

FILE 642

TA

THE TAFT SCHOOL,
WATERTOWN,
CONNECTICUT.

June 13, 1928

Col. Bovery

Sir Arthur Currie
President, McGill University
Montreal, Canada

My dear Sir Arthur:

I write to ask your help in an experiment I propose to make in the teaching of French to boys in the Taft School. I am anxious to find three or four families of culture in the Province of Quebec who can take for the summer months one boy apiece. These boys cannot afford the time or money to go to France. They have begun French here and have made some progress in the grammar and in reading. Of course this amounts to very little, compared with what they would learn in a French speaking family.

For the success of the experiment it is necessary that the family should be a family of culture and should speak correct French. French should, of course, be the language habitually used in the family as they could not be expected to change their custom in this regard to accommodate the boy. The family ought to be in a French speaking community. I suppose that there are a goodly number of such summer places. My idea is that a boy should live for two months or ten weeks in such a family, eating, drinking, and living French, so to speak, that his reading should be supervised, and that in every way he should devote his time to the French language. This year I have offered

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CONNECTICUT.

to pay the expenses of two or three fine boys, if families can be found for them, my object being to see how the plan works. If it works well and the boys come back with a fine start in French, I will then recommend it to as many boys as are willing to take it another summer, provided, of course, families can be found for them. It would not do to have more than one boy in a family because then they would talk English together.

I do not know at all what compensation would be asked for, this compensation to cover board and lodging and the incidental supervision and help in French. I had thought that some college instructors or school teachers or other professional men with limited incomes might be glad to add to their incomes by some such arrangement. These boys would be very agreeable members of the family and I think that the members of the family would not find the arrangement burdensome.

I am writing to the President of Laval University also. May I trouble you to let me hear about this at your early convenience? I am anxious to have the boys begin, if possible, as early as July 1st. I shall be greatly obliged to you for a prompt answer as the time is short.

Sincerely yours,

Horace D. Taft

HDT:K

P.S. I spend a part of each summer with my brother at Murray

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Bay and while I do not know any French at all I am assured by those who are perfectly at home with the language that the cultivated families in French Canada speak as good a French as that in the old country, with no greater difference in the pronunciation than one would find between the English of an educated man in one part of North America and that of an educated man in another part. Considering that these boys would always speak with an English accent this difference is ~~not great~~ *negligible*.

June 22, 1928.

Horace D. Taft, Esq.,
The Taft School,
Watertown, Connecticut.

Dear Mr. Taft:-

Sir Arthur Currie who has been indisposed for some time has handed over to my Department your letter of June 13th. I regret very much if the delay has caused any difficulty, but for many reasons it has been impossible to avoid.

I have made several inquiries as to the proposal you make. I know that the custom is a well recognised one in France and indeed I made such an experiment myself while studying at a French University.

In Canada we have found conditions to be quite different. The number of highly educated French people is not large and the number of these who, owing to slenderness of means, would be willing to accept boys as paying guests is still smaller, and the number of these last who have large enough houses is smaller yet.

Another difficulty in the way is that the whole system is one entirely unknown to our French-Canadian people who are extremely conservative. The possibilities are thus still further reduced.

Horace D. Taft, Esq.

There would be no difficulty in placing your boys in other than highly educated families, but the result would, I am afraid, be somewhat similar to that which would happen to a French boy sent to the East Side of New York to learn classical English, perhaps not quite so bad, but bad enough.

It may very well be that you may receive a few recommendations from other sources, but for the reasons I have given I am very much afraid that you run a considerable risk of failure. The foregoing remarks are the result of a conference between myself and the Honourable Athanase David, Minister of Education of the Province of Quebec, who is himself a French-Canadian. We have between us a fairly wide acquaintance and are unable to think of anyone suitable or willing to help out in your scheme; this in itself is a fair test.

The Minister made a suggestion which I should have hesitated to put forward had he not done so, but in which I quite concur. At McGill we have maintained for some years a French Summer School which has had quite remarkable success. I can only say that boys whose knowledge is such as you indicate to be possessed by them, should be able to speak French fluently at the end of a five weeks course. The University gives credit for a whole term's work in French, provided a high enough standard is reached, and I have no doubt that the boys could stock this away for credit at an American college.

I do not know whether your boys are old enough to be sent here by themselves, but the students in the Summer School are properly looked after and are under a moderate amount of supervision.

I send you under separate cover a few copies of the course which you will note opens on June 25th. I should be glad to hear whether this would meet your requirements.

Yours faithfully,

Director, Dept. of Ex.-M. R.

THE TAFT SCHOOL,
WATERTOWN,
CONNECTICUT.

July 1, 1928.

Dear Mr. Bovey:

Thank you very heartily for your kind letter of June 22nd. I have been rushed to death or you would have heard from me before.

I am still going on with the plan which I spoke of in my letter to Sir Arthur Currie. I realize, however, that this may be a complete failure. I am going to see what can be done and if we fail, we will consider the French Summer School for the future. Unfortunately we are too late for this summer. I am greatly obliged to you for your trouble in the matter.

Sincerely yours,

Horace D. Taft

Mr. Wilfrid Bovey
c/o McGill University
Montreal, Canada

HDT/D.

SIR THOMAS TAIT

342 SHERBROOKE STREET, WEST.

MONTREAL

March 12th, 1927.

Sir Arthur Currie, G.C.M.G., K.C.B.,
34 McTavish St.,
Montreal, Que.

Dear Sir Arthur,

I am sending you,
enclosed, the article entitled "The
Inter-Allied Debts" by E. W. Taussig
which appeared in the March "Atlantic
Monthly", also copy of my letter to
Mr. Taussig and of his reply.

When you have read
these will you kindly return them to me.

Yours very truly,

Thos Tait

March 14th, 1927.

Sir Thomas Tait,
342 Sherbrooke Street West,
Montreal.

Dear Sir Thomas:-

Thank you very much for the
article attached to your letter of March 12th.

I have read it and the
letters with much interest and beg to return
them to you.

Yours faithfully,

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UNITED STATES DEPARTMENT OF AGRICULTURE
BUREAU OF PLANT INDUSTRY

IN COOPERATION WITH THE
TEXAS AGRICULTURAL EXPERIMENT STATION
PLANT-DISEASE SURVEY

COLLEGE STATION, TEX.,

May 23, 1922.

President,
McGill University,
Montreal, Canada.

Dear Sir:

I understand that Professor W. W. Ford who was previously connected with your institution has published a paper on "Classification and Distribution of Intestinal Bacteria in Man". Mr. Ford tells me that you had a number of reprints of this paper and that you might be able to send me one, as I would like to use it in connection with a book which I am preparing on "Germ Life in General". If you still have available, reprints of this paper, I will deem it a great favor if you will be kind enough to send it to me. I should be glad to exchange with your institution my own publications and see that your name is placed on our regular station mailing list if it is not already there.

Very truly yours,

J. J. Taubenhau

Chief, Division of Plant Pathology
and Physiology.

Taubenhau

JJT/SBS

*D. P. H. McGill 1900.
Now with Johns Hopkins*

June 17, 1922.

J. J. Taubenhaus, Esq.,
Chief, Division of Plant Pathology and Physiology,
United States Department of Agriculture,
College Station, Tex.

