of the latter and expecting increase in value as implied. B's counter argument is that he invested $\$n$ under the expectancy of a 50% sharing with A, and that he risked his capital investment due to that expectancy. C, however, is not bound by contract as to B's expectancy, nor does he recognize B's risk to be on a par to A's risks. Moreover, C claims that, although he recognizes capital's implications, capital is only auxiliary to labor and not vice-versa. As to the implication of capital, he opposes the implications of labor.

In his relations to A, C claims for himself certain allowances from A (as he does also from B) for the time since he became permanently engaged and was the only care-taker and business manager of the plantation which paid for itself without any intervention on their side other than to manage the cash income and enjoying the net balances. Only on the recognition and acceptance of the principles involved, leaving the actual settling in terms of money for later would C agree to buy out B's interests and go into partnership with A in further tree planting business. Otherwise, of course, he has no legal claim against either A or B or their partnership, since he had been paid off weekly at labor market rates.

Now, the implications of labor is not simply and exclusively of re-producing itself. For instance, if $\$k$, that a laborer of any kind (in the widest sense of labor) would spend in supporting him or her during a complete year, be divided by n days, as many days as there is on an average work per year in that particular trade; we may obtain a daily wage to keep him or her in good conditions of health in order to reproduce "labor". Up to a certain age the labor of a person will be more than reproduced day by day or week by week; from a certain age on labor will be just sustained in a status quo, both as to quantity and quality, until a point will be reached when it will quantitatively and often also qualitatively decrease. Is such a labor reproducing wage, and that is what a laborer in many cases gets, is such a labor supporting wage the only implication of labor? Even capitalists claim a wider implication of labor although they quite often refuse to do their share to make the wider implication possible, viz. the multiplication of labor generation by generation.

"After me the flood" seems to be their watchword for so long as they can obtain labor enough to increase their capital wealth in order to insure a greater income-value. Suppose a most liberal treatment of slavery would, without harsh treatment of the slave, suffice to bring about the reproduction and multiplication of labor; should we return to it? Suppose further that we would allow our slaves to interchange their masters (freedom of contract and of movement) and, by the liberality of the masters, to secure even some refinement of life; would all implications of labor be fulfilled? Surely not; those in possession of all kinds of mental and physical labor form the large, large body of the social foundation and you cannot debase society to a formula of $lm\frac{k}{n}$ in which l be the number of employees of capital, m number of days from pay-day to pay-day and $\frac{k}{n}$ the daily wage. Not only does the individual laborer to-day refuse to be

treated as an equivalent of $\$n\%$ of capital wealth but the labor world feel that the implications of labor are the implications of society as a whole. Now, the theory of explanation of "surplus value" may be wrong, it is certainly insufficient if taken by itself; but the theory of waiting for realization of discount, and claiming for the capitalist B an equal share with A in the realized discount, unheeding the personal quality of labor, and dismissing C as paid off, is not only wrong in the individual relations but is no longer tenable since it does not consider the implications of labor as fundamental implications of society. "Capitalists are no robbers of labor, but labor brokers who buy work at one time and sell its products at another. Their profit on the transaction (or rather, that part of it which is interest) is due to the time elapsing between the labor and its return to the capital" (Ch. III S 7). This is Fisher's answer to the socialists' "surplus value". The latter may be wrong if they claim something immediately that may come after years, but with what right he claims for the capitalist what is due to "time"—whatever that abstraction may contribute—he leaves unexplained.

The writer's aim is not to settle or even to adjust an argument between Capital of B and Labor of A and C. What the writer aims at is to show that the implications of society being basically coinciding with implications of labor—including capital as a species of past labor—in the widest sense of the word—our look upon economics is necessarily different than when we forget the implications of society and look upon economics as a sum of A's, B's, C's etc.—individual interests. The writer believes ~~to~~ have demonstrated his standpoint and also shown its justification.

B Treating Agricultural Communities
and Agricultural Land.

Can we and may we discuss taxation of agricultural land without any reference to the taxation of urban and semi-urban land? Semi-urban is not necessarily suburban. Can we and may we deal with agricultural communities without any reference to urban and semi-urban communities? The answer is "yes". There may, nationally considered, be no sharp limits, no clear cut separation, but for all practical purposes the rural municipality, f. inst., should be a unit to-day with its own needs and its own demands upon its members and the very name tells that at the base there should be the land ^{and} its tilling. We may, we even should, eliminate those semi-urban clusters of houses with their needs and demands as far as taxation is concerned. Socially they are significant centers, small as they may be; economically they are useful instruments; yet they are different from the rural community since they are economically not based on the productivity of the land directly.

The Menonite village or rather hamlet as we know it in the Rhineland Municipality, such as has still preserved its original character, has originated in the social needs of the farming community, has grouped the cultivator-owners around school, church, social entertainment, mutual help, etc. Not so did the "English" hamlet in Manitoba, often grown to a village a trader, an elevator, a pool room, a barber was the start of the "town". The Menonite village started anywhere, the center being chosen both from a social and rural economical viewpoint. The "English" "town" was chosen with a trading viewpoint and by a trader, usually at the "station". The Menonite cultivator-owner drives to his "field" getting up a little earlier, coming home a little later; his children are close to school, to church, to other children; the adults are close to church, to other institutions, to adult society at any time of leisure. The "English" child walks to

school often farther, winter and summer, than the Menonite adult to his field in summer; after school there is no social life among children for the English child; after work and at any time of leisure the "English" adult has to overcome many a difficulty to get adult society.

The writer's aim in describing these conditions is to point out that in treating taxation of agricultural land we would not have to tax the Menonite villager of such village, a truly rural village, there being a parcel of land in the neighborhood belonging to this and that and every house in the village. The "English" village, however, semi-urban in character, based directly or indirectly on trade and often increased by retired farmers and not on social life of cultivator-owners, must be excluded from our considerations of taxation of agricultural land.

The common laborer, the teacher, the pastor--mostly a cultivator himself--are in the Menonite village economic or social complements of the fields or the community of the cultivators. Labor and its implications come to their rights to some extent. The common laborer, the teacher, the minister in the English village in Manitoba are only indirectly and only occasionally connected with the community of cultivators and its members as cultivators. So, from this angle, too, we are justified to eliminate the taxation of such semi-urban communities from our considerations of taxation of agricultural lands, whilst those rural, truly rural villages offer no difficulties even where there be a tradesman, a trader, a laborer, etc.

The conclusion we arrive at is then that we can, may, and should treat about taxation of agricultural land without any reference even to the taxation of those semi-urban communities interspersed among agricultural lands. The reference to such communities may be made concerning their influence upon the factors determining the taxation of agricultural lands. If a fortiori results that we can, may and should have a policy of taxation of agricultural lands independent of the taxation of urban communities,

There is yet another point to be elucidated and reacted upon: As we are socio-politically organized to-day, and as the diverse agricultural communities within this province are economically situated to-day, and as the lands are distributed by their fertility and productivity, geographically and by occupancy to-day, and as we hope to grow in population from ethnographically so varied sources, is it a sound policy of taxation of agricultural land to let every little community single handed, in the struggle for the attainment of social aims?

A few instances will make this point clear. Can the Manitoba Hydro expand there where it would have to skip three farms in order to serve the fourth? The Manitoba Hydro to-day is felt to be satisfying a social need, it is not merely an economical appliance to-day. The same is true of telephone (3) to-day and it will be true of radio to-morrow. Is that possible with our spare and in many parts almost starving population?

However, these may be looked upon as social luxuries and, therefore, not weighty enough for some agricultural communities of this province to be thrown in as heavier tax payers with other agricultural communities of this province as weaker tax payers in order to satisfy general social needs. This cannot be said of roads, hospitals, and schools. How interwoven the interests of citizens of a province are can be seen from the following sentence: "They (the inequalities of the present system of school support of rural districts) are in part responsible for the movement to the towns of parents who are anxious about the education of their children and in time they will deprive the children of less prosperous parts of the Province of their rights to the opportunity of an education." (4). Can we

(3) In Saskatchewan the farm is taxed for the telephone line passing by at a certain distance, even though the farmer has not taken it in.

(4) Report of the Educational Commission, 1923, p. 36.

as a society afford to produce "carriers of water and hewers of wood"?

The Commission, from whose report we have quoted the above sentence, recommends (5) a general levy throughout all the rural municipalities in order to relieve the educational situation in some part of the Province. The Commission recommends not to extend the general levy beyond the rural to urban municipalities. That means that we may consider the total of rural municipalities as self contained not interfering with and not being interfered by urban municipalities. This is an important conclusion we have reached.

The needs of hospital facilities and medical examination and care of rural school children are also very great and very much neglected even in well to do rural communities and small towns. These cannot be altogether left to individual cultivators any more than we leave education to them. In the opinion of the writer--based on actual experience for many years in different parts of the province--this matter should be attended to by the Province as a part of our system of education. Here, too, we cannot leave each small rural community struggle helplessly by itself.

Roads, good roads, and other roads, have in latter years been given more recognition and also more attended to by the Province and municipalities and this shows exactly what we mean when we claim that we need a provincial wide system of taxation of agricultural lands and not let every little farming community struggle helplessly for the attainment of social aims. Roads are not merely means of transportation of grain to elevators; they have great social significance as well, and not for farmers alone but for city folks as well.

Speaking of social aims of rural municipalities the writer does not aim at a standardization of what is to be considered as such and what not.

(5) Report pp. 38-39.

For instance: a rink may be a means of sociability, of entertainment bringing the people together, but it is limited both in scope and importance; a hospital, however, is an absolute need and, without attaching to it the savor of charity, it is of a wide social scope. The need of a community hall in the center of adjoining rural school districts has of late made itself felt more and more in a growing number of places, but its importance and scope is not to be compared with that of a high school in the same places. Therefore when we say that we need a provincial system of taxation of agricultural lands those interested will also have to decide which social and socio-economical needs will have to be considered important enough and of wide enough scope to be provided for wholly or partly from such taxation.

To take but one instance of the latter kind. In the north country (6) garnet wheat (if reports are authentic and true) would give better results than marquis. Should each farmer find that out at his own economical risk where and under which conditions that be the case or should this be done by the collaboration of the rural unit (S.D. or Municipality, etc.) with the individual owner-cultivator as a social-economical affair? Two or more other matters may be connected with this one; for instance the rural school, the distribution of seeds, etc. The writer in his teaching career in this Province had seen the influence of the rural school in the following lines: (a) white leghorns driving out scrub poultry and next being driven out by white orpington as a meat-and-egg fowl; barred rock not taking root, being a heavy feeder; (b) cow testing and cream testing encouraging the people to take a growing interest in the creamery 10-15 mi. away; (c) growth of clovers and grass-clover mixtures rousing the hopes of many a farmer recognizing that country to be a mixed farming

(6) In April 1926 it was made known from Ottawa that 8000 bu. of Garnet wheat was to be distributed to 4000 farmers, i.e. 2 bu. per farmer and at \$3 per bu.

country. True these are economic matters but by the wide scope and general importance for whole communities they get a social rather than individual aspect. A government which boasts of a surplus from taxation, but which turned a deaf ear to the dire wants of whole rural communities, is, in the opinion of the writer, not so much guilty of the fourth canon of taxation (taking out and keeping out of the pockets of the people as little as possible) as guilty of ignorance and of neglect of its social duties towards these rural communities.

The conclusions we draw are then as follows: a) a rural community may, according to its socio-economical and institutional needs, be regarded as an entity; b) all rural communities of the Province as a whole may also be considered as an entity independent of urban and semi-urban communities; c) the socio-economical and social needs of great importance and wide scope of rural communities should not be left to the single handed local rural community, but should be satisfied out of a provincial system of taxation of agricultural lands in the Province; d) Interpreting the fourth canon liberally and socially not individually an emergency or reserve fund should be accumulated in view of our growing rural population both by natural increase and immigration and in view of our complicated and inharmonious fiscal system and primary ownership of natural resources growing out of the relations of this Province to the Federal Government.

