Seven inevitable consequences of increasing the import tax on dried peas are listed. Briefly summarised they are that it would adversely affect home consumers, wages and the cost of living, British exports and the already depressed shipping industry; it would to some extent discourage farmers from growing some other crop more advantageous to the nation's economy, and would tempt our overseas suppliers to take retaliatory measures against our exports. Such action being contrary to the British Government's declared policy of reducing tariffs would be taken as a mark of insincerity in G.A.T.T. and the Councils of Europe.

The farmers' protest that imports of cheap American peas have upset the traditional pattern of the market receives a robust riposte. "We believe that the economic situation of this country so far as competitivoness in essential overseas markets is concerned is such that only the most vigorous upsetting of traditional patterns is likely to save us." The British consumer had greatly benefited from American imports.

Those who seek sectional privileges are often at pains to pretend that these can be granted without hurting the community at large. The Free Trade Union's dry comment on the argument that an increased duty would raise the cost of living only slightly is, "a sin, perhaps, but only a small one." It points out that when "all these imperceptible effects are aggregated they become a perceptible one and have regularly done so over the past 15 years. Food is the most important single component in the cost of living index. Any increase in food prices as a result of protectionist measures is a stab at the heart of the British public and the integrity of the pound."

We echo the F.T.U's concluding words: *the application should be firmly rejected.*

PROUD SELF RELIANCE OF AUSTRALIAN WOOL GROWERS

REFRESHINGLY in contrast with British farmers' constant snivelling for favours is the manly self-reliance of Australian wool growers. Without further comment, for none is needed, we print extracts from an advertisement placed by the Australian Wool Bureau in an Australian newspaper:—

"The Australian wool grower produces wool in open competition with the world. Because he has a genius for sheep breeding, his product is, without challenge, the best in the world. It is doubtful if any other industry in Australia can claim such undisputed world leadership.

"The Australian wool grower sells his product on the world market without any Government protection. He has never failed to sell his *entire* production at top world prices.

"The Australian wool grower maintains at his *own* expense a complete organisation in Australia (the Australian Wool Bureau) and provides 62 per cent. of the costs of a world organisation (The International Wool Secretariat) to maintain the popularity of his product against competitive fibres. No other primary industry in Australia can claim such a progressive attitude towards sales promotion.

"The Australian wool grower maintains at his own expense (NOT the Government's) a highly qualified technical service to help the people who purchase his wool to produce better products, and to constantly improve the performance of wool products."

U.S. TAXPAYERS HAND FORTUNE TO FARMER FOR NOT FARMING

AN astonishing tale of how an American farmer has made a fortune from not farming was told in Congress recently by Senator John Williams. It was all quite simple and legal; indeed, U.S. government officials checked over the plan in some detail before it was put in operation.

Mr. Wayne E. Tallman bought a 7,000 acre ranch in Colorado for nearly $140,000, arranging to pay by instalments spread over ten years. Then he arranged to place half the acreage in the "soil bank" — in other words, to leave it idle — and for those unused acres he will receive $271,000 from Uncle Sam during the next ten years, nearly twice as much for half his land as he paid for the whole ranch.

Under soil bank law not more than $5,000 can be paid to any one farmer for not farming, and so Tallman simply split his acreage into smaller units, leasing them to tenants who signed contracts agreeing to hand over their soil-bank receipts as cash rental. Over the 10-year period the U.S. government will pay $70 per acre for what was put in the soil bank. Mr. Tallman bought the land for $20 an acre. He is left with about 3,500 acres to farm.

This incident was reported by the Toronto *Financial Post,* March 18. Elsewhere it carried an article about the American "invasion" of the Canadian prairies. It appears that some U.S. wheat farmers, finding themselves and their machinery idle after placing their land in the soil bank, cross the border, lease land in Canada and produce a crop there. The machinery crosses duty-free. If they grow certified seed grain, they can take it back duty-free and sell it in the U.S. If they grow ordinary grain they can sell it in Canada and receive acreage payments when these are paid. Either way they get paid twice — once for not growing grain, and again for growing it.