Dear Sir:

Your letter of May 23rd to the Principal of the University has been referred to me for reply. A search through our own shelves and those of the Medical Library does not reveal a paper by W. W. Ford with the title "Classification and Distribution of Intestinal Bacteria in Man." We have, however, in our University Papers a reprint entitled "The Bacteriology of Healthy Organs," a copy of which I am enclosing. As this appears to be the only paper by Professor Ford which we have I regret that we are not able to supply the exact title which you asked for.

Faithfully yours,

University Librarian.

DOCKET STARTS:

TAXATION

Mr. Owen Lobbey

Advance Copy
OF
SPECIAL COMMITTEE'S REPORT
ON
TAXATION

To appear in forthcoming issue of "Review"

TAXATION

Early in the year your Council appointed a Taxation Committee "to investigate, study and report on all forms of taxation as it affects business. The result of these studies would be primarily for the information of the Board, and be available for the use of the Council in its representations to Municipal, Provincial and Federal authorities—"

The task undertaken by the Committee under the direction of Mr. Owen Lobley has been a gigantic one. It has not yet completed its job. Few can appreciate the amount of work involved, and the thanks of every Member of the Board are due to the Chairman and each Member of his Committee.

An interim report, submitted to the Council on 8th January, 1936, together with covering letter, is set forth in full.

Montreal, December, 1935

To the President and Council of
THE MONTREAL BOARD OF TRADE,
MONTREAL.

DEAR SIRS:—

Among the several statements which have been collected or compiled by your Committee on Taxation for the development of its report under your terms of reference of the 16th April, 1935, is one which discloses within the compass of a single table the course of public finance over the post-war period of the years 1919 to 1934 inclusive, never before assembled in this consolidated form. Its implications are of compelling significance and your Committee has thought it well to submit the statement to you, rather than await the submission of its general report, which will not be available for some months to come. The statement is supplemented by a memorandum which discusses the data disclosed therein, advances certain questions sug-

gested thereby and concludes with a recommendation.

A study of the trends disclosed by the statement raises issues which seem to your Committee to strike at the roots of the question of taxation, and if budgets are to be balanced it is clear that, far from any early alleviation of the burden of taxation being possible, an addition to that burden must be imposed, even though concurrently there be a reduction of federal, provincial and municipal public expenditures.

As an educational step towards making the public conscious of the magnitude of Canadian public debts and the inevitability of an increase in taxation if faith in Canadian public credit is to be maintained, your Committee invites you to consider making available to your members and to the public the enclosed statement of the course of public finance over the post-war period, and the memorandum which accompanies it.

Respectfully submitted on behalf of the Committee.

OWEN LOBLEY,
Chairman.

DATA ON CANADIAN PUBLIC FINANCE—EXPRESSED IN MILLIONS OF DOLLARS

	1914	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
GROSS FUNDED DEBT:																	
Dominion Government	* 303.6	1,914.5	2,538.7	2,461.7	2,450.9	2,485.8	2,444.0	2,509.6	2,514.0	2,480.8	2,409.1	2,357.5	2,284.3	2,379.6	2,565.3	2,719.9	2,861.1
Provincial Governments	† 106.8	304.1	373.5	519.7	593.8	671.8	740.5	757.4	779.3	799.0	839.0	895.3	990.9	1,103.2	1,250.9	1,333.8	1,453.5
Municipal Governments (Bonded Debt Only)	\$	729.7	775.9	837.4	919.1	971.1	1,043.9	1,015.9	1,050.2	1,100.6	1,134.1	1,194.0	1,271.4	1,341.7	1,384.8	1,385.9	1,390.0†
		2,948.3	3,689.1	3,818.8	3,963.8	4,128.7	4,228.4	4,282.9	4,343.5	4,380.4	4,382.2	4,446.8	4,546.6	4,824.5	5,201.0	5,437.6	5,704.6
SECURITIES GUARANTEED:																	
Dominion Government	94.7	130.4	130.4	197.5	249.0	454.1	525.8	582.1	580.6	618.0	666.7	714.2	837.0	954.9	1,000.3	1,024.4	1,086.6
Provincial Government	\$	118.8	132.8	139.2	149.3	211.3	211.7	211.1	212.9	211.9	222.8	224.5	207.4	210.7	208.8	229.7	231.1
INCREASE OR DECREASE (—) IN GROSS FUNDED DEBT COMPARED WITH PREVIOUS YEAR:																	
Dominion Government			624.2	—77.0	—10.8	34.9	—41.8	65.6	4.4	—33.2	—71.7	—51.6	—73.2	95.3	185.7	152.6	143.2
Provincial Government			69.4	146.2	74.1	78.0	68.7	16.9	21.9	19.7	40.0	56.3	95.6	112.3	147.7	82.9	119.7
Municipal Governments			47.2	60.5	81.7	52.0	72.8	—28.0	34.3	50.4	33.5	59.9	77.4	70.3	43.1	1.1	4.1
			740.8	129.7	145.0	164.9	99.7	54.5	60.6	36.9	1.8	64.6	99.8	277.9	376.5	236.6	267.0
TOTAL ORDINARY REVENUES:																	
Dominion Government	163.2	312.9	349.7	436.3	382.3	403.1	406.6	351.5	382.9	400.5	429.6	460.2	445.9	356.2	336.7	311.1	324.5
Provincial Government	\$	76.8	92.7	102.0	116.2	117.7	127.9	132.4	146.5	156.4	156.3	185.0	188.2	179.1	193.1	184.9	175.5||
Municipal Government ^o	111.9	219.2	255.0	274.0	287.0	301.0	295.0	298.2	306.2	316.5	313.1	337.5	352.3	351.8	342.7	334.2	332.5
		608.9	697.4	812.3	785.5	821.8	829.5	782.1	835.6	873.4	899.0	982.7	986.4	887.1	872.5	830.2	832.5
ESTIMATED NATIONAL INCOME; Percentages:	2,680.0	5,250.0	5,620.0	5,523.0	4,215.0	4,520.0	4,696.0	4,643.0	5,178.0	5,600.0	6,101.0	6,342.0	6,072.0	5,150.0	4,000.0	3,370.0	3,340.0
Total Ordinary Revenues of Government to National Income		11.6	12.4	14.7	18.6	18.2	17.7	16.8	16.1	15.6	14.7	15.5	16.2	17.2	21.8	24.7	25.0
Total Ordinary Revenues and Increase in Gross Funded Debt of Governments to National Income			25.6	17.1	22.1	21.8	19.8	18.0	17.3	16.3	14.7	16.5	18.0	22.6	31.2	31.7	33.0

REFERENCES:

- *—Treasury Bills have been included in the figures of Gross Funded Debt of the Dominion.
- †—The Gross Funded Debt of Provincial Governments was estimated from interest payments.
- ‡—Estimated.
- §—Figures not available.
- ||—Subject to revision.
- o—Total Municipal Ordinary Revenues have been arrived at largely from estimates, but the figures are considered sufficiently accurate for the purpose of this Statement.