C. Social Aspect of Taxation of Agricultural Lands.

The question whether originally individuals associated themselves with one another for mutual help and thus gave rise to human society, or individuals were born into certain social conditions, however primitive, like wolves into the pack (*homo homini lupus*) is idle for us to-day. We are, all and everyone, members of some society having been born into it. However opposed one may be to evolution of the animal kingdom from animal-
eule to man but nobody will deny the evolution of human society. Now,
institutions, destroys them, and creates
society creates, others to destroy them in turn, and with every new phase secures on one hand the growing freedom, welfare and safety of the individual members and on the other tightens by thousands of invisible ties the social bonds, so that individual members feel so much freer, happier and safer as they feel themselves more drawn into and fastened by the social web. The question whether the individual exists for society or society for the individual is absolutely idle talk. Society is not the sum of A,B,C, etc. nor are the needs of a certain society the sum of the needs of A,B,C, etc. together. Society creates social needs, moreover it socializes the individual needs multiplying and intensifying them manifold, and secures individual freedom in social bondage.

Migration, emigration and immigration may be of great significance in the shaping, extension and restriction of a certain society, but any society has two chief assets: land (including what is above its surface up to heavens, and below its surface down to the earth's center) and labor (in the widest sense). We may well imagine a society not only claiming the primary ownership of all that pertains to land but also collective, productive ownership by employing the labor of its members both in the exploration and exploitation of the land to produce raw products and then

in the transformation and transportation of the raw to finished products, until they reach the consumer. The name of socialism does not frighten anyone to-day and we may well accept the possibility of such a society though we may not accept it as equitable. To-day, our own society recognizes private productive ownership and enforces certain restrictions both in the exploration and exploitation, in transformation and transportation. By what virtue does society do that? It goes even farther than that: it claims the right of compulsory service of persons, and of commandeering of wealth, and even of confiscation of private property and regulating consumption, should any such necessity arise in the life of that society. What does all that mean to-day if not the claim of social primary ownership versus, transferred private productive ownership and the protection of social implications of labor versus abuses of capital degrading labor to a market commodity and enslaving of man by man or depriving labor from its social implications?

Adjusting the changes causing migration and caused by it, healing over the results of emigration, assimilating socially the addition by immigration, a certain society continues its course, maintains and evolves its institutions and creates new ones and strengthens its claims to social primary ownership of land and disposition and protection to social implications of labor.

Taxation finds its justification in modern days, not in the "will" of a King-Owner of the Land and Tyrant of the Nation (in the name of the nation) nor in any other source of subservience, but in modern society itself, in its primary claims to the land and social implications of labor on one hand and in fulfilling its own promise by its own social functions on the other. The individual using land or labor, or both assets of society must, by taxes contribute to the means necessary to society's fulfillment. We may be or-

unjust both in the estimation and distribution of the burden; we may employ our taxes wrongly; we may not agree as to what those functions be; we may disagree as to the continuance and evolution, or abolition of old social institutions and creation of new ones; all these and similar reasons do not affect the social justification of taxes in general and the taxation of agricultural land in particular.

The writer, taking this view of the social aspect of taxation, can't see any good reason for the "Single Tax on Land." A manufacturer degrades the labor of 200 men; a land holder actually withholds 2000 acres from production; why should the former go free and the latter pay such penalty as to enable society to let the former go free. Even though one may hope that ultimately S.T. on Land will bring back the land to the primary owner i.e. to society; even if such social organization of land ownership and production may be one's ideal; even if one man believes that degradation of labor will then be impossible; what about degradation of labor of to-day, of the next fifty years accumulation of wealth due to disregard of the implications of labor?

To illustrate the orthodox view of taxation dominant to-day we ask ourselves: On what is based the division of onerous and beneficial taxes? All from the individual standpoint and not from the social point of view. The fact, however, is that even those beneficial rates as "the provision of sewerage, the lighting of streets, or the removal of house refuse... which not only benefit him (the taxpayer) directly but are even provided at less cost than if he had to supply them from his own resources" ⁽⁷⁾ are the ~~XXX~~ result of social forces to satisfy social needs and not with a view

(7) Report of the Royal Commission on Local Taxation, 1901, in England; Sir George Murray and Sir Ed Hamilton defining "onerous" and beneficial rates. Quoted by Sir Thomas Whittaker in "Ownership, Tenure, and Taxation of Land" 1914.

of benefitting this one and that one of the individual tax payers, either thru the service as such or by its cheapness. The history of the lighting of streets for example is a brilliant instance. The trend of thought of all economists dealing with this matter and adopting this division has in the background this question: does a certain tax cause a rise or a depression in the value of immovable property? For instance: a school was built in a community; if it were not for that school many would have left the place; property would have gone down; the taxes were beneficial;— a third teacher is now necessary; additional taxes are asked for; the cry is: "Burden each teacher with more pupils, cut the teacher's salaries; taxes for education are onerous; in case of sale the capitalization of the taxes will cause a depression in the value of the property." The fact is that education is the result of social forces and for the benefit of society interested that "the acquired and useful abilities of all the inhabitants or members of the society" should be as great as possible and should enable them to be self-sustaining and, through their labor, to contribute to what are the implications of labor and of society (as explained above). Taxes to-day are not necessarily levied to suppress the individual and his property nor are they meant to benefit him and his property at the expense of the social body. Any system of taxation of agricultural land having that background of value of property is antisocial. In our days, here in Manitoba, we must lay a social basis, and have a social background to our system of taxation. The writer therefore, cannot accept the division of "beneficial" and "onerous" taxes which may (or may not) fit another body economic and politic. He will consequently attempt to put the taxation of agricultural land in Manitoba on a social and not on a property value basis.

D A Social Economical Base of Taxation of
Agricultural Lands.

In Ch. IV B. we concluded that with regard to taxes we could, might, and should treat the total of rural municipalities in this Province as a self contained entity. We should have no invincible difficulty in laying down in their relative valuation our assets of agricultural lands in private ownership and of labor powers disponible in the different rural communities throughout the Province. We should also be able to find out the social (including social economical) needs of those communities. We could estimate the amount necessary to enable the Province as a whole to provide every rural community with the means of satisfying those needs. The estimated amount would then be distributed on those rural land assets in the Province.

At first this method would seem to be a copy of the method recommended as Equalized Assessment of the Rural Municipalities by the Educational Commission in its Report of 1923 already mentioned. However, before showing that our distribution of levy on rural land assets is not the same as equalized assessment, we must meet some possible objections. One is that that would mean that part of the monies levied in older and better off rural settlements of the Province be expended in newer and poorer rural settlements. That is exactly what it may come to. The Educational Commission did not shrink back from this; on the contrary, it pointed to the City of Winnipeg where all her 40000 children get equal educational opportunities, the rate of levy being the same in the poorer as in the richer parts of the City. In case of rural communities it is not so easy to see that they make one entity, that they have common interests in spite of the geographical dispersion and diversity of possibilities of production. Yet, what we said about experimenting with garnet wheat in the north may be applied

to sugar beet, for inst., in the south; the federation of creameries and cheeseries, the pooling of wheat, the rural credits and farmer's insurance, the freight question, the establishing of experimental stations, a truly agricultural education, and yet leading to any faculty, not necessarily to the M.A.C. only, a farmer's party, legislation in the interests of the agricultural industry, and many other means and ways will cement those dispersed rural communities into one Rural Manitoba.

Another objection would be that local autonomy would be curtailed. The writer is absolutely against the curtailing of local autonomy; on the contrary, he sees in the entity that we may call Rural Manitoba a possibility and means of widening of local autonomy. The local authorities will still have to collect and expend the money; they will still be the ones knowing best their own needs and their local conditions; vicinity will not cease to be a potent factor in cementing them locally, in giving local color to their institutions; but every local community, even of the ones better off, will feel that it can be backed up by a province-wide Rural Manitoba in moments when its social needs exceed its means, in which case even the poorest local community shares, with all its rural land assets, the common responsibility. Naturally, every local community has to convince Rural Manitoba of the actual need, of the social and socio-economical importance and width of scope of that need, when appealing to the Consolidated Funds of Rural Manitoba. Will that mean a curtailing of their present local autonomy?

Another objection yet may be that of playing one section of population against another.

That entity of Rural Manitoba has, according to its population a share in the "80¢ per capita subsidy". In this regard R.M. is an equal partner with all the other sections of population of this Province. It also has

equal claims concerning the "Debt Allowance", and that is also the case regarding the Allowance for Government and Legislation. These Subsidies and Allowances per B.N.A.A. given by Canada to Manitoba clearly make a consolidated fund in which every section, every individual of Manitoba's population has an equal interest. Since, however, we are dealing especially with Rural Manitoba, the rural population may draw false conclusions concerning the interests of the other sections of population in the agricultural lands, occupied or unoccupied, cultivated, deserted, or wild. The interests of the population of the Province as a whole in the lands of this Province as a whole can't be doubted: First, the Province as a whole (as do also Saskatchewan and Alberta) gets a definite interest in the "School Lands Fund" "towards the support of schools organized and carried on in accordance with the law of the Province and for that purpose only". Second those public lands of this Province which were and those which still are, whether justly or unjustly, managed by Canada for Manitoba bring^a yearly indemnity to the Province for the benefit of the whole population. These two grants are the outcome of that fact that the lands which were bought out together with territorial rights became common property of a socio-political body in its infancy and were placed in trust of what was just the prospective Dominion of Canada of to-day. Thus, when we speak of Rural Manitoba as an entity with common social and economical needs and aims, we do not play one section against another; on the contrary, we always have before our eyes the general interests of the population of Manitoba^{as} a whole as the prime owner of the land upon which Rural Manitoba is established. Without destroying local autonomy, without denying the fact of the entity of Rural Manitoba, without unduly interfering with the individual cultivator cultivator-owner, and owner in the management of his share in the agricultural production, in so far as it is compatible with the welfare of others

and of the community, has the primary owner of to-day, i.e. the Province as organized to-day, to find a system of taxing those lands in their complexity, within the limits of its economic productivity under a given set of conditions, in order to enable Rural Manitoba as a whole and its more or less autonomous components in part to satisfy their needs.

What are now the differences between the system of Equalization of Taxation as recommended by the Educational Commission and that of Distribution on the relative values of the Rural Land Assets as advocated by the writer?

Considerations	Equalization System	Distribution System
1 The Place of the Province, The Right to Tax	A Legislator of Taxation	Primary Owner of Taxable Lands and Legislator of Taxation
2 Basis of Taxation	Real Properties as Transferable Objects	Lands as a Social Economic Asset in Private Productive Ownership
3 Basis of Valuation	Conjectured Selling Value of Every Individual Real Property	Relative Economic Productivity of the Lands held by a Private Owner in Terms of Relative Valuation in the Land Complex of the Province
4 The Private Owner	A Prospective Vendor	An Actual or Possible Cultivator
5 Hardship of Taxation	Reducing Selling Value of Property by Capitalized Taxes	A Burden on Cultivator both as Producer and Consumer

a rate to be fixed by the Commission by dividing the amount requested by the budget of the Municipal Commissioner by the total assessment value throughout the Province. This assumes that all real property has to contribute to the administration of municipal affairs indiscriminately whether one municipality requires less or more care-taking than another on the side of the administration. However, that means that it may often occur that part of the money of one municipality may be a contribution to the administration of another. This Commission, too, seems to make the assumption that it takes all owners,--farmers, farmland speculators, city landlords and cottagers alike--according to their ability to pay starting from the presumption that value of ownership is a criterion of ability to pay. So does also the Educational Commission assume for the general taxation of all rural municipalities of the Province for a consolidated supplementary fund for rural schools.