There is also a trend, though how widespread is not known, for U.S. individuals and corporations to buy land in Canada near the border for wheat farming. The *Financial Post* explained: "Chief reason for the U.S. buying spree is the sharp difference in land values be-

Continued on page 82

rating on land values the direct rating on owners of real property is replaced by the repartition on the rural districts, one quarter according to the total rateable land value and one quarter according to the total taxable income with each district. The amount payable by the rural district to the county is to be passed on to the ratepayers in accordance with the general rules prevailing in each local district partly by taxing incomes and partly by rating on land values.

The local governments both in the towns and in the rural districts are relieved of some expenses — especially their responsibilities for paying a part of old age pensions. This enables the towns to reduce the amount of their taxes on incomes by nearly 5 per cent. The rural districts in order to meet their obligations to the county are forced to raise their taxes on incomes as well as their rates on land values.

Towns are not allowed to reduce their rates on land values. County rates on land values are not allowed to exceed 14 per mill, and in the rural districts the rate on land values shall not be lower than 10 per mill and not higher than 40 per mill.

The amount of rating on improvements as fixed is to be reduced by one-seventh every fourth year from 1964 and consequently abolished within 28 years. Also in the towns the rates on improvements shall now be abolished within 28 years from 1960.

On the other hand, towns and rural districts are allowed —*but not obliged*— to raise a special local tax not exceeding 5 per mill on the value of improvements to cover special expenses caused by industry and trade. Improvements used for agricultural or dwelling purposes are exempt from this provision. Rural districts are allowed to impose an additional rate (not exceeding 10 per mill) on the value of farm land farmed by absentees who are not liable to the district's tax on personal income.

Present Position Summarised

The position after April 1, 1961 may be summed up as follows:—

National taxes and local rates on the value of improvements are fixed and to be gradually abolished, leaving new buildings and every other increase of improvement values tax free.

Land values are charged with (*a*) a national tax at the rate of 6 per mill and with (*b*) local rates:

— in the towns at 26 per mill.

— in the counties probably at about 9 per mill as an average (with a special reduction for farms when general net returns of agriculture have been below 4.5 per cent).

— in the rural districts probably at about 20 per mill as an average varying between 10 and 40 per mill.

The additional 4 per cent. tax on *increases* of land value is of importance especially in urban development areas, and a substantially greater revenue may be expected as a result of the recent extension of liability to this special tax and of the new (1960) general valuation.

FORTUNE FOR NOT FARMING

Continued from Page 78

tween border areas in Canada and the U.S. This is the indirect result of differences in price support policy by the two countries. The Canadian farmer gets a farm price for his grain that is the export price less the cost of shipping, storing and marketing through the Wheat Board. There is no element of indirect subsidy, except the 7c or 8c a bushel that represents storage costs covered by the government under the Temporary Wheat Surpluses Act (and the acreage payments when they occur).

"The U.S. farmer gets a farm price directly supported by the U.S. government, which guarantees a price, and also pays most off-farm storage costs. The difference at farms in the middle-west is about 50c. bu. Rising price supports in the U.S. have been capitalised back into land prices. Value of farm land in the U.S. reflects the high support price for grain. To U.S. farmers, comparable land in Canada looks like a bargain. It's estimated that the difference in price may be $15-$20 an acre."

Later the *Financial Post* comments: "From the seller's point of view, the U.S. buyer is a welcome bidder. But rising land values create difficulties for the Canadian farmer seeking more land to make a more efficient unit, or the young farmer starting out . . . The higher the price the farmer has to pay for land, the higher the fixed costs he has to cover, and the larger the investment he must make to have a money-making farm. This is what worries both governments and farm groups."

GEORGEISTS APPEAR BEFORE CANADIAN SENATE COMMITTEE

CANADIAN newspapers on March 16 carried a C.P. despatch from Ottawa as follows:—

The Canadian Research Committee on Taxation has proposed taxation of natural resources — instead of taxing production — as a step toward full employment. The committee, described as a non-profit, non-political organisation, made the suggestion in a brief to the special Senate Committee on Manpower and Employment.

"The value of natural resources is created by the activities and growth of the community," said the brief. "This is a new, large source of public revenue that should be tapped before any other taxes are imposed. By doing so, it will be possible to eliminate a number of existing taxes—taxes that are at present discouraging enterprise."

The research committee said that by getting public revenue from a tax on natural resources, land holding and speculation in natural resources are discouraged. It promotes the most intensive use of land, and therefore promotes maximum employment." Present taxes dis-