Montreal, 24th December, 1935

MEMORANDUM RELATING TO STATEMENT OF
THE COURSE OF CANADIAN PUBLIC FINANCE
FOR THE POST-WAR PERIOD—1919-1934,
INCLUSIVE

Gross Funded Debt:

1. Gross figures are shown because of the difficulty of obtaining accurate figures of the provincial and municipal net debts. Your Committee is chiefly concerned in disclosing trends, and is satisfied that the trend of public debts is as clearly revealed by gross figures as by net figures.

An attempt has been made to indicate the total annual expenditures of the three forms of Government by adding the increase in gross funded debt to the total ordinary revenues. The figures thus obtained have been applied to the annual national income, showing in the form of percentages the relationship of the spendings of Governments to the national income.

2. It should be noted that the total ordinary revenues include, in addition to taxation, revenues from other sources, such as net profits from liquor control, stumpage dues and other forms of income.

It is true that an estimate of gross Governmental expenditures arrived at by adding the increase in gross funded debt to the total of ordinary revenues is incomplete in that it does not take into account floating debts, the amount of which has greatly increased of late years, particularly in the municipal field, but as the figures for floating debts are incomplete it was thought best to exclude them, although had they been included, the increase in gross debt in the years 1932 to 1934 would doubtless have been much greater than is indicated in the accompanying statement.

With few exceptions the debts of our Governments are not subject to any uniform or adequate policy of retirement. The gross funded debts in the year 1919 were approximately \$2,948,000,000 and by 1934 this figure had reached the tremendous total of \$5,704,600,000—it had nearly doubled. While it is recognized that some of the excess of expenditure over ordinary revenues is represented by the acquisition of

assets or by other expenditures which might properly be charged over a period of years, the constant increase in spendings is not justified by the earnings of the Canadian people as revealed by the figures for annual national income.

The total ordinary revenues of Governments show a fairly uniform trend of increase from 1919 to a peak in 1930, but even in any of the depression years, 1931 to 1934 inclusive, more revenue was collected than in any of the years 1920 to 1925 inclusive, and in the year 1934 the total ordinary revenues of Governments were \$50,000,000 greater than in the year 1925.

3. Concerning the Dominion Government debt, the following conditions should be borne in mind in following the trends of increase and decrease:

1919-1920—War aftermath—demobilization and soldiers' civil re-establishment;
1921-1922-1923-1924-1925-1926—Debt substantially constant due to moderate improvement in business conditions;

1927-1928-1929-1930—Debt substantially reduced as result of increased income tax and other tax receipts brought about by the "era of prosperity."

1931-1932-1933-1934—Constant increase in debt caused by

(a) declining revenues;

(b) unprecedented burdens of public relief and social service.

4. In the provincial field the period 1919 to 1924 was characterized by large outlays on public works (neglected during war years) such as highways, etc., also increased outlays on social and health service, hospitalization, education, etc.—a period of trend in the provincial field towards more public ownership.

From 1927 to 1931 an accelerated increase in debt, largely caused by assumption of additional public services.

From 1932 to 1934, inclusive, substantial annual increases attributable chiefly to unemployment relief.

5. In the municipal field the debt trend is consistently upward owing to large capital expenditures and to the entry of municipalities into new fields of social service and public ownership.

6. The proportion of the national income of Canada which is annually taken by Governments in taxes and other governmental revenues has grown from 14.7% in 1928 to 25% in 1934. Also the total spendings of Governments (as indicated by adding the total of ordinary revenues to the annual increases in public debts) in relation to the annual national income have grown from 14.7% in 1928 to 33% in 1934.

QUESTIONS ARISING FROM A STUDY OF THE STATEMENT AND THE TRENDS DISCLOSED THEREIN

1. If public debts continue to mount disproportionately to national income, how soon must default, already existing as to certain municipal issues, be faced by provincial and even Dominion issues?

2. To what extent must the existing guarantees of railroad and other obligations by the Dominion, provinces and municipalities, be considered to have become in fact direct rather than contingent liabilities?

RECOMMENDATION

An investigation of public finance by a Royal Commission to determine the nature, form and scope of measures necessary to avert disintegration of the country's financial structure is recommended.

Note:—

The British Committee on National Debt and Taxation in 1927 took the opinions of spokesmen for such bodies as His Majesty's Treasury, The Federation of British Industries, The Trades Union Congress Council, The Institute of Chartered Accountants of England and Wales, and The Land Union, to name only a few. In addition to these representative spokesmen, the individual opinions of many eminent private citizens were also sought and obtained, while on the Committee itself sat such men as The Right Honorable Lord Colwyn, Sir Charles Addis, K.C.M.G., Sir Arthur Balfour, K.B.E., and Sir Josiah Stamp, K.B.E. All witnesses were requested in their representative or individual capacities, as the case might be, to submit answers to sixteen questions, of which at least the following nine are pertinent to

the present situation of Canadian public finances.

1. How does the national debt affect the supply of credit and the supply of permanent capital for trade and industry?

2. How does it affect the terms on which capital can be raised?

3. To what extent is it desirable to pursue a policy of debt repayment during a period of trade depression, or to what extent should it rather wait upon the prosperity of trade? In other words, should repayment be adjusted according to the conditions of trade, and if so, on what principle?

4. How far does the burden of taxation fall upon business itself and hamper its operations? In particular, does it contribute to handicap the exporter in competing in foreign markets against world prices?

5. What is the effect of income tax on companies' undistributed reserves?

6. What is the effect of the existing taxes on the supply of capital?

7. How far do the existing taxes act as a deterrent to savings and to enterprise on the part of the individual engaged in trade and the investor generally? Do they similarly affect joint stock companies?

8. To what extent—

- (a) in the present depression, and
- (b) in a period of normal trade,

is the original assumption correct: that the tax on commodities is borne by the consumer?

9. What is the effect of the customs and excise duties on the price of commodities? How does this affect internal and external trade?

Investigators of Canadian public finance would recognize the magnitude, in the aggregate, of provincial and municipal financial operations and the manner in which these operations involve the credit of the Dominion as a whole, which should lead to consideration of a central authority to be set up by the Dominion to pass on the borrowings of provinces and municipalities, even though such a measure would require a change in the B.N.A. Act.

The Dixon Bureau of Equity

JAS. R. DIXON

18 RIDEAU STREET
TELEPHONE QUEEN 1268

OTTAWA, CANADA

Aug. 8, 1933.

Sir Arthur W. Currie,
Principal and Vice Chancellor,
McGill University,
Montreal, P. Q.

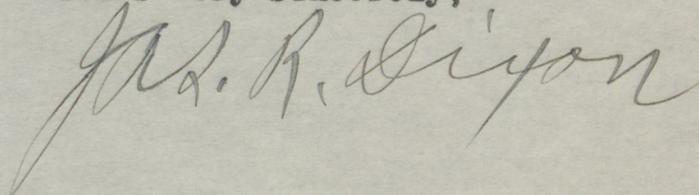
Dear Sir Arthur:- Re Payment of Interest on Dom. Govt. Refunds.

I am in receipt of your favour of the 4th inst., in reply to mine of the 3rd., and I am accordingly sending you herewith the following:

- 1--Copy of petition signed by you on June 2, last.
- 2--Exhibits B and C, referred to in the petition.
- 3--Exhibit D, " " " " "
- 4--Reproduction of Editorials written in support of the appeal.