Would the tax recommended by the Educational Commission be styled ~~XX~~ beneficial or onerous in the eyes of orthodox economists? As far as Rural Manitoba will receive its money's worth it will surely be beneficial, especially in those parts of Rural Manitoba which will at times, or for a certain length of time derive a proportionately greater benefit than the amount of their contribution. As far as those, who ever think of "selling" at a price reduced by capitalized taxes, see in all taxation something onerous that tax will certainly be onerous. A fortiori the taxes for the Municipal Commissioner as secured by the Tax Commission are absolutely onerous. The Tax Commission has nothing to do with local or municipal needs of any kind, but "simply taxes the people giving nothing in return", but "reducing the value of property". From the social aspect of the matter we are not concerned with any such question of beneficial or onerous. If

schooling, care of good health, good roads, ^{would} cause Rural Manitoba to produce two blades where one only used to grow before; if for the sake of schooling, good health, and bread and butter, fewer ~~would~~ drop the land and swell the city population and its labor market or speculative competition; if "better farming" ~~would~~ be able to offer more attractive employment at better wages and sanitary rooming and a truly social--not necessarily semi-urban--environment; the economic productivity of the land ~~would~~ be raised by far more than the taxes connected with the process would amount to. Are we going to separate the taxes which cover the "getting of benefits" from those which cover the administration of the "getting"? Possibly for the bookkeeping, but not for the matter itself.

Of the 176 municipalities in 1924 there were 4 cities, 30 towns, 21 villages; i.e. 55 urban incorporated municipalities. Add to these the sub-urban not incorporated communities. Free Rural Manitoba of the semi-urban also communities and get a Rural Manitoba relying on the economic productivity of its lands, not on miserable huts nor on palatial constructions on the farm. Figure out the total of units of relative value of economic productivity; figure out the amounts required for getting the beneficial things of great importance and wide scope and also the share to the C's budget that would be justifiable to be expected for the general administration of Rural Manitoba. Add the last two and divide by the first. You will soon find out whether and how far the agricultural industry as a whole and communities and individuals in part according to the economic productivity of their lands can bear it or not.

Let us attain important social aims by a taxation based on real economic facts and their relationship.

In our explanations of relative valuation we pointed out that it was

not a monetary valuation; consequently it is not depending on manipulations of land speculation but on real facts not on transitor changes but on more permanent conditions. Such relative values must necessarily be more stable than any monetary valuation. The writer knows of agricultural lands in this Province which suffered a drop in monetary price or market value because the R'y administration removed the Station agent and reduced the station to a mere waiting room; yet the economic productivity did not suffer in the least. Again he knows of lands which went up in price on the vague promise of a station while the economic productivity remained as low as ever. The case of the Chalmer's farm of 346 acres taken into the limits of the City of Brandon with the anticipation of high market prices of land, and then released by law to get out of that city and join the Cornwallis rural municipality is well known.⁽⁸⁾ The important point about the case is that the economic productivity of that land did not change neither by the speculative expectation nor by the disappointment. All the change there was concerned the great amount of taxes over \$10000 during the last ten years paid for the sake of speculation and the relief of the high taxes to about \$150 per year when the disappointment brought sobriety.

The case of the Wpg. Suburban Communities may offer an entangled problem. Yet one point is clear as far as we are here concerned. While market prices of the agricultural lands in those communities, (many acres should have stayed as agricultural land instead of being parcelled for speculation), soared high and taxes went still higher the mills being kept low, then when land prices went down and taxes and mills went high to meet obligations gone into before, the economic productivity of the agricultural lands concerned followed its own course, or, in many cases, was wretchedly

8) See "Free Press" March 24, 1926.

destroyed.

In all these and many other cases the relative valuation of agricultural lands as explained in Ch. I would have remained unaffected.

On the other hand, should our industrializing madness lead to deforestation of large tracts of this province and the fear of some that it would affect physically the neighboring agricultural lands around the lakes become true, the relative value of such lands may be reduced on that account by more than the social elements may contribute to the rising of the economic productivity of those lands. Again the favorable social elements may be transitory while the physical damage may become permanent for decades after. The people about Bowsman River in Man. did not go that mad about the saw mills there knowing how Big River, Sask., ended after the deforestation. All the soaring of land prices will not prevent the depletion of the relative value of the agricultural lands affected.

Another way of pricing land is by rent. Now, rent may go up or down, the relative value is almost independent of it unless the circumstances affecting it affect lastingly economic productivity of the land. We know that if tenant F keeps increasing the economic productivity of his leased farm, the owner O asks for an ever increasing rent thus encroaching upon F's personal achievements either in production or disposal of the produces. Then the action of one landlord is followed by others around. The relative value of a certain land would not go up with F's success or down with his failure; it would be independent of rise and fall of rent, of competition between F and other competitors.

Thus the relative valuation of agricultural lands on a truly scientific basis offers a more constant guide for any distribution of burdens of taxation upon agricultural lands than either market prices of lands or rents.

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Again, since every land unit gets its own relative value judged on its own merits and is not judged by averages of market prices or of rents of a hazardous number of sales or leases in a county or municipality, such relative valuation is more reliable as to where a certain unit of agricultural land is to be placed among the bearers of the burdens of taxation of agricultural lands than when judged by selling value. A system of relative valuation based on relative economic values does not allow under-valuation and hiding of facts in a certain municipality in order to reduce its share of the general responsibility whilst it is possible in the assessment system according to selling values.

Explanations: * Under "Taxable Assessment" the large amount is on real property, the smaller on personal property. The term "real property" for the purpose of assessment, in the "Statistical Information Respecting the Municipalities in the Province of Manitoba" issued by the M.C. in 1925, apparently covers as follows: a) the real property in the hamlets and unincorporated villages, lands at full value and buildings at $\frac{2}{3}$ their value; once for municipal levy, then for special school levy and last for M.C.'s levy. b) farm buildings (residence, etc.), for M.C.'s levy only, at $\frac{2}{3}$ of their value; c) farm lands at full value for levies as under a). ** As the writer could not secure any data concerning the semi-urban real property, the assessments per acre and $\frac{1}{4}$ section are necessarily high since in numerous cases a semi-urban building lot plus the residence are assessed as high as $\frac{1}{3}$ of land and often higher. *** For the same reason the distribution of the taxes for real property per acre and per $\frac{1}{4}$ s. is necessarily high. The correctness of the total and specified rates given in the "Statistics" is in many cases questionable. The rates in this table were figured out from the amounts. As farm buildings are also assessed besides farm lands for the M.C.'s levy the average total tax per acre and $\frac{1}{4}$ section is to be considered as if it is the result of a distribution of a total tax on a continuous area of land plus all buildings on them. However, we know that some tax paying lands have no buildings at all. To take as an instance we may mention the unused lands in the hands of the H.B.C. in the rural municipalities in 1926: in Ericksdale 10400 acres; in Krenzburg 1600 acres; in La Broquerie 640 acres; in Stuartburn 10080 acres; in De Salaberry 1280 acres; in Birtle R. none. *** The figuring of average acreage per resident farmer also offers some difficulty in some cases. The lands of the S.S.B. (Soldier's Settlement Board) pay no taxes although a soldier farmer be resident. The number of resident farmers includes such farmers but the number of taxable acres does not include their lands. There were among the unused lands in 1926 32 quarters of S.S. lands in Ericksdale, $5\frac{1}{2}$ quarters in Krenzburg, 3 in La Broquerie. How many of them were taken up in 1924? The writer has no information about that. Again, the figures used for unused lands are of 1926 and not of 1924.

Concerning La Broquerie, 90000 acres were subtracted from the tax paying lands as those form an estate and are not distributable among the 202 resident farmers.

Illustrations of Taxation. (1924)

Municip. Crop Dstr.	Taxable Ass'ment*		Ass'ment**			Taxes***		M.C's Tax		Rsd****	Frm's SSB AV. Acres n $\frac{1}{4}$ s	(1926) Unused Land	
	& Taxable Acres		1 ac.	$\frac{1}{4}$ s.	%	Total	$\frac{1}{4}$ s.	Am't.	%			held by	acres
Bricksd. 12	\$-956940,	\$16960.	-6.42.	1027.36	42.36	40535.98	43.50	-3272.73	-3.42	F-543	32	H. B.	10400
	Ac 149021									Ac-94		Local	54600
Krenzbr. 12	\$-466870,	\$14555.	-3.04	-486.24	83.75	39100.36	40.70	-3090.68	-6.62	F-977	5 $\frac{1}{2}$	H. B.	1600
	Ac 153583									Ac145		Local	4240
Broquer. 6	\$-415760,	\$-7800.	-3.06	-488.80	60.77	25265.74	29.70	-1725.40	-4.15	F-202	3	H. B.	640
	Ac 136096									Ac188		Local	2320
Stuarth. 6	\$-317325,	\$11128.	-1.50	-240.00	121.06	38395.36	29.05	-3224.02	10.16	F1110	0	H. B.	10080
	Ac 211550									Ac173		Local	160
Salab'ry 3	\$3006880,	\$84287.	19.12	3149.20	19.55	58784.50	61.57	-9922.70	-3.30	F-339	0	H. B.	1280
	Ac 157266									Ac396		Local	1040
Birtle 10	\$3021740,	\$57240.	15.03	2405.28	29.70	89745.68	71.43	12691.31	-4.20	F-460	1	H. B.	640
	Ac 201000									Ac423		Local	5680
												Total	23120

E Illustrations of Present Taxation of
Agricultural Lands.

It may be interesting to illustrate our present system of taxation of agricultural lands by a few instances from the year 1924 i.e. when matters have begun to look more hopeful in this Province, as the year 1923 may be looked upon as a lowest mark year after the war.

In spite of all the shortcomings of the data in the table it may be accepted as giving a fair, though blurred picture of conditions in general regarding assessment and taxation. (p 73)

The Ericksdale municipality showed in 1924 an average assessment of taxable land of \$6.42 per acre or 1027.36 per $\frac{1}{4}$ section and a tax rate of 42.36% or 43.50 per $\frac{1}{4}$ section, *including* all municipal taxes especial school levy and also the Municipal Commissioner's levy of 3.42%. Only one of its schools figured among the 18 schools closed in the Interlake District in 1923. The following may throw some light upon the conditions there today. On July 2nd 1926, a correspondent of the Free Press related that 90% of the settlers would leave if they could go, that dozens of farmers had had no crops for five successive years, that vacant homesteads were selling \$200 to \$500 in the locality. The correspondent asked whether they "as good settlers and good citizens are worth saving". It is a matter of 543 resident farmers.

On July 10th, 1926, another correspondent of the same municipality, trying to efface the impression of the former correspondent rather seemd to tacitly corroborate the "few drawbacks" of the district than to contradict. However, there is one valuable hint in the second correspondence in favor of cattle raising. Nothing new; we have known that before, during and after the war; but we left that municipality and other municipalities and portions of the unorganized territory struggle single-handed, starve or desert, or being thrown off the farm. \$43.50 may not mean any

thing when a \$1000 farm is farmed; but it means starvation when a \$200-\$500-farm means but merely a forced habitation. During 1924 new \$3415 were added to the arrears of taxes, tax sales expenses not included. Let us mention in addition the Debentures of \$92869.71 for good roads.

Another instance from the Inter-Lake Crop District is the Kreuzburg Municipality with 977 resident farmers. The average assessment per acre was \$3.039 and \$486.24 per $\frac{1}{4}$ section of land. This necessitated as high a rate as 83.75% or \$40.70 per $\frac{1}{4}$ section for all kinds of taxes including special school levy and M.C.'s levy of 6.62%. Nearly \$17000 of arrear taxes were recovered but the writer can't tell to what sales costs that recovery led up.

In 1923 Kreuzburg Municipality had 6 or 7 schools closed. In 1927 the Mun. Commissioner announced before the L.A. that Kreuzburg had been thrown back into unorganized territory. If we could only realize that Kreuzburg Municipality is not an unorganized but a disorganized territory to-day. When it had been part of the unorganized territory people had set great hopes in the organization of a municipality; and now, they are disorganized.

Last January a delegation including the reeve, council and other representatives of the Stuartburn Municipality, South Eastern Manitoba, stated to the Municipal Commissioner that settlers within their municipality had experienced successive crop failures and they could not finance the costs of maintaining their municipal organization, and therefore they requested that the municipality of Stuartburn be disorganized. This sounds so much the sadder as it involves the existence of 1110 resident farmers. Six of their schools were closed in 1923. In 1924 the land was assessed at \$1.50 per acre or \$240 per $\frac{1}{4}$ section. The screw of taxation had to go up

to 121.06% to average \$29.05 per $\frac{1}{4}$ section in 1924 including special school levy and the M.C's levy of 10.16% . During the same year over \$1700 of arrear taxes were also driven in; the statistics at the writer's disposal do not reveal at what cost and with what results.

We pass to another type of conditions: a sparsely settled municipality—only 202 resident settlers with one school closed in 1923—yet attracting capital. We have already mentioned (See Part I Ch. V footnote (4) about the 90000 acres around Marchand owned by St. Paul capital and negotiations for the additional 6400 acres to be acquired, all to form one dairy enterprise. If all the lands be in La Broquerie Municipality, as the writer thinks to be the case, that would mean about $\frac{1}{8}$ of the municipality. The writer has no personal knowledge of that part of the Province. However 17-18 years back he had been informed by one who had personal knowledge, to the effect that 320 acres to a settler with sufficient means to go into grazing, cattle raising, and milk dairying could support the man and his family well. There was, in that man's opinion only one difficulty: want of drainage. He spoke in similar terms of certain parts of the Sprdgue. It is interesting now to know the conditions of taxation in that municipality in 1924. An acre of land averaged an assessment of \$3.055, bringing $\frac{1}{4}$ section to \$488.80. The rate of all taxation, including also special school levy and the M.C's levy of 4.15%, was 60.77% making \$29.70 per quarter. It may be worth noting that in Krenzburg with an assessment of 466870, and in La Broquerie with an assessment of 415760, the M.C's levy was \$3090.68 at a rate of 6.62% in the former against \$1725.⁴⁰ and 4.15% resp. in the latter.

Again, comparing the M.C's levy of La Broquerie, namely \$1725.40 at a rate of 4.15% on an assessment of \$415760, with that of Stuartburn namely \$3224.02 at a rate of 10.16% on an assessment of 317325 the chaos

of our system of assessment and of taxation, and the administration of both is exemplified.

The explanation lies not in discrimination, favoritism, or neglect on the part of the authorities concerned but in the system itself and in the complication of its application and administration. The basis of assessment is possibly the simplest imaginable: "What do they sell a quarter in that part of the country?" With that as a basis and in addition considering advantages and disadvantages of location, the quality of the soil, the annual rental value, and such other considerations as the tax commission may direct, the assessor comes to some conclusion. Then, of course, there are other considerations possible which the Tax Commission may not direct, for instance: under-assessment in one municipality for the shirking of too high a levy of the M.C. over-assessment in another for the sake of keeping both the land price of high and the milrate low. Again past years' assessments help along, and the coming in of new settlers or the leaving of old ones or both are modifying factors along with others occasional or permanent.

The matter becomes more complicated when the Tax Commission is "to act as a board of equalization" "to equalize in a fair and equitable manner the valuation and assessment of all property liable to taxation in the several municipalities in each of the judicial districts in the province; and as between judicial districts," as required by the Tax Commission Act, 1920, Section 22, clause m. Here are La Broquerie and Stuartburn two adjoining municipalities, and La Broquerie and Kenzburg one in the Mid-Lake District, the other in the south-eastern district. What is the means of comparison for that equalization? Is the Tax Commission going to reverse the policy of the local council and the assessment of the local assessor? The T.C. may modify the assessment for the purpose of the M.C's levy and let the

assessment of the local authority stand on its own merits.

That much of the basis. The complication of its application and administration is in the threefold taxing authorities: a) so many boards of school trustees, or a consolidated school board, for special school levy, in each municipality; b) the municipal council, for the levy for municipal purposes; c) the Tax Commission for the M.C.'s levy. How often do we hear the complaint that the municipal council is nothing but a collecting agency for the schools and the M.C.?

It is not the place here to dwell upon this matter in detail; but it should be said that as public education in Manitoba ceased to be sectarian; as it later became unilingual; as each school ceased to be wholly dependent upon local sources, and the municipality and the provincial government came in a growing measure to its support; since for the efficiency of the educational machine in many cases consolidation proved necessary and welcome; there is no justification to-day for that taxing body, the board of school trustees, as it surely was in the past of this Province. It becomes less and less "in harmony with the Educational History of the Province". On the other hand if we had a Rural Manitoba as an entity at present, it would be able, by means of the relative valuation based on relative economic productivity of the lands, to co-ordinate the taxation of the different municipalities and also the expenditures upon needs of wide scope without exposing any part of our social body to suffer in a single-handed struggle.

This trefoliate system of taxation for matters educational of such great national importance may be resignedly borne in well to do districts, but it is crushing in poorer districts. Now in justice to our trefoliate system it must be said that this is not the source but just the completion of the evil in considerable portions of this Province. The evil has no

less to do with the unscientific, irresponsible methods of settlement by Dominion authorities for the consequences of which methods this Province has to pay. Here is neither the place to discuss such matters nor an opportunity for making suggestions. Yet it may be pertaining to our theme to mention three points of those methods: a) carelessness as to the suitability of this or that land for settlement throwing the responsibility of choice upon the prospective homesteader; b) sprinkling of population at $\frac{1}{2}$ -mi. and greater distances from each other, often under the sham patriotic reason of avoiding polyglottic factions in the future (a regretted though by no means regrettable exception was possibly the Mennonite rural-not semiurban-village); c) the desertions of whole settlements to their own fate, under most adverse conditions, relying upon two fatal correctives: natural selection preserving the best of the settlers, and a flood of immigration to fill vacancies.

Can our system of taxation be held responsible for the arrears of taxes? Can the people be made entirely responsible for those results which have led to the closing of [3] schools and for part time opening of schools in 1923? Can they be made responsible for the disorganization of their municipalities? What our trefoliate system is accomplishing is land sales. And? fading of land values, clamor for immigration to raise land values, to help pay war debts, etc., etc.

The writer has no panacea, but he does firmly believe that a Rural Manitoba in conjunction with a system of taxation based on the "relative economic productivity of the agricultural lands in private productive ownership" could help our agricultural industry in more than one way because such a system of taxation has a social basis and a background of facts not of fiction.

After the above digression we come back to our illustrations of taxation. We are going to consider the De Salaberry Municipality. This municipality with Dufrost as a center (39 mi. S. of Winnipeg) and the countries bordering on it immediately to the north, around Niverville, and to the south, around Arnaud, in the Red River District, on the Emerson C.P.R. line, saw in the seasons of 1925-26 great changes of ownership and great influx of people on to the land, 41 families for Dufrost alone, within radius of 6 mi. The process is generally as follows. "Investors" and Land Companies from across the boundary—Minnesota, Iowa, etc,—buy large tracts^{of} thousands and ten thousands^{of} acres of land on this side and sell then attractive farms to seeking farmers. In 1924 there were in the De Salaberry Municipality only 339 resident farmers with an average of 396 acres of taxable land on each farmer, but in this municipality alone some 23120 taxable acres were unused and all but about 104 acres in the hands of absentees in 1926. The municipality and the Dominion had between them some 3000 acres and the S.S.B. had none.

Now what were the conditions of taxation? The assessment per acre averaged \$19.12 making a $\frac{1}{4}$ section \$3149.20. As the rate of the total of all taxes was 19.55%, the taxes per $\frac{1}{4}$ amounted to \$61.57 including the special school tax and the M.C.'s levy. The rate of the M.C.'s levy was 3.30% making a levy of \$9922.70 for the whole De Salaberry Municipality; that is at a somewhat lower rate than half that for Kreuzburg and a levy somewhat over three times ~~that~~ that in the latter with a little lower taxable acreage of an assessment per acre of $\frac{1}{3}$ of that in the former.

On further comparison we find that of the taxable acreage in the Kreuzburg municipality only 11920 acres were in 1926 unused and 7680 of them (including 1600 of H.B.C.) in the hands of absentees. The writer ventures the guess—not a scientific method—that a considerable part of the taxes on those unused lands may be or will be written off as "dubious debts". On

the other hand we are quite safe to expect that the De Salaberry municipality can pledge the taxes on the 23120 acres of unused lands within its borders. The 5½ quarters of S.S.B. in Krenzburg were subtracted from paying their share.

Now while in Krenzburg the \$88789.46 arrear taxes of 1923 were reduced to \$71823.12 i.e. by about \$17000 in 1924, the De Salaberry municipality reduced for same dates from 33755.67 to 30924.03 i.e. only by \$2800.

From all this we can plainly see that while the taxes may not be the original cause of the disorganization of Krenzburg, but under the given conditions that Municipality with its 977 farmers could not keep abreast to save it, while De Salaberry with its only 339 farmers found their small number beneficial as taxes for about 23000 acres were sure to come in from outside. It is not paradoxal.

However, we may ask: What right the 339 resident farmers of De Salaberry have to the monies coming from the 23000 acres that those of Krenzburg should not have? Here are 339 farmers with 396 acres each in the productive R.R. District. There are almost three times as many farmers with less than half that number of acres each of less productive land. That means that by the number of acres and quality of land owned by resident farmers the De Salaberry municipality should already be twice better off than the Krenzburg Municipality with a threefold population. If there was a Rural Manitoba entity with a consolidated fund for the satisfaction of its most important social and socio-economical needs there would be no need of disorganizing one municipality allowing another to develop a lazy stomach.

Another Municipality we have chosen is Birtle (*Rural*). It defers in more than one respect but illustrates, in the opinion of the writer more thrift, higher organization, in spite of its drawbacks, when compared with De Salaberry Municipality. By topography and soil, by altitude and latitude

(800 to 1000 ft. higher and by about 1° lat. further north), by about one week later frosts in spring and earlier frosts in fall, by its greater distances from first class market centres and from the boundary, the former is at a disadvantage when compared with the latter. It had 460 resident farmers in 1924 with about 423 acres on an average per farmer, i.e. about 27 acres more than those of De Salaberry. However, not in the number but in the proper use of those acres and in the general spirit and methods of going after their business lies the success of the Birtle farmers.

Whilst De Salaberry has (1926) 22080 unused acres in hands of absentees and 1040 in hands of local people, Birtle (Rural) has only 5680 unused acres in hands of absentees and 640 in hands of local people; that means that the farms^{ev} of Birtle get a far smaller contribution from outside to the total of its taxes. There is no more reason why they should receive even that little than why those of De Salaberry should receive that much as they do. Yet, here we wish to indicate another point.

The farmers of Birtle evidently owe their success to themselves to a greater degree than those of De Salaberry do to their own spirit and efficiency. According to the relative valuation of relative economic productivity an average acre at Birtle should pay a lower average tax for a certain purpose, f. inst. for M.C's levy, than an average acre of De Salaberry. The figures resulting in this case are: Birtle $12691.31 \div 201000 = 6.314\%$, De Salaberry $9922.70 \div 157266 = 6.3095\%$. We know (See explanations to table) that speaking as we do here, of average acre and average per acre is quite coarse, yet the difference of $.0046\%$ per acre is reason enough to justify our conclusion that the relative valuation finds here no expression.

However considering the two assessments (of land and buildings on the farms plus those of Solsgirth in Birtle Rural, and land and buildings on the farms plus those of Dufrost in De Salaberry) the respective rates for

the M.C.'s levy are 4.2% and 3.3%. As the difference is considerable it may safely be taken as an index of direction showing that in this particular case there is a discord between the assessment and taxation from municipality to municipality and from judicial district to judicial district on one hand and the evident relative values by the relative economic productivity on the other. To use a much abused word we may say that, while in fact Birtle is over taxed according to the nature of their natural economic conditions, to all appearance they seem to be penalized for their success according to the assessment by selling values.

Whether it is a chaotic system or a systematized chaos one thing comes out clear of these illustrations: that our system as it is is not based on facts and ratios between actually existing and comparable magnitudes but on fiction and accident.