Deeply regretting that the foregoing data went astray in the mail together with my letter to you of July 3, 1933, and sincerely hoping that this letter with enclosures will reach you safely and be of interest and service to you,

I am,
Yours very sincerely,



P E T I T I O N

TO THE RIGHT HONOURABLE R. B. BENNETT
PRIME MINISTER OF CANADA
AND TO THE MEMBERS
OF THE DOMINION GOVERNMENT
OTTAWA, CANADA.

REQUESTING

THE EARLY ENACTMENT OF LEGISLATION PROVIDING
FOR THE PAYMENT OF INTEREST AT THE RATE OF SIX
PER CENTUM (6%) PER ANNUM ON MONIES REFUNDED
BY THE DOMINION GOVERNMENT TO CANADIAN TAXPAYERS
OR CITIZENS

Honourable Sirs:-

The underlying purpose of this prayer which your petitioners humbly submit to your Government is to enlist favourable consideration of what Canadians as a whole believe to be a well merited measure of redress and help for those who have served and do serve and help Canada most -- the ordinary individual taxpayers in every walk of our economic life, who, of themselves, or by themselves, are unable to help themselves. Upon their combined, yet unorganized shoulders, Canada has in the past, and Canada must needs in the future, depend absolutely to produce and gather in her annual revenues of approximately four hundred million dollars.

As to the amount required to pay interest as herein requested, this obviously is not known now. The question however, provides its own logical answer, in the fact that every dollar's worth of interest the requested legislation would thus make available, and refundable is just another dollar's worth of reason why it should be made payable and refunded. Hence the reason for the payment of interest on past, present or future refunds, maintains its balancing power in the exact proportion to the amount required, large or small. Furthermore, the payment of interest NOW, in whatever amount required, cannot increase taxation to the same extent as it has been decreased or kept down through the non-payment of interest in the PAST. The unanimous judgments of three consecutive Parliaments uphold this contention. For these and the following reasons (among many others illustrated in the several exhibits to this petition), it is, therefore,

Most respectfully submitted; that

WHEREAS various revenue producing Acts of Canada carry definite provisions for imposing and collecting interest, fines or penalties on deficient or deferred payment of monies due the Crown by taxpayers or citizens, thereby procuring substantial additional sums of revenue which would otherwise be lost to the Crown; and

WHEREAS the said revenue Acts of Canada carry no corresponding compensating or reciprocal provisions for the payment of interest on monies overpaid to the Crown, and which monies are frequently withheld by and in possession and service of the Crown for indefinite periods of time, until refunded at a later date in the principal amounts only, without the payment of any interest as COMPENSATION FOR THE LOSS OF THE USE OF THE MONEY to the taxpayers or citizens, who actually are the rightful owners of the monies so overpaid and later refunded; and

WHEREAS the Crown receives and enjoys the accumulated interest earnings on all such monies so withheld, through the non-payment of interest thereon, and thereby reaps a further substantial direct saving, benefit and gain at the consequent direct expense and loss of the taxpayers or citizens, who actually own the monies so withheld and refunded at a later date; and

WHEREAS in the event of interest payments being made to the taxpayers or citizens by the Crown on all such monies so withheld and refunded at a later date, it would merely be giving or exchanging value for value already received, and would, therefore, cost the Crown nothing, since such interest payments would obviously be made from the accumulated interest earnings, savings or benefits derived directly or indirectly on or from the use of the taxpayer's or citizen's own money while withheld from them, by and in the service of the Crown; and

WHEREAS the Dominion Parliament has, on certain isolated and specific occasions, endorsed and upheld the basic principle of this appeal, and on, at least, one occasion the Fifteenth Parliament, when authorizing refunds for overpayment of Luxury or Excise Taxes under Parliamentary Vote No. 348, on May 28th, 1926, as officially recorded in Hansard, unanimously decided that:

"If there is a claim for the principal, the claim for the interest would be just as strong, and should not be denied."

and interest was accordingly allowed and later paid to Luxury and Excise Tax Claimants; and

WHEREAS the Sixteenth and Seventeenth Parliaments again, on different occasions, in 1929, 1930, 1931 and 1932, strongly upheld the same principle when providing for and authorizing payment of "Claims for compensation for the loss sustained by the civil population of Canada during the late War", under Bill 285 and Parliamentary Votes Nos. 461, 320 and 484, respectively, and further by their approval and adoption of the Official Reports of Reparations Commissioners James Friel, K.C., and Errol M. McDougall, K.C., respectively, who, in their written "Judgments", recommended allowance and payment of interest on all "Awards" made by them to Canadian civilians. Both Commissioners reasoned that "unless interest is allowed" on long deferred payment for damages sustained it "would not make the claimant whole"; and

WHEREAS incorporated as an integral part of these written judgments, Commissioner Friel, in Volume I of his Report, dated December 14th, 1927, used these words:

"In the matter of interest this commission has not given consideration to any particular system of law.....I have recommended interest from the date of loss. This covers property losses being claims for property taken, damaged or destroyed. It seems

to me to be only just and equitable. The measure of damages applied is the reasonable market value of the property as of the time and place of loss or destruction.....but as compensation was not made at the time of loss the payment at a later date of the value which the property had at the time of loss would not make the claimant whole. He was THEN entitled to a sum equal to the value of his property. He is NOW entitled to such sum plus the value of the use of the money for the entire period during which he was deprived of its use, otherwise interest, if he is to receive full compensation."

The sixteenth Parliament, in 1929 and 1930 adopted Commissioner Friel's Report, and authorized immediate payment to Reparations Claimants of both principal and interest as awarded; and

WHEREAS Commissioner McDougall in his Interim Report, dated March 6, 1931, reached precisely the same decision as Commissioner Friel, and in support of his judgment quotes from a decision of the United States Mixed Claims Commission, these words:

"A sum payable in the PAST is NOW equivalent to that sum with interest thereon as covering the value of the use of that money during the time the owner has been deprived of it."

Continuing, Mr. McDougall's judgment reads in part:

"This is in harmony with the decision reached by the United States Mixed Claims Commission, the above quoted words being taken from Administrative Decision No. 3, dealing with damages in the nature of interest. To this class of cases belong claims for property taken, damaged or destroyed. I would propose to follow the same course in recommending the payment of interest upon awards."

The Seventeenth Parliament, in 1931 and 1932, adopted Commissioner McDougall's Reports, and accordingly interest has been allowed and paid on all awards as made by both Commissioners to some sixteen hundred and fifty Reparations Claimants, AS COMPENSATION FOR THE LOSS OF THE USE OF THE MONEY during the time they had been deprived of its use; and

WHEREAS under authority of the foregoing and certain other Parliamentary Votes, amounting in all to..\$12,212,941.08 there has been paid out to various Luxury or Excise Tax, and Reparations Claimants, up to Jan. 31, 1932, a total principal sum of..... 6,449,399.75 plus interest thereon in the sum of..... 3,329,134.43 or a grand total of principal and interest of.....\$ 9,778,534.18 plus amount paid for cost of Administration of Reparations claims only of..... 176,995.42 Surplus Jan. 31, 1932, for unpaid awards, anticipated and undecided Reparations Claims only..... 2,257,411.48 \$12,212,941.08

The payment of interest was made retroactive to all claimants from the approximate dates of overpayment or loss to the approximate final dates of repayment or payment by the Crown, as shown in detail in (Exhibit A) herewith submitted; and