We cannot close this part without mentioning the S.S.B. lands as to their taxation.

A good many quarters had been taxable before they passed under the S.S.B. Some of those were not bringing the expected taxes and would have been coming on the slaughter-list. Some of the lands were simply not worth bothering with. Others, however, were economically sound and a real asset to S.D. as well as to municipality. In some cases the established soldiers on land previously homesteaded by others dropped the lands for the same reasons as the homesteaders had done before them. Yet, the civilian homesteaders, the true soldiers of the soil, had been pressed for taxes and often paid them, too; but the passing of that land under the S.S.B. and then to a soldier of the front brought no taxes: the new "owner" under the protection of the S.S.B. became a burden to the community. To a municipality like Ericksdale 32 such burdens are surely little encouraging. In many cases such burdens under the protective wings of the S.S.B. were

placed on bought lands. In 3 out of ten cases the established soldier became a burden to himself and was crushed under his own burden. The reason is not far to seek: the price of the land was not justified. The community lost a sound tax-payer and got a burden, or is waiting to get a burden. The demand for revaluation and the insistence of the Municipalities for consideration is loud enough as a result. This is, however, after all a temporary difficulty, we are up against. A sound Rural Manitoba with a sound system of taxation would have hardly felt it.

CHAPTER V

Concerning Improvements.

The improvements connected with the farm may be divided into four groups: the first group concerns personal comfort, the other three are of an economic character.

- a) Personal Comfort: dwelling house, vegetable garden, etc.;
- b) Auxiliary improvements: barns, milk room, fences, etc.;
- c) Temporary soil improvement: subsoil cultivation, manuring, etc.;
- d) Permanent soil improvement: breaking, drainage, etc.

There is no sharp limit of division. A well may be for personal comfort, or auxiliary to cattle raising and milk room, but it may also be both for household and auxiliary to farming. Subsoil cultivation may have a temporary or a lasting effect. A ditch may improve the garden as well as the neighboring field. In spite of all that the division may be considered well founded for our considerations.

We are going to consider those improvements from the standpoint of taxation.

a) Improvements for personal comfort:

Buildings will not vary with nor improve the economic productivity of the land with which we are primarily concerned.

A dwelling house as it satisfies or surpasses the actual need, may show ability to pay which may be reduced as the family increases. The land though on which the house is may be taken along with the land.

A vegetable garden may be larger than actual need would require and be an extra source of income. At the same time by changing the parcel every year or every two years it improves the field husbandry to some extent. Thus we may again judge whether the garden belongs to the satisfaction of an actual personal need or not, in other words whether it should be included

in the land at large or as a source of extra income and so improving the ability to pay.

A garage for a personal automobile is as the automobile itself a sign of ability to pay, the land though on which it is standing may be taken along with the land.

A well is an absolute necessity for any human being and should by no means be taxed though it may incidentally serve for other purposes than drinking and household.

If these things are in a rural, not semi-urban, village which serves as a social centre for the cultivator-owners of the surrounding lands these should be treated as if the land, upon which they are, were part of the land farmed. If they are not connected with any land husbandry they are not to be considered as part of such and should be judged individually as the case may deserve.

- b) Auxiliary improvements: In a good many ways these may show the ability to pay. The land on which they are built are part of the land as a whole. Primarily though auxiliary improvements are a necessary complement of the land, according to the kind of husbandry-grain, cattle raising, etc. To the auxiliary improvements would also belong dwellings for hands on the farm; also the portion of land allotted to them for their use. The land should be included within the land as a whole.
- c) Temporary soil improvement: such improvements cannot always be immediately shown, may lead to evasion, misinformation and litigation. Although the man with ability to pay is able to do that than the man without such ability; and although one's ability to pay is, by such improvement, increased by obtaining better crops, the taxation of such temporary soil improvement is not advisable.
- d) Permanent soil improvement:

Soil cultivation as required by the farming industry, if scientific,

ally carried out, is not merely a keeping of the land in fertility, but its steady improving in its physical, chemical and microbiological properties. Yet as that is supposed to be done year after year, season after season, depending upon the system of agriculture and the use of the land in that system, and, further, as that depends so much on the knowledge, efficiency, and means of the cultivator-manager, we seldom hear that cultivation^{be} called by the name of "improvement." There is another reason why we do not speak of it as an improvement, namely because it is only gradual and often not so apparent, or because of its temporary character if neglected a year or two. Transactions of sale will take those conditions into consideration; assessors will likely not neglect them altogether; yet they will not be spoken of as improvements but as soil conditions.

What are then permanent soil improvements? They are such as to cause a radical change of conditions and make a certain use of the land possible. Clearing off a wood stand from a parcel of land is only then an improvement when the soil is suitable for agriculture after having been cleared, the kind of agriculture to be determined by the nature of the soil and other conditions. If the soil is not agriculturally suitable then not only is clearing not an improvement but of wasting ~~of~~ land.

Drainage of some kind in order to lower the water level over a parcel of land from the surface to say 20" below the surface in order to obtain a proper growth of nutritive grasses for hay or pasture is an improvement; a further lowering of level will be a further improvement if the soil will then be made suitable for growth of agricultural plants on economically satisfactory conditions. If that be not the case we waste the first improvement if we try the second.

Naturally improvements require care. A cultivated land may get so infested with weeds that we be forced to improve it anew. It may after some years of neglect get a growth of bush and scrub that may require

clearing. A drain may be filled by waste dirt and former conditions of water level restored. Yet that special care that improvements require belongs to the regular work year by year, season after season and though that care has an accumulative effect in further improving the land we consider only the state or condition of the land just as in the case of soil cultivation.

Where do such improvements come in concerning taxation? First of all we must notice that such improvements are not mere outside signs of ability to pay, they are not merely auxiliary in the agricultural industry, as far as the use of land is concerned. They simply give the land new economical possibilities and can't be separated from it. On taxing land values there are two ways possible in dealing with agricultural lands capable of improvements. One way is taxing it on what its market value or selling price is in the unimproved condition; when improvement is made and therefore its value is increased it is taxed on the new value. Another way is to figure out what the land would be worth if it were improved; subtract then the possible cost of improving it; tax the difference. Evidently the second method will give a higher assessment, because the value of the improved land is likely to rise by more than the cost of improvement. Whilst it is true that the improvement made only possible that the land should come to its true productive value which was in it in a latent state, so to speak, before being improved, it is nevertheless true that the possible relative economic productivity as it is at the time of assessment can be figured on as a positive quantity. When then the cultivator-owner finds it to his advantage to bring about that improvement, and he does improve his land by it after having given due notice of his intention and received the necessary technical consideration and encouragement and approval if such be necessary by the nature of the planned improvement, the land may be assessed at its

new relative economic value though, as a matter of encouragement, it may not be taxed higher than before for some years to come.

There an improvement would be a collective work for more than one property, every one property would in matters of taxation still be treated as before with the natural understanding that an adequate share of the costs would be paid by the owner according to the number of acres improved by the collective work.

What if the relative economic productivity of a parcel of land is higher than necessary for the use put to? It is the user's loss and the technical advisers of Rural Manitoba should advise the user about it. The taxes go by what the land is relatively worth.

It naturally follows that, as a matter of social co-operation of the tax payers of Rural Man., watch will be kept as to the deterioration of the land to that extent as to cause also an evident shifting of taxation on to others and might also cause harm to the productivity of other lands.

More about this in the next chapter.

There are improvements of the relative economic productivity possible which are not connected with land improvement but which may force a change of direction in our farming husbandry not only private but of the whole community. Such improvements are of a social nature due to social forces with or without our co-operation. To take an instance of Manitoba's past. If the original plan for the lay out of Canada's first transcontinental would have been followed, the little town of Selkirk of to-day would have possibly been the "City" of Manitoba and Winnipeg would have been a dependency of Selkirk on a branch to Emerson or to Gretna. What would have been the lands worth relatively around Selkirk and around Winnipeg? Can one tell what The Pas may become in a few years and what agricultural land may develop there? The history of every nook of this Province may

illustrate the influence of social forces upon the relative economic productivity of the lands of Manitoba, and we are just at the beginning and we don't know yet what changes may take place, especially under the influence of immigration.

As yet our literature in this domain is young and what conclusions we may arrive at to-day may become just history to-morrow. When Winnipeg was expecting its industrialization to supply the West, its natural market, with manufactured articles, our suburban municipalities in Greater Wpg. gave up their agriculture hoping to become residential quarters for the small man. A great improvement in the use of land, from agricultural land to social land, took place. Taxation kept pace and by right so. When Wpg's dream was not realized, the improvements in the suburbs turned out a wasting of good agricultural lands. Why so? There was no organized Rural Manitoba to put a stop to wasting valuable districts by parceling for the sake of speculation. This speculation policy of waste of agricultural lands did also great harm to the City of Wpg. The "boom" drove the people out of the city and taxes grew to get the necessary improvements passing by vacant lots, extending beyond necessary limits, reducing size of lots, causing overcrowding among working people and in many other ways..

Now we should sober up: let fictitious land values at the periphery of the suburban municipalities fade and improve the lands back to agriculture as far as only possible; write off the arrears as bad debts; go down with taxes on such improved lands; force out speculation by sober measures.

Here is another picture of how conditions may change (1).

(1) *Annals of American Academy for Political and Social Science*: pp.45-51. *Jan. 1920*
"The Trend in Land Values and Land Utilization" by George Wehrwein.

New England had 18 million acres in farms in 1850 with 28% of farm lands improved; in 1880, 21 million acres in farms with of lands improved in 1920 less than 17 million acres in farms with but 15.4% of lands improved.

The Middle Atlantic States had almost 37 million acres in farms in 1850 with 35.6% improved land; in 1880 the figures were 46 and 51.9% respectively; in 1920, 40½ and 41.5% respectively.

What became of the lands? The forest area of New England was 13% larger in 1925 than in 1865. In 1879, of the improved land in New England was hay land, in 1920 55%. On the other hand the best land passed to intensive agriculture: potatoes, vegetables, tobacco.

Two factors had chiefly contributed to bring about such changes: the opening of inland lands to agriculture and improved communication. When such or other social forces are at work the natural tendency of market values of land is to soar far sooner and higher than the changes warrant and to fall more slowly and not so deeply and not keeping pace with the adverse change. If this natural tendency touches speculative interests or brings confusion into the minds of the large numbers we have "booms" and "bursts". We can't, we must not base our taxation policies on such values. We in Manitoba to-day see wave after wave going by and on to the west of us. However, some share is due also for this Province. We are still able to think, to change, to consolidate, to rectify. With tens of thousands of acres of unused lands on hands, partly private ownership, partly Dominion, Provincial, and Municipal, we still have something to offer to those coming within the boundaries of this Province. Some of the lands are not at all suitable for agriculture; let us improve them to forests. Others need permanent improvements, if they should be agriculturally suitable. Are we in a position to improve them singly or co-operatively? Others are ready for use. Let us not have Ericksdales, Kreuzburgs and

Stuartburns repeated; we don't even want De Salaberrys. To carry on our social life in agricultural communities, to satisfy social and socio-economical needs we need a sound basis for taxation not fictitious selling values; and we want an organization to comprize all agricultural communities in this Province.

Now, if we should have a strong basis for taxation should we take in such improvements as of the first two groups thrown together under the name of "buildings"?

In view of what we have said about permanent improvements and about social improvements, the writer can't see how we could and why we should. In his teaching career he saw numerous instances when buildings were deceiving as to ability to pay. A Canadian farmer with a good half section was living in a poor little hut with his large family for years never increasing the hut to keep pace with the growth of the family. His taxes were almost all for the land alone; all he earned he split into two; for the farming business and to the bank. After many years of improving his farm business in every respect but buildings and of saving in the bank, one summer he got busy and built a two story house on the farm, and bought furniture as well.— Another farmer, a Scotchman, for tens of years on his farm, had a hovel full of children and $\frac{1}{2}$ section of poor land needing some permanent improvement. All his wealth hardly sufficed to keep soul and body together.— A young Jew put up on the farm a fine dwelling for his young wife, but had nothing left to carry on his farming business with. Another Jew, father of 10, then 11, then 12, lived in something of a brooder, but no farmer has ever shown ~~such~~ keener interest in farming than he. His vegetable garden, his incubator, his experiments in growth of fodder and his children and, last but not least, his wife were all parts of his farm and his life's dream and passion. Though never hungry, they had never enough to fight their way through on that farm part stony and part turfy.

The writer could tell many a tale how farmers (especially Jews) moved away from their farm because their children could not get the proper education, how others stuck to their farm in spite of that; but the hut or palace could not betray the conditions. He could tell how disappointed farmers (especially Americans) left their hut or palace after having lost all they had and realized enough to leave from the sale of what they had left. Another ethnical group holds tenaciously on to the land which is to them all that life requires: I mean the Ruthenians.

Yet let us admit as unquestionable that buildings are a sign of ability to pay; it is certain that the dwelling house is not even an indirect economic factor in the husbandry; stables, granaries and other buildings are auxiliary in the farming business, but they as well as the team and plow are to make the use of the land and the land produces possible. In taxing the land we cover all that makes the use of the land and its products possible.

Unless we distinguish the agricultural use of land from the use of land as a "standing and roaming" place, we are may confound the roll of land and buildings on it and think then the taxing of buildings justified under any conditions.

Here is an instance. By "Act Resp. Assess.," 1924, 28, (6): if "the income from such lands is the owner's, tenant's, lessee's or occupant's chief source of income", 80 acres of land in a rural municipality used for stock raising purposes are a farm and the ordinary farm residence and buildings are exempted from taxation. There is no objection to this if we thus want to encourage food production, or cattle export, or packing industry. Yet we must say that "80 acres of land" used for stock raising purposes must not necessarily be "agricultural land".

We may very well imagine 80 acres of land forming a gravelly ridge covered with but scanty short and worthless grass, but offering, at some moderate depth, plenty of water for a certain number of cattle and a

larger water supply at a greater depth. We may also imagine another type of 80 acres of level land covered with sand drifting in dry midsummer and too wet in spring and fall, but offering in places some little grazing possibilities and offering at any time plenty of water for stock. The first type may be found between the Lakes, the second in the Sprague according to information obtained.

All that such land offers to the stock is water and "standing and roaming" room. Figuring 3 acres of good pasture per head, without any other additional feeding, or 2-2½ acres of fair pasture, with some additional feeding, per head, or 1-1½ acres of meagre pasture, with strong additional feeding, per head, we may figure $\frac{3}{4}$ to 1 acre of "standing and roaming" place per head kept on "dry rations". Being close to Wpg., which offers both a supply and sale market, such a "farm" of 80 acres for stock raising, provided there is plenty and easily procurable water for man and beast, would give employment to a "farmer" and two to four helping hands and would support them and their wives and their children. Yet, such land is not agricultural land by any means; the enterprise is not an agricultural enterprise in the true sense. On the 80 acres you might as well have an automobile factory and a testing track for it, using the land as a "standing and roaming" place.

Agriculturally speaking the best way to improve such land would be through afforestation. As an agricultural land it would have only a nominal value among waste lands. What should there be taxed in that "80 acres stock-raising farm"? That "farm" falls out of the writers present domain. Probably the investment in cattle, in stables and other buildings and in the "standing and roaming" site and other larger and smaller investments such as feed, fences, wages etc. will give to the experienced assessor a view into the business and he will treat it as he treats f. inst. a

general store in the middle of the prairie close to a station. The land having agriculturally no more worth than that merchant's building lot, why shouldn't the buildings be taxed? It is different where you have 30-40 heads on 80 acres pasture. The land is more than a "standing and roaming" place; it is agricultural land which should be taxed no matter on what basis. The stables and other buildings are auxiliary as explained above and should not be taxed.

The conclusion of this chapter is simple. Where the farmer's chief source of income is based on agricultural land the land alone should be taxed but not the improvements on the land no matter for what purpose the levy. There is no reason why the M.C's levy should be both on land and buildings agriculturally employed. If the standpoint of uniformity with urban, suburban and semi-urban taxation is taken, we sacrifice facts to fiction, essence to outward appearance. If the reason is a broader basis of taxation for the M.C's purpose, we only complicate our system unnecessarily and deceive ourselves. The farmer who has to pay it and the farming community which is made responsible for it take this levy from the same source as far the other levies; from the land and not from the buildings. This is plain. It is also plain that, if economically unproductive or only auxiliary values are also taxed where the taxes have to be worked out from the land which is chiefly taxed, those lands having little or no building improvement and paying only for "land" are under taxed. Why, let us have a more restricted uniformity: all levies for Rural (Agricultural) Manitoba come from the land and should be levied on the land only for all purposes.

CHAPTER VI

Unoccupied Land Tax. I

It may be proper to make ourselves acquainted with the main parts of "The Unoccupied Land Tax Act" first.

"An act to encourage production by providing for a tax on unoccupied land"; this is the avowed aim of the Act or rather of the tax as we are told at the very outset.

In Section 3 (1) we are made clearer about the purpose of the law. For the purpose of adding to or supplementing the revenues of the Crown a tax to be called a tax on unoccupied lands of one half of one per cent of the assessed value.....shall be annually assessed, levied and executed on all land within the province....provided, however, that, in the event of the tax payable under this section on any lot or fraction of a lot or section of land being less than one dollar the tax to be entered on the roll as payable under this Act shall be one dollar; and further that no land shall be taxed under this Act at the rate higher than 80¢ per acre."

Of all the exemptions the following are of interest to us. 4: "The lands exempt from taxation under the provision of this Act shall be": (as far as we are at present interested)

(n) "All land used for pasturing.....horses or cattle...at least one, or sheep... at least three, for over ten acres thereof....for four months during the previous calendar year."

(The Municipal Commissioner may modify the requirements)

(o) "Land in the occupation of a farmer or tenant actually residing on some portion of the same;....not to exceed one hundred and sixty acres in the aggregate....unless the district is almost wholly given over to stock raising in which case the exemption shall be three hundred and twenty acres within the radius of four miles from the home of the farmer

(p) "Every section or portion of land which has one fourth of its area under cultivation or crop, including wild hay, if harvested...on or before the first day of August of the year of assessment...within a radius of four miles and in the same municipality...one fourth of the area of all portions under cultivation or grass;

(q) "land unfit for cultivation;

(r) "land in the unorganized territory of the province not comprized within any organized school district under "The Public School Act".

See also (4.g) about lands belonging to rural municipalities, infra
9. Land shall be assessed at its actual cash value as it would be appraised in payment of a just debt from a solvent debtor exclusive of the value of any buildings erected thereon or of any other increase in value caused by any other expenditure of labor or capital thereon.

33.(2) The collector shall not receive payment of any of the taxes levied under "The Assessment Act" without at the same time receiving the taxes levied under this Act.

34. The treasurer of the Municipality shall not allow or permit more than two years of the special tax imposed by this Act to be outstanding without selling the lands liable for such arrears.

35. "In the event of the sale...a sufficient amount of the proceeds... shall first be credited...to the paid special tax in arrears, notwithstanding that there may be other arrears for which the said land was sold.

36. The Municipal Commissioner may become the purchaser of any tax sale

of any lands taxable under this Act and sold for arrears of any taxes. The following principles are involved in the "Unoccupied Land Tax Act":

- a) The Province has a right to impose taxes in order to encourage production (Title of the Act) from agricultural land (land unfit for cultivation being exempt, as per 4. (q)).
- b) Since the monies acquired are used for the "purpose of adding to or supplementing the revenues of the Crown" (as per 3.(1), the taxes imposed are not necessarily employed in any connection whatever with agriculture, the "encouragement" is rather of an exclusively punitive character against an owner of agricultural land for keeping it from productive use.
- c) Only the land shall be assessed for the purpose of this Act; improvements of any nature should be exempt (as per 9.).
- d) The revenue for the Crown has the privilege of preference over any other taxes to be paid for a parcel of land, any other arrears of taxes for which a parcel of land may be sold. (as per 33.2, & 35.).
- e) The Province (through the M.C.) may become the purchaser of land taxable under this Act and sold for arrears of any taxes.

Ad a) The right of the Province of imposing taxes for the encouragement of agricultural production is only a special case of the rights of the State to encourage any line of production using monies obtained from any source of taxation direct or indirect. The employ of embargoes, protective tariffs and making special reductions and even grants in favor of certain industries may be examples in the case. We may, by the same principle, expect encouragement of agricultural production from general funds.

Ad b) When, however, we ask how such a tax would encourage agricultural production when not one cent of it is ear marked to be spent on agricultural matters we are assured that those punished by this tax will attend to it that the unused land they hold should be employed to useful ends

or would relinquish their hold on those lands. The writer is not so certain of the sincerity of some of those who asked for such law, but he surely doubts the certainty of their success. It reminds us of the centuries long struggles against the "decay of houses and towns" in England.

Those claiming that such a tax would induce the holders to relinquish their grip upon the land are either deceiving themselves or trying to deceive others. Between 1919 and 1925 hundreds of fair, more or less improved farms were for sale, often at less than reasonable prices, but there were no buyers. The question then arises: In whose favor should those lands be relinquished?

To take one instance, we may consider unused land in that part of the Red River Crop District that is West of the Red and South of the Assiniboine.

		1926						
		*Municipality	H.B.C.	Local	Absnt	Total		
S 1924 1028578 Taxable acres	Stanley	.....	.....	.....	.....	.....	*The figures of unused lands are from the survey of unused lands by Prof's Grant & Murchie.	
	Rhineland	.....	.....	.....	.....	.....
	Montcalm*	166	.....	2260	2426	2426		*Some of it East of the Red.
	Thompson	480	480	2400	3360	3360		
		Roland	.....	.....	.....	.....	.....
		Morris*	.....	1120	7040	8160	8160	*Some of it east of the Red.
	N 1914 1300774 Taxable ac.	Dufferin	320	.....	11040	11360	11360	
		Grey	1120	240	24540	25900	25900	
		MacDonald	.....	960	24800	25760	25760	
		Port. la Pr (Ru)	1840	4000	14360	20200	20200	On both sides of the Assiniboine
Cartier		.....	.....	1240	1240	1240		
	Sthern Total	646	1600*	11700	13946	13946	1600 is 12.03% of 11700 + 1600 = 13300	
	Nthern Total	3280	5200*	75980	84460	84460	5200 is 6.4% of 75980 + 5200 = 81180	
	Grand Total	3926	6800	87680	98406	98406		

The Difference between the southern and northern portions is so striking that we can't help looking for an explanation. The difference of taxable acreage can't explain it. The writer does not know enough about the conditions which could have brought about this difference; yet he will by way of attempt, suggest two factors which appear to him weighty enough to be taken into consideration: (1) the Menonite influence in the Southern municipalities, (2) the more attractive, financially more promising for speculators, stretch of land between two such centres as Winnipeg and Portage la Prairie. The close to 4000 acres of the H.B.C. is for good reasons to be left out of account.

However, this be as it may, the writer can't see what this punitive tax could or did change in either of the two sections of the region considered; either in helping the south to restrain the going of land out of use and to retain a large part of the unused land in local hands; or in stopping in the north the land from falling into the hands of absentees and being held by them.

Again, when we consider that 87.97% of privately held unused land (H.B.C. not included) in the southern portion, and 93.6 in the northern portion are in the hands of absentees there is still less probability of the effectiveness of the tax.

The writer holds no brief for speculators. Yet he would, were he a speculator, put up this plea: "To justify the tax against our ~~XXX~~ ^{grip} engrossing and, the Government must prove: 1) that there was a scarcity of land to satisfy the demand and we did not relinquish it; 2) that we, as a class, or as individuals, asked under such pressing conditions unreasonably more than the relative economic productivity would have justified." Surely a study of conditions would easily show that not only was there no pressing demand en masse but in many cases a desertion en masse either actually

took place or was ready to do so in several parts in this Province during the enforcing of this Act, and especially after the drop in wheat price of 1922.