WHEREAS the action of the Fifteenth, Sixteenth and Seventeenth Parliaments successively and respectively, in these isolated instances only, has bound every Federal taxpayer to subscribe to the basic principle of this nation-wide appeal and petition, and in regard to Reparations payments the action of the Sixteenth and Seventeenth Parliaments went still further and bound every Federal taxpayer to subscribe both in principle, and in money as well, in order to give effect to these few isolated fair and equitable measures of redress, which were especially enacted in response to organized public opinion for the redress or benefit of a comparatively few taxpayers or citizens, but to which fair and equitable measure for redress, or benefit, (for the want of general statutory provision, such as herein requested) the average Federal taxpayer is debarred or denied, notwithstanding that he may have a claim against the Crown of even greater economic merit, and which could and should be paid from the interest earnings on his own money; and

WHEREAS this anomalous condition has been pointed out to the Dominion Government and Members of Parliament, who, for several years past, have been very widely and earnestly petitioned by the Canadian taxpayers or citizens and business communities, through Boards of Trade, Chambers of Commerce, Retail and Wholesale Merchants' organizations, the public press, Trade Journals, etc., throughout all Provinces of Canada, to enact such amending and necessary reciprocal legislation as will effectually eliminate unfair discrimination as between taxpayers or citizens, and thereby definitely provide remedial and reasonable means and measures of redress for the, as yet, unredressed wrongs suffered by taxpayers or citizens during the War and post-war periods, and effectively safeguard future generations against similar inequities and injustices; THEREFORE

WE, THE UNDERSIGNED PETITIONERS, hereby endorse and support the general and basic principle of the nation-wide appeal set forth in greater detail in the several illustrations in (Exhibit A) to this our prayer; and we hereby earnestly petition and beseech the Dominion Government and Parliament, as a matter of simple economics, fair business ethics, consistent, impartial justice and equity, for the early adoption and enactment of such amending and remedial legislation as will automatically provide for the payment of six per centum (6%) per annum simple interest as the minimum COMPENSATION FOR THE LOSS OF THE USE OF THE MONEY, to be allowed and paid to all classes of taxpayers or citizens to whom refunds have been paid, or may be paid, thus ensuring for Canadians the same results or benefits as have always been enjoyed by their next door neighbours under the equitable and reciprocal statutory provisions of the Internal Revenue Acts of the United States, shown and attached hereto as (Exhibit B), or as of that intended and provided for in the safeguarding provisions of the proposed "Amendment" to the "Consolidated Revenue and Audit Act".

designated as "Section 91A", entitled "Interest on Overpayments or Refunds", shown and attached hereto as (Exhibit C).

Your petitioners respectfully submit that the proposed "Amendment", if adopted, will have no bearing on the merits or demerits of any claim, past, present or future, and cannot bring into existence a single new claim for any principal sum involving a refund. This petition and "Amendment" is confined exclusively to the payment of interest in addition to the principal sums involved in claims already established or to be established. Neither would this "Amendment" involve any administrative difficulties or expense worth speaking of, for while it may, and frequently does, take several months or even years, of negotiations to finally establish, to the satisfaction of the Government, the principal sums involved in refund claims as between the Crown and taxpayers or citizens, the computation of simple interest on any such claims, once established, would only be a matter of minutes.

Furthermore, there could be no possible abuse of the privileges conferred under this "Amendment" because no taxpayer could recover under its safeguarding provisions more than he is entitled to receive, and in many cases he could only recover a major or substantial portion of his actual interest carrying charges or losses.

This fact, together with the justification and the reasonableness of 6% simple interest AS COMPENSATION FOR THE LOSS OF THE USE OF THE MONEY as provided for in the "Amendment" is amply borne out in a few comparative examples contrasting the ultimate cost to the Crown and taxpayers alike of simple and compound interest payments, as illustrated in (Exhibit C) and in the differentials, tables and statements pertaining to and reflecting the actual ultimate cost of Canada's Funded Debt and Guaranteed Securities during the War and post-war periods, shown in (Exhibit D), hereto attached.

The proposed "Amendment" with its retroactive and equitable safeguarding provisions for the general application of the principle involving the payment of interest on deferred refunds and credits, past, present or future, constitutes an

essential part of this nation-wide appeal and petition. It should, however, be emphasized that pressing necessity was originally responsible for this proposed "Amendment"; it is founded upon and inspired by the actual and, as yet, unredressed grievances of the War and post-war periods, rather than upon the probable grievances of the future.

Obviously, it is only by such amending and remedial legislation that Canada could be empowered to automatically return value for value already received, and thus in every single or individual instance to redress and reimburse, (and this always out of the savings or benefits derived directly or indirectly from the accumulated interest earnings on their own money), those individual taxpayers or citizens who have in various ways periodically overpaid the Crown, and who have, in consequence, done more than their fair share for Canada--more than the law intended they should do--especially deserving are those who have borne the physical and mental anguish, as well as the economic burdens of the Great War and its aftermath, and who passed through the initial and experimental stages of our several War Revenue Acts, from which Acts many unavoidable over-payments and deferred refunds resulted.

The general application of such remedial redress, it seems to your petitioners, would be only just and equitable, and in consistent harmony with the precedents already established by the unanimous judgments of three consecutive Parliaments of Canada in response to organized public opinion, in certain isolated and specific instances, and which instances involved the identical principles of this nation-wide appeal and petition, as herein previously shown.

In submitting our prayer for this long deferred measure of redress and relief, your petitioners find themselves confronted with these alternatives, (A) to lend such moral support as we may possess through the medium of this humble petition or otherwise, in the earnest hope of thus assisting those individual taxpayers or citizens to recover from the Crown, at least, a substantial portion of the accumulated interest earnings on their own money;

or, (B) to withhold such support and assistance from those who seemingly, of themselves individually, cannot possibly help themselves. In this latter alternative we would then perhaps assume, in a measure, the responsibility and risk of continuing to be either the actual or potential sufferers, on the one hand, through the loss, perchance, of the interest earnings on our own money, or to be the undeserving and enforced beneficiaries, on the other hand, through the accumulated interest earnings received and withheld by the Crown on monies, which unquestionably and admittedly belong to others. In these circumstances, we conscientiously feel and, therefore, most respectfully submit to your Government that we have no moral right to share or participate, either as sufferers through our own direct and undeserved losses, or as recipients and indirect beneficiaries through and from the equally undeserved losses suffered by others--in other words, knowingly to receive something for nothing. Therefore, having been long since thus confronted with these disturbing and compromising alternatives, your Government will, we trust and believe, appreciate that we cannot with sustained consistency and fairness to ourselves and others do less or otherwise than to seek remedial redress and relief from the alternative injury or humiliation which we must inevitably suffer in either case. As a practical means of such remedial redress and relief we most earnestly beseech the early adoption and enactment of the proposed "Amendment", or such other equally effective measures as your Government may be pleased to enact which will definitely eliminate these inequities and indefensible conditions now existing.

Furthermore, it is our firm conviction and considered opinion that the adoption of the basic principles of equity and justice incorporated in the proposed "Amendment" would ultimately result in increased

revenues to the Crown, and which revenues would be paid and received more promptly with much better grace, as the natural and inevitable fruits of reciprocal fairness, and would thereby prove to be in the general and best interests of Canada, as a whole, ensuring, as would then be the case, both the collection and the payment of interest by both the Crown and the taxpayers, thus permitting the rule of interest payments, as it obviously should, to work both ways with equal certainty, fairness, freedom and justice to the Government and to the governed alike.

All of which your petitioners very respectfully submit for your just and favourable consideration.

COMPILED BY
The Dixon Bureau of Equity
18 RIDEAU STREET, OTTAWA, CANADA

(EXHIBIT B)

UNITED STATES REVENUE ACT OF 1928

Approved 8 a. m., May 29, 1928

Sec. 614. INTEREST ON OVERPAYMENTS.

(a) "Interest shall be allowed and paid upon any overpayment in respect of any internal-revenue tax, at the rate of 6 per centum per annum, as follows:

(1) "In the case of a credit, from the date of the overpayment to the due date of the amount against which the credit is taken, but if the amount against which the credit is taken is an additional assessment of a tax imposed by the Revenue Act of 1921 or any subsequent revenue Act, then to the date of the assessment of that amount.

(2) "In the case of a refund, from the date of the overpayment to a date preceding the date of the refund check by not more than 30 days, such date to be determined by the Commissioner.

(b) "As used in this section the term "additional assessment" means a further assessment for a tax of the same character previously paid in part, and includes the assessment of a deficiency of any income or estate tax imposed by the Revenue Act of 1924 or by any subsequent revenue Act.

(c) "Section 1116 of the Revenue Act of 1926 is repealed.

(d) "Subsections (a), (b) and (c) shall take effect on the expiration of thirty days after the enactment of this Act, and shall be applicable to any credit taken or refund paid after the expiration of such period, even though allowed prior thereto."

Sec. 615. INTEREST ON JUDGMENTS.

(a) "Section 177 of the Judicial Code, as amended, is amended to read as follows:

"Sec. 177. (a) 'No interest shall be allowed on any claim up to the time of the rendition of judgment by the Court of Claims, unless upon a contract expressly stipulating for the payment of interest, except as provided in sub-division (b).

"(b) 'In any judgment of any court rendered (whether against the United States, a collector or deputy collector of internal revenue, a former collector or deputy collector, or the personal representative in case of death) for any overpayment in respect of any internal-revenue tax, interest shall be allowed at the rate of 6 per centum per annum upon the amount of the over-payment, from the date of the payment or collection thereof to a date preceding the date of the refund check by not more than thirty days, such date to be determined by the Commissioner of Internal Revenue'."

(b) "Subsection (a) of this section shall take effect on the expiration of thirty days after the enactment of this Act."

NOTE:—The flexible, equitable and reciprocal fairness with which the "United States Revenue Act" operates in everyday practice is illustrated in two concrete examples of refunds actually paid, together with six per centum (6%) per annum simple interest thereon, and which interest is automatically allowed and paid under the "Act", as a matter of legal right, to United States taxpayers. These illustrations are shown in detail on the reverse side of this page as a continuation of this (Exhibit B). (See over).

(EXHIBIT B)—Concluded

UNITED STATES TREASURY PAYS TAX REFUNDS TOGETHER
WITH 6% PER ANNUM INTEREST.

TREASURY DEPARTMENT
Internal Revenue Service
ST. PAUL, MINN.

EXAMPLE NO. 1

Nov. 5, 1925

Mr. A. L. Frederickson,
c/o D. O. Frederickson,
Castor, Alberta, Canada.

Sir:

This office is enclosing Treasury Warrant No. 698824 issued by Disbursing Agent of the United States Treasury in the amount of \$560.24 to adjust an overpayment of income tax made by you against your liability for the year 1919.

This overpayment resulted from an overassessment as indicated by the Commissioner's Schedule of tax reductions No. IT-A-15338. (Including \$48.18 interest.)

You are hereby requested to acknowledge receipt of this warrant on the enclosed receipt form and forward to this office in the enclosed franked envelope.

Respectfully,

Refunded \$ 512.06
Interest 48.18

\$ 560.24

L. M. WILLCUTS,
Collector of Internal Revenue.

EXAMPLE No. 2.

Under date of April 22, 1930, the following despatch appeared in the public press:

"Washington, April 22—(U.P.)—A tax refund to John D. Rockefeller of New York for \$356,378.34 was announced today by the Internal Revenue Bureau. The amount resulted from an over assessment on his income tax payment for 1917."

Confirmation of the above was requested from the Treasury Department, Washington, D.C., and was received by letter dated May 6, 1930, reading in part as follows:

TREASURY DEPARTMENT
Washington

May 6, 1930.

"Reference is made to your letter of April 25, 1930, in which you request to be informed as to what portion of the refund of \$356,378.34 allowed in favour of John D. Rockefeller constituted interest.

You are advised that the above stated amount represents the amount of the overpayment made with respect to the taxable year 1917 and does not include interest. While there is no provision of law which would permit the Department to divulge the amount of the interest computed on the overpayment it may be stated that interest at the rate of 6% per annum was computed on such amount from the date the overpayment was made to a date not more than thirty days preceding the date of the refund check."

Very truly yours,

WALTER E. HOPE,
Assistant Secretary of the Treasury

On this basis of information the refund including interest paid to John D. Rockefeller would be \$612,970.74, apportioned as follows:

1918—Principal over paid for taxable year 1917	\$ 356,378.34
1930—Interest at 6% per annum for 12 years allowed	256,592.40
1930—Total principal and interest refunded and paid	<u>\$ 612,970.74</u>
Proportion of interest to principal sum refunded is	72%

The Annual Reports of Mr. Andrew W. Mellon, former Secretary of the Treasury of the United States, show that in circumstances and for reasons similar to those in the two cases above, during the four fiscal years only of 1927-28 to 1930-31, inclusive, there has been refunded to United States taxpayers the total principal sum of . . . \$ 404,424,681.64 plus interest allowed and paid thereon of 124,446,508.49 making a grand total of principal and interest refunded and paid (within the above period only) of \$ 528,871,190.13

In Mr. Mellon's latest reports he shows the total Internal Revenue Taxes collected in 15 years—1917-1931 inclusive—as \$ 46,460,600,112.16 and for the same period he shows the total principal and interest refunded and paid as 1,323,794,820.88

**PROPOSED AMENDMENT
RE PAYMENT OF INTEREST ON ALL MONIES REFUNDED BY THE
DOMINION GOVERNMENT FROM TIME TO TIME**

**Proposed new Section to the
Consolidated Revenue and Audit Act
to be known as
Section 91A**

INTEREST ON OVERPAYMENTS OR REFUNDS

91A. Interest at the rate of six per centum per annum, shall be allowed and paid upon any payment or overpayment in respect of any taxes or other revenues paid to the Crown, and subsequently refunded, or in respect of any refunds or credits, paid or allowed by the Crown, of customs drawbacks in the principal sum of \$100.00 or more in value, customs duties, business profits war taxes, excise, sales, income and all other taxes, miscellaneous and casual revenues, tolls, fees, dues, fines and penalties of all kinds, contractors' deposits and other cash deposits, and on other sundry refunds or credits not otherwise enumerated or specified in the principal sum of \$10.00 or more in value.