Now, if that justification, which might hold good under other conditions, is wanting for that punitive Act under our conditions, there remain the revenue reason. Why simply choose unused land for extra revenue and not choose overused, misused and abused labor is not clear. Why, the Government has an apparatus to control the use of labor for the purpose of the Compensation Act, and it is in a workable shape. Why not tax those using and often underpaying this labor asset of the province for additional revenue? Or is it just by tradition which says that land can't be hidden. You can still less hide workmen if the government is exercising an honest and effective control. The working people will see to it that that revenue should not come from their wages, nor should the Province be frustrated, provided the Government is honest in its aim of using that revenue for the fulfilling of the implications of labor. The logical conclusion is that the revenue reason is also absurd.

Speaking of revenue we may mention here what this Act has brought from Nov.30, 1918 till April 30th, 1925.

Year ending Nov. 30, 1919.....	85330.28
" " " 30, 1920.....	114635.75
" " " 30, 1921.....	91898.97
9 mo. " Aug. 31, 1922.....	206779.95
Year " " 31, 1923.....	211114.24
" " " 31, 1924.....	140375.14
8 mo. " " 30, 1925.....	43415.12
	<u>\$893549.45</u>

Not that all was paid, but it is a nice little supplement of revenue to the Crown even if its collection must have reduced it by no small percentage. However, even if, by collecting all that could have been expected

the sum would have been doubled, the justification of the bill would still have remained questionable. In passing by we may mention that the estimated unoccupied land tax for 1927 is but \$30000 according to press reports.

Ad c) Improvements of any nature are exempted for the purpose of this bill. Quite wisely, too. It does not take very long to find that deterioration of improvements of any kind goes on more speedily on a deserted farm than on a cared for one, and that is especially true for buildings. The writer saw on deserted farms houses stripped of sashes, doors and windows and in one case even some of the siding was gone.

Ad d) First the taxes for this Act must be paid before the municipality taxes may be accepted. If a deserted farm comes up for sale, first the arrears for this tax has to be taken off. Is this not encouraging for the agriculture of that municipality?

How do some farms to be unused? We may mention three different ways.

(1) Forced sale by mortgage holders often brings the farm into the hands of "investors" or plain "speculators" who do ^{not} intend farming. (2) The farmer sells the farm to a land grabber, or leaves it in payment of the creditor without allowing a forced sale. The land is "bought" for "sale". (3) The farmer simply has to desert the farm; taxes grow on it for two years and it is sold to a "purchaser" with some clause about the deserter's right to redeeming. This "purchaser" pays the arrear taxes and possibly something above that. In case the "purchaser" does not offer even that much as full arrears the municipality is suffering the loss or may become a "purchaser".

Is the "purchaser" obliged to work the land? No. There is a number of small men who grab at land on all occasions and this is one way of either coming into ownership of land or getting interest for money invested. If they do get into ownership they can't farm at distances and they let the lands on shares until they sell them by and by. Some play the game fairly,

but some pretty cruelly.

In many cases lands sold to "purchasers" remain unused. Our lawmakers likely know a good deal more of it than the writer when they pass laws dealing with agriculture and agricultural land. They must recognize that if the "purchaser" is not obliged to farm by himself or through a lessee the land purchased, we encourage indirectly the keeping of land out of use. We present a law under a false pretense for so much per acre. In the other two cases of unused lands mentioned above it is plain that the conditions under which and the purpose for which ownership was acquired force in many cases the idleness of the land, tax or no tax.

"The *επιβολή* provided for the compulsory distribution of deserted and uncultivated land among those who hold estates that are still in cultivation. It is enacted that if anybody takes upon himself to manage a farm which has been left by the former owner and assumes the payment of taxes for it, even the occupation of a couple of years will carry the right of possession with it." (1) (Blumenstock: Entstehung des Immobilien Eigentums im Römischen Reich; Seeck: Schatzungsordnung Diocletians). This may be called a provision to "encourage production" and the results justified the measure.

Ad e) Experience taught that "purchasers" were not there always and not always were they offering satisfaction to the municipal authorities taking out lands for sale because of arrears of taxes. The simplest solution was to authorize municipalities to become purchasers. The Act here under discussion exempts from the "unoccupied land tax" (by 4. j) "all land belonging to any city, town, village, or rural municipality and used for the purpose thereof". On representations made by rural representatives to the Municipal Commissioner whether lands "purchased" by rural municipalities

(1) Quoted by Prof. Paul Vinogradoff: "The Growth of the Manor", p.75.

were, if "unused", subject to "unoccupied land tax". They were assured of the liberal interpretation of the Act that such lands were free until sold. This is quite liberal, but how this would encourage production is not quite clear.

Now, to the M.C. as a "purchaser". We have seen that one purpose lands belonging to a rural municipality are serving is "sale"; it is possibly the most common if not the exclusive purpose. It is not quite clear how the M.C.'s becoming a "purchaser" will encourage production.

Both Municipalities and Province are owners of land. How do they encourage production? They get rid of their "dead" assets as soon as they have an opportunity to do so. Their lands lie idle meanwhile. Some object to the municipalities' and Province's becoming purchasers. They reason as following: private people pay taxes; municipalities and Province do not; ergo, a loss of taxes from lands by them; consequently a distribution of additional burden on taxpayers follows. As it is they are right, since those assets are dead because they are put to no productive use.

This is not a criticism offered either to the Act as such or to any of the authorities mentioned or to any class of people concerned, but a closer consideration of the principles involved in the act as the writer sees them. That the Act is not effective is common knowledge. A few words must be said about the positive and negative means the Act employs to accomplish its task concerning encouragement of production.

(1) The first means is encouraging pasturing by declaring land where no farmer or tenant is residing as being used, and therefore exempt from the unoccupied land tax, if 1 horse, or 1 head of cattle, or three of sheep for every ten acres were pasturing for four months in the year previous to the year of assessment.

(2) Next is not to be unduly hard on the farmer living on the farm 160

acres of crop land or 320 acres in cattle raising district, though unused, are free of unoccupied land tax.

(3) At last by conceding, if the farmer or tenant be not living on the land, that only $\frac{1}{2}$ of it may be under crop or wild hay harvested, in order to be all exempt from the extra tax.

We call these exemptions positive means not because of possible effectiveness but because they are directly connected with agriculture. Someone is still connected economically with the land, and that connection, however slender it may be, should not be severed by the harshness of a law. It is the writer's conviction that strictness of such an Act, not making such exemptions but strictly adhering to the term unused would do great harm to many farmers on the farm or hoping to return to it and leaving his farm in somebody's care meanwhile to employ it one way or another.

In a few cases the owner or his agent goes into a bargain with an adjoining farmer the latter to pay all or a part of the tax under this Act and make of the land the best use he can for hay or pasturing if there is not sufficient to exempt it. This is how the punitive or negative means is sometimes related to production. However, taken all together the Act is neither preventive nor curative in the matter of improving occupancy and use of agricultural lands.

CHAPTER VII

Unoccupied Land Tax II.

In the light of what we said in previous chapters we feel justified to institute a special Unoccupied Land Tax under certain conditions and we are not justified under others.

The buyer of land must understand that land is not a pair of boots, a loaf of bread, or a book, or an electric motor that he may use if he chooses to do so, or may destroy them if he does not care for them, or may neither use them nor destroy them but let them get deteriorated as the conditions may affect them. The buyer of land must know that there is a "primary owner" a social organization looking upon land as a social source of raw materials, of food, clothing and shelter, as the scene and bearer of communication and transportation, as one of the most significant factors in moulding the national, ethical and religious character of its people. In spite of our commercial relations of land buying and selling just as we buy and sell boots, bread, books, motors, this "primary owner", who is coming to his social rights more and more, does not allow land to be deprived from its essentially social significance. Land is also used in production but that "primary owner" would not permit one to think that one may throw it on the junk heap as one may do with any old material. There is a social aspect about land as there is about no other material object. We must be educated about it.

The buyer must know that when one acquires "ownership" in land he has acquired certain privileges in the land limited by certain duties and direct limitations; he has the right to use but not to abuse. When a buyer knows this, he feels that he is but a partner in that primary ownership, and draws the consequence that if he can't manage his acquired ownership with all its privileges under conditions imposed he will have to be corrected; he will be held responsible in some way or another without being necessarily

regarded as a malefactor. What is true for a buyer is also true for one who is granted land, as well as for one who has come into "ownership" of land by inheritance or any other way. A lessee, one who for some consideration has acquired the temporary privilege of using the land, must also understand the relation between the lessor and the "primary owner". The lessee, too, is a member of that social partnership. We are all interested in the land ownership and do not care to follow up a stock of boots after a fire or water sale.

Naturally we recognize the limitations of one individual, the efficiency of another one. We also know that conditions often increase the limitation and decrease the abilities. We have also learned that co-operation decreases the limitations of everyone and enhances the efficiency of everyone of those co-operating. We want to do justice to those individualities who can do best when they work alone, unhampered by others. Consequently our laws and their interpretation for certain concrete cases must be supplied and applied in the light of given conditions. Only then they are social.

Farmer A is forced by a set of subjective and objective conditions to step off his farm. B acquires it. We expect B to take care of that farm that it should not deteriorate and it should contribute to the general welfare in two ways: a) it should bear a share of the burden according to its relative economic productivity, b) it should contribute to the production of the country, under the application of labor (including capital) and commensurate to his abilities. If he does devote his energy and ability too, and employs his labor and capital in another legitimate enterprise, we do not see any reason why our land should lie idle and deteriorate. It is not sufficient that as a holder of land he satisfies our first claim by paying, as taxes, part of the burden according to the relative economic productivity (or, as we have it, to the selling value) of the land he holds from us, the people, as primeowners. He rather appears to have bought it for taking

tribute from the one who will be in need of it.

We have a law against allowing land to be overrun by some kinds of weeds. That though is from another angle, namely to prevent the infection of other lands. Our weed inspectors would not interfere if a farm would be overrun with wild roses, dogwood, willow scrub; would they? We want to prevent any deterioration of even one quarter of agricultural land, and not only do we want to prevent deterioration, but we want to keep up production and even advance it if we can. And if B neglects to do that, it is the primary owner's business to protect social interests in some way or other.

Engrossing, i.e. grabbing at as much land as possible, is something different from neglecting the grabbed land and letting it lie idle, and has to be dealt with separately. Against engrossing for instance we may imitate New Zealand (1) setting a limit for lawful ownership of agricultural land. We may have some difficulties with the H.B.C. and the railways or the Dominion Government may declare it ultra vires, but by some special clause we may extricate ourselves out of that. This is not what we are concerned with at present. By 80¢ maximum per acre we shall surely not come any further than we are. Other means are possibly necessary to break up engrossing. For us the question is: Can we enforce the prevention of deterioration and idleness of our lands by the punitive tax of a maximum of 80¢ per acre? We know by now that we cannot.

Nor is the question of relinquishing or holding for dog's days the same as neglecting the land. One may not want to sell now but he may be able meanwhile to lease the land at some easy conditions and keep the land from deterioration and idleness. Other measures than an 80¢ maximum per acre punitive tax is necessary against holding land for dog days. The

(1) New Zealand made it "unlawful for anyone to own more than 50000 worth of land (unimproved value)". (1906) Quoted by Yetta Scheftel. "The Taxation of Land Value" 1916, p.19.

long and hard struggle and the little headway of Australasia (2) is worth remembering. Having studied and mapped our lands and our cadaster laid out for the sake of distribution of taxation according to the relative economic productivity of the lands we shall surely claim to be able to say in case of appeal to a Board of Reference what maximum and minimum a certain parcel should be paid for. We may prevent pillage in land speculation. The writer is, for our conditions in Manitoba, not in favor of forcing the breaking up of engrossing through the means of land increment value taxation, though it was right both for Germany and England. If a Manitoban, an immigrant coming from Britain, or Germany, or Russia, or anyone else were charged \$3500 for $\frac{1}{4}$ s. of land worth only 2000 what good would it do to him if the vendor paid a high tax on the value increment? If we would then force every transaction in agricultural land to be entered for reference before considering it definite and binding we may well do without the few dollars for an act of treachery to ourselves. We repeat again all these matters have nothing to do with allowing the deterioration and idleness of our lands by "investors" whether individuals or companies.