6% Interest on Refunds or credits

In respect of

Customs drawbacks must exceed \$100.00.

Other items must exceed \$10.00.

(2) In the case of a refund such interest thereon shall be paid from the date of the payment or overpayment to the Crown, to a date preceding the date and delivery to the payee of the refund cheque by not more than thirty days, such date to be determined by the Governor in Council.

How interest on Refunds computed.

(3) In the case of a credit such interest shall be allowed from the date of the payment or overpayment to the Crown to the due date of the amount against which the credit is taken.

How interest on Credits Computed.

(4) Such interest charges on refunds or credits, as provided for in sub-sections (2) and (3) hereof, which may hereinafter be paid or allowed on the principal sum of any current or unpaid claim, or upon the principal sum of any claim arising or made and filed with the Crown and paid or allowed subsequent to the date of the coming into force of this section, must be equal to or exceed twenty-five cents, (25c), in value.

Interest must equal or exceed 25 cents.

(5) The provisions of this Section shall be retroactive and applicable to all refunds paid and to all credits allowed on the payment or overpayment of all taxes or other revenues as herein specified, collected on or after April 8th, 1915, provided, however, that all claims made and filed with the Crown for such interest charges accrued or accruing from April 8th, 1915, to the date of the coming into force of this section shall equal or exceed one dollar, (\$1.00), in value, and that all claims made for the payment or refund of such interest charges accrued or accruing within the said period must be filed with the Crown within twenty-four months from the date of the coming into force of this section.

Retro-active.

Date limit.

Interest must equal or exceed \$1.00

Time limit to file claims.

(6) In the case of a refund paid or a credit applied, prior to the coming into force of this section, interest at the rate of six per centum per annum shall be allowed and paid on the amount of such interest accrued as provided for in sub-section (5) hereof, from the date to which such interest accrued to a date preceding the issue and delivery to the payee of the refund cheque for payment of such interest by not more than thirty days, such date to be determined by the Governor in Council.

Interest on prior re-funds or credits.

How interest computed.

(7) This section shall be deemed to have come into force on the first day of April, 1934.

Date of coming into force.

NOTE:—The flexible, remedial and reciprocal fairness with which this proposed "Amendment" would operate in actual practice is illustrated on the reverse side of this page as a continuation of this (Exhibit C). (See over).

THE "GOLDEN RULE" IS THE BEDROCK FOUNDATION AND GUIDING PRINCIPLE OF THE PROPOSED "AMENDMENT" WHICH, IN PRACTICE, WOULD SAFEGUARD THE MINORITY RIGHTS OF CITIZENS AND YET "RENDER UNTO CAESAR THE THINGS THAT ARE CAESAR'S".

Actual Statement of Account showing how the remedial retroactive provisions of subsections 5 and 6 of the proposed "Amendment", to be known or designated as "Section 91A" of "The Consolidated Revenue and Audit Act", would work out in actual practice. This Example of an actual account outstanding, and which has been rendered to the Dominion Government by the Ottawa Beach Motor Co., Limited, illustrates the method of computing interest on a retroactive claim of long standing on which only the principal sum involved has been paid. The same principle or method will apply in all cases, regardless of the amount or period of time involved in any claim for past due interest. (The future date of March 31, 1933, being the end of the Government present fiscal year, is used merely as the earliest probable date of settlement, hence interest is computed to that date.)

OTTAWA BEACH MOTOR CO., LIMITED
In account with
THE DOMINION GOVERNMENT, OTTAWA, CANADA

	DR.	CR.
June 8, 1926—To Excise Taxes previously overpaid on 40 domestic automobiles remaining on hand and unsold when Tax was repealed by Parliament, effective on this date.....	\$ 1,216.39	
Jan. 11, 1929—To 6% per annum simple interest on \$1,216.39 as from the various dates of payment between Jan. 21, and June 3, 1926, inclusive, to this date.....	199.36	
Jan. 11, 1929—By Departmental cheques received on account of the principal sum only on this date.....		\$ 1,216.39
Balance.....		199.36
	<u>\$ 1,415.75</u>	<u>\$ 1,415.75</u>
Jan. 11, 1929—To Balance brought down.....	\$ 199.36	
Mar. 31, 1933—To 6% interest on above Balance of \$199.36 from Jan. 11, 1929, to this date.....	50.49	
Mar. 31, 1933—To Balance outstanding as of this date.....	<u>\$ 249.85</u>	
(Please note carefully that whereas the Beach Co. seek to recover only 6% per annum simple interest, or \$249.85, from the Crown, their actual cost in interest carrying charges to replace their working cash capital of \$1,216.39 while retained in the possession and service of the Crown for the above periods was equivalent to Bank interest of 7% compounded quarterly and paid in advance, as follows:)		
Jan. 11, 1929—To 7% Bank interest on \$1,216.39 as from the various dates of payment—Jan. 21, and June 3, 1926, inclusive, to this date....	\$ 256.06	
Mar. 31, 1933—To 7% Bank interest on \$256.06 as from Jan. 11, 1929, to this date.....	87.01	
Mar. 31, 1933—Actual loss in interest carrying charges at 7%, compounded quarterly, as paid to Bank.....	\$ 343.07	
Mar. 31, 1933—Actual loss in interest carrying charges based on 6% per annum simple interest as claimed above.....	249.85	
Mar. 31, 1933—Actual net loss or differential to be sustained and absorbed by the Beach Co. Limited, assuming the Crown allows and pays them 6% simple interest, or \$249.85, as requested in their Statement of Claim, as above shown, is, therefore.....	<u>\$ 93.22</u>	

NOTE:—This claim is but one of 1453 claims arising from the same cause, in the total original principal sum of \$ 291,706.16
 The non-payment of interest thereon, calculated on the above basis, represents a totally unnecessary, undeserved injury and net loss to the Claimants, with a consequent unearned and undeserved net gain or profit to the Crown of approximately..... \$ 50,000.00
 The proposed "Amendment," if enacted, would provide remedial redress for all Claimants, such as the above, and automatically prevent any recurrence of similar inequities in the future.

The urgent need of this "Amendment" is further emphasized by the following significant figures:—In four fiscal years, 1927-28 to 1930-31, inclusive, Canada's collections of War Tax Revenues, only, including interest on deferred payments of \$4,889,428.95, and penalties of \$374,885.71, totalled \$545,530,354.86. From this sum overpayments of \$8,774,886.80 were refunded to taxpayers, but for want of general statutory provisions (such as the proposed "Amendment") not one dollar (\$1.00) of interest was paid thereon by the Crown to any taxpayer.

The Dixon Bureau of Equity

18 RIDEAU STREET, OTTAWA, CANADA

(EXHIBIT D)

COMPARATIVE TABLE GIVING DIFFERENTIALS AND EQUIVALENTS OF VARIOUS SIMPLE AND COMPOUND INTEREST RATES COMPUTED ON \$100.00 FOR VARYING PERIODS OF TIME.