According to figures given to the Public 4349289 acres of land in the organized territory of Manitoba are unused i.e. not enclosed in any managed farm and not producing anything. Of this number 7.7% or 334895 acres were farmed at one time or another. Excluding Dominion Gov., H.B.C., and Provincial Gov. lands there remain 2032613 acres unused in the hands of the S.S.B., Municipalities, and Private owners which three groups may be safely considered to take in about all those lands which were once farmed, and which make over 16% of the unused land in the ownership of these three classes.

Those 334895 acres may well be covered by the instance given above

(2) "Taxation of Land Value": Ch's II & III "Land Taxes in Australia" pp. 19-20.

where A is forced off the farm which comes into the ownership of B. B may be a municipality as "purchaser" of tax sale land, a local man (farm machinery or insurance agent, local dealer etc.) or an absentee living in Manitoba, Canada or abroad. It matters little who B is. We, the people of Manitoba as a whole as primary owner have a right to our claims as stated above.

The situation is different with the other 84% of the unused land, that is with those which had not been farmed before. The land is there, wild as it has ever been, having only changed hands. What claim can we lay. To these add the fact that of the 334859 acres of once farmed lands not a small part was deteriorated years before 1919 and the justification of the "Unoccupied Land Tax Act" even from the writer's viewpoint, has greatly shrunk. In the Swan River District there are many quarters once broken by the plow now covered with young wood for years, as settlers pointed out to the writer when there three years ago. The land belongs to a company waiting for its dog days. What could we claim from them? We may be able to disappoint them in their "bona fide" greed of pillege, but we have no just reason to apply punitive taxes because they keep those lands unused. Let a pressing demand arise for those lands and we can apply them all the legal force a people has forcing those lands into use, and at a reasonable rate at that. If a man bought land, say twenty years ago at \$320 per $\frac{1}{4}$ section and kept it till now in the hope of getting 5000 per $\frac{1}{4}$ section and we state, giving all reasons why, that, in spite of pressing demand, the maximum value of such quarter is 2500 to-day and that accordingly we shall not allow him to realize his expectations, do we break faith with him or does he unmasque himself as an incarnate shark? Do we destroy the sense of security of investment in this Province by doing that? Not at all. What we aim at is that the security of that investment of the past should not destroy the security of hard, honest, productive labor of

to-day by preying upon it deliberately. We do not confiscate and we have nothing for which to compensate. We simply protect our social interests against encroachments of tribute seekers.

School Districts, Municipalities and even the Province when they are in the same situation as a private owner are they bound by any morals?

We have mentioned in the preceding chapter about the liberal interpretation of the Act here under discussion when the municipality is the "purchaser" of the lands brought by it to sale for arrear taxes. The municipalities in Manitoba were found to own 152112 acres of unused lands. As we have in Manitoba about 120 municipalities with more or less agricultural lands there comes to 1200-1300 acres of unused land per municipality, though—as we have seen—some of them own no unused land at all. We agree on that: the municipality should pay no unoccupied land tax; the municipality has no intention to speculate in real estate. Yet, the writer would ask: what do the Municipalities do to further production? Why do they allow their lands to deteriorate and be idle? What have they done or tried to do that somebody, in whose favor the other owners of unused land are penalized, should employ his labor and small means, should take care of such land in municipal ownership and make it productive? Was there none of the surrounding farmers willing to rent the land for the amount of taxes per year? Would it not be a good policy to lay down municipal meadows for hay and pastures for young stock and so help some farmers along by letting them such lands at a certain cost per load or per head resp.? Would they possibly grant to the school nearest to such lands in the municipality, the free use of so many acres for demonstration purposes or for experimentation in one line or another that would be of value to the people of the S.D?

What has the Province done to induce and encourage the municipalities

to put to some productive use as many of those 152 thousand acres as possible? And if the Province punished the private owner for allowing their lands to lie idle, how much of the revenue of that tax has it devoted in order to reduce the idleness of some of its own 208111 acres of unused land in the organized portion of the Province? The writer realizes that not all the land would give satisfactory results; but did the Province and municipalities do anything to be proud of on the very best of their lands? What were the results of their endeavors? Their only endeavor seems to be to get rid of land.

The area of unsold land in Manitoba belonging to the Government amounted at the close of the fiscal year 1925-1926 to 243656 acres. The writer does not know what portion of them was out of the organized territory of the Province. Generally speaking, the report says, the lands are very favorably located as regards good roads, schools and shipping facilities. This means that in spite of their very favorable location over 85% of the lands of the provincial Government of Manitoba lie idle in the organized parts of the Province.

At least there remains the question of the M.C.'s becoming a "purchaser". We have touched upon this point in the foregoing chapter. We want to look at it from the writer's standpoint again.

On other occasions we said that if we had a land and taxation policy based on the social aspect of land and taxation, the land of the man in default would revert to the "prime owner", the people of the Province as represented by the duly appointed and organized representatives and authorities. The land would revert to the municipality or to the Province as the case may be. The owner deprived of his ownership,—what the writer called economic ownership in distinction to primary ownership of the social body— if he can prove a bona fide case of inability to pay has a right to be compensated for the interest he still has a right to. Another point

that we may gather is that instead of the Provincial authorities there would be a Rural Manitoba organization to deal with all matters concerning agriculture agricultural lands and those employed in the agricultural industry. Whatever the organization may though be, as it is at present with a trefoliate taxation or otherwise, if the writer's view be accepted the "primary owner" will come into the rights of ownership not as "purchaser" by bidding" but by a priory justification de jure. The "primary owner" may retain the land or may sell it. He may retain it as an owner to whom the property reverted; he may sell it in economic ownership to another person who takes over all the obligations as explained supra and remains the economic owner as long as he is fulfilling his obligations with the right of transferring his interests by sale under certain points of control.

These are in short the points that came up here and there as far as we are interested in. The following objections to this conception are possible:

First: That if the S.D. Mun., or M.C., resp., had a right to take possession of the land directly and this right would be exercised there would be a loss in taxes and a growing burden upon the other taxpayers. To this we may reply: (1) This conclusion is not necessarily true since such land may be put to good use to benefit, in more than one way, the farming community concerned; (2) If there ~~is~~ ^a be a bona fide case of inability to pay due either to individual circumstances or to general conditions it would be inhuman to sell the land under him at a disadvantage and yet he must know that being in default the community though exercizing its rights is desiring to help him; (3) should either in case of necessity, or because of better market conjecture a sale be desirable, that can be done without harm and to bidders of choice who would take the obligations as explained supra. (4) In case of pledging for a loan it is safer if the community

has a real instead of a personal pledge, to give land as security than the taxes which sometimes may be hard to collect.

Secondly: That if the taxpayers would feel that in case of default to pay their taxes the primeowner would still owe the defaulter something they would soon abuse the community. To this we may answer: (1) If it be a matter of a sine bona fide case the community would easily know it (2) In case of such forced sales mostly the poorest are hit and— as already explained—bidders of choice should be ready to replace any man, they must offer reasonably enough to induce the community to cause such a change to replace an old neighbor by a new one.

Thus if the misfortune of a land sale becomes necessary it should be a social concern and not a mere application of sections and clauses of this or that Act.

CHAPTER VIII

Conclusion

The United States have produced "Progress and Poverty" and the "Prophet of St. Francisco" as early as 1880 in spite of the millions of acres of free productive land. Manitoba, a wild, empty, stretch of land only half a century ago has rural problems of misery and inadequate provision for education to-day and yet two million acres of productive but unused land in organized Manitoba in hands of private non-users of land in Manitoba, Canada, and foreign countries. Henry George had a vision, we reject it; and yet we pretend to "encourage production" by such a makeshift as an "unoccupied land tax". We simply are devoid of sympathy and have no vision.

The "Province of Manitoba" is only a couple of years older than the writer i.e. its historic philogeny, to use a biological term, to reproduce England and the United States combined has required just a little shorter period than the lifetime of a man. This thought led the writer to go back to history to study this philogeny. This is the explanation of Part I of the present thesis. The writer looked for the claimant of the privilege to tax and for the justification of his claim. He discovered the "Prime owner" of the land to be the People of Manitoba not the Dominion of Canada: in the taxation of land we do not act by delegated powers but by forces inherent in the Primary Owner who is yet in his early stages of development. That Primary Owner is a social organism and "land" and "labor" are his assets; and great and manifold are and grow to be his needs; and in those needs is the justification of all taxation generally and of land in particular. Taxes are paid by the individual not because of services rendered to him, and at a cheap rate at that, but because of the social requirements of the People of which body he is but

a part.

Once the owner and his claim being found in the philogenetic history, the writer was able to deal with taxation. This is the task dealt with in Part II. It struck the writer that he had not only to revise his accepted views about many economic theoretical points, but also about practical questions as to what should be assessed and how it should be done when it is a matter of taxing agricultural land. The first result was the Relative Valuation of Agricultural Lands Based on the Relative Productivity followed by Relative Distribution^{of} Taxes. If he had not been able to work that out to the extent as he did, he would have been forced to reject the present systems and offer nothing instead and conclusively accept as of necessity just that what he rejected. This point caused him another trouble. Evidently such Relative Valuation of Land based on its Relative Productivity would not apply to urban taxation generally and he had to divorce for taxation purposes rural land from urban land because of the difference of their employment. A parallel result though was Rural Manitoba because of the differences of relation to the Primary Owner in matter of land-holding and application of labor. The Manufacturer does not apply the labor he employs to the land his factory is standing on; his profit comes from the employ of labor in all phases (including capital). The cultivator-owner couples land and labor. This is a source of different ways of living, of varied needs, and often even of divergent thoughts.

As in all this the social aspect of taxation and the implications of labor, besides the significance of land, came to the front at every pace, these matters had to be given some special attention and degressions became necessary to bring the writer's views into full relief often overshadowing the topic of taxation. The writer is fully aware of this encumbrance of his thesis, but he felt that by not following such course

his standpoint would be obscured and the justification of many points in his treatment of the subject would be missing.

At last, concerning many points he barely touched and others he did not deal with at all, his only excuse is that for the present conditions of Manitoba and even for some time to come, either they have no significance, or, in the opinion of the writer, we could employ better and safer means to reach our aims. One instance is the "unearned land increment tax" so popular with others in Western Canada, but out of place and time with us. We are not in that condition as Germany was after the Franco-Prussian war of 1870-71 when such law was fully justified (1). Nor are our conditions similar to those of England which adopted similar measures. We should not reject X-rays because they are "made in Germany", but we do not want to be rayed if we don't need it (2).

In conclusion the writer humbly begs the reader to overlook whatever sounds as "too sure" and pretentious in this thesis. Wherever he appears to criticize and reject he was also endeavoring to recognize what he thought to be right and to offer something for what he rejected. What he has now to offer are: (a) social versus individual aspect of taxation; (b) the recognition for a "Prime Owner" (c) organization of a Rural Manitoba (d) relative valuation of agricultural lands based on their relative economic productivity and the basing of taxation on such valuation (e) protection for our lands against deterioration and idleness (f) protection against land tribute seekers by compulsory reference before any deal in agricultural land is entered as definite in the light of the relative valuation based on facts.

(1) Yet not before 1894 was such tax levied in any city in Germany and the law for the whole Reich was not passed before 1911. See Scheffel p.144-145.

(2) We must not forget that John Stuart Mill had theorized on land value increment in 1870, a quarter century before Frankfort on the Main levied such tax.

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Note: In addition to the above we may mention Dr. Haig's "The Exemption of Improvements from Taxation in Canada and United States" which was of great help to the writer, although, as a good many other books omitted from the list, was not mentioned in the thesis.