(Abbreviations "C" Compound—"S" Simple—"Diff." Differentials)

1	2	3	4	5	6	7	8	9
Prin. Sum \$100.00	4 yrs. Int.	6 yrs. Int.	8 yrs. Int.	10 yrs. Int.	12 yrs. Int.	16 yrs. Int.	20 yrs. Int.	Equivalent in S. Int. for 20 yrs.
6% Simple Interest	24.00	36.00	48.00	60.00	72.00	96.00	120.00	6%
5% c.	21.84	34.49	48.45	63.86	80.87	120.38	168.50	8.42% s.
5% s.	20.00	30.00	40.00	50.00	60.00	80.00	100.00	5%
Diff.	1.84	4.49	8.45	13.86	20.87	40.38	68.50	3.42% diff.
5½% c.	24.24	38.48	54.35	72.04	91.76	138.24	195.99	9.79% s.
5½% s.	22.00	33.00	44.00	55.00	66.00	88.00	110.00	5½%
Diff.	2.24	5.48	10.35	17.04	25.76	50.25	85.99	4.29% diff.
6% c.	26.68	42.58	60.47	80.61	103.28	157.51	226.20	11.31% s.
6% s.	24.00	36.00	48.00	60.00	72.00	96.00	120.00	6%
Diff.	2.68	6.58	12.47	20.61	31.28	61.51	106.20	5.31% diff.
6½% c.	29.16	46.79	66.82	89.58	115.46	178.28	259.42	12.97% s.
6½% s.	26.00	39.00	52.00	65.00	78.00	104.00	130.00	6½%
Diff.	3.16	7.79	14.82	24.58	37.46	74.28	129.42	6.47% diff.
7% c.	31.68	51.11	73.40	98.98	128.33	200.67	295.93	14.79% s.
7% s.	28.00	42.00	56.00	70.00	84.00	112.00	140.00	7%
Diff.	3.68	9.11	17.40	28.98	44.33	88.67	155.93	7.79% diff.
7% c.	31.68	51.11	73.40	98.98	128.33	200.67	295.93	14.79% s.
6% s.	24.00	36.00	48.00	60.00	72.00	96.00	120.00	6%
Diff.	7.68	15.11	25.40	38.98	56.33	104.67	175.93	8.79% diff.

The above table shows the accumulated interest charges or earnings on \$100.00 when compounded semi-annually at various rates of 5%, 5½%, 6%, 6½% and 7% for periods of 4, 6, 8, 10, 12, 16 and 20 years, respectively, and the corresponding charges or earnings of simple interest at the same rates and for the same periods of years, respectively. Column No. 9 of the table shows what the rates or percentages of simple interest would be (if and when paid at the end of the 20 year periods, as would be necessary, for instance, when paying interest on refund claims for the same period of time) in order to equal in ultimate cost the total amounts of compound interest as shown in Column No. 8.

This computation is based on the assumption that where interest is payable and is paid semi-annually, as it is on all Dominion Loans, Bonds and Guaranteed Securities, it is equivalent to the ultimate cost and payment of compound interest, as shown in the table, and, therefore, equals in ultimate cost to the Crown, or whoever has to pay it, the seemingly higher rates or percentages of simple interest. This is illustrated in the table (for 20 year periods only) by translating or converting the total cost or amounts of compound interest at the several rates as shown in Column No. 8 into terms or percentages of simple interest, as shown in Column No. 9.

The purpose of this table is to show at a glance an accurate comparison as between the payment and ultimate cost to the Crown of 6% per annum simple interest, if and when paid on refund claims of long standing, and the payment and ultimate cost to the Crown of the various rates of interest ranging from 5% to 7% now payable and paid semi-annually on Government Loans, Bonds and Guaranteed Securities, which is, as shown in the table, the equivalent in ultimate cost to the Crown, or whoever has to pay it, of compound interest in all cases, as shown in Column No. 8.

It will be observed that 6% interest compounded semi-annually on \$100.00 for 20 years amounts to \$226.20 and is, therefore, equivalent to 11.31% simple interest on \$100.00 for 20 years. In other words, a Government Loan of \$100.00 for 20 years at 6% interest, paid semi-annually during the term of the Loan, is the equivalent in ultimate cost to the Crown of an additional 5.31% per annum, or \$106.20 more than the amount required to pay 6% per annum simple interest on a refund claim of \$100.00 outstanding for 20 years, and paid only at the end of the term. In fact, a loan at only 4%, compounded semi-annually, slightly exceeds the cost of 6% per annum simple interest in 20 years.

The full significance of these differentials in ultimate cost of simple and compound interest payments is reflected in statements of "Funded Debt and Guaranteed Securities" in "Canada Public Accounts" for

the fiscal year ended March 31, 1931, pp. 15-18. Analysis of these official statements and previous "Public Accounts" shows that after deducting sinking Funds held by the Crown of \$59,926,392.54, the net balance of Canada's Funded Debt outstanding and held by the public is..... \$ 2,319,672,935.71
 In addition, Guaranteed Railway Securities of \$58,157,951.99 held by the Minister of Finance, together with a net balance of Railway, Steamship Harbour and other Guaranteed Securities, outstanding and held by the public, of..... 954,917,112.06

makes Canada's net grand total of Funded Debt and Guaranteed Securities combined, outstanding and held by the public, as of March 31, 1931,..... \$ 3,274,590,047.77
 The above amounts do not include \$761,811,039.67 of old Loans and Accounts for advances to Railway and Steamship Lines, miscellaneous Investments and Other Accounts, in Schedules K.-N, pp. 11-12, inclusive, which are carried as non-active assets but not taken into account when figuring Canada's net debt.

Of the above grand total sum nearly two and three-quarter billion dollars bear the equivalent burden in ultimate cost to Canada of interest compounded semi-annually at from 4% to 7%, in the proportions set out in Cols. 2 and 3 below, plus cost of Loan Flotations (Col. 5). (Portion with prin. and int. payable in Gold or N.Y. Funds, if holders desire (Col. 4) *\$ 2,231,962,231.33).

1	2	3	4	5	6
RATE OF INTEREST	BONDED LOANS OR FUNDED DEBT	GUARANTEED SECURITIES	TOTALS OF COLS. 2 AND 3	PERCENTAGES & ACTUAL FLOTATION COSTS ON AMOUNTS IN COL. 4	ACTUAL ULTIMATE COST OF FLOTATION & INT. CHGS. for 20 YR. PERIODS EXCL. OF PRIN. SUMS IN COL. 4
at 4% interest	\$ 193,926,666.66	\$ 25,501,181.33	\$ 219,427,847.99	6.58% or \$ 14,447,095.21	\$ 296,907,821.20
" 4½% "	210,000,000.00	213,000,000.00	423,000,000.00	4.34% " 18,901,219.65	651,885,300.00
" 4¾% "	.....	50,000,000.00	50,000,000.00	2.94% " 1,470,000.00	80,835,000.00
" 5% "	449,304,299.00	227,650,000.00	676,954,299.00	7.73% " 52,372,014.98	1,280,797,533.80
" 5½% "	1,268,527,050.00	.....	1,268,527,050.00	1.99% " 25,323,996.09	2,562,424,641.00
" 6% "	16,740.15	25,000,000.00	25,016,740.15	8.24% " 2,062,500.00	63,312,366.00
" 6½% "	.....	25,000,000.00	25,000,000.00	7.75% " 1,937,500.00	71,870,000.00
" 7% "	.....	49,536,000.00	49,536,000.00	4.89% " 2,426,839.00	156,117,657.60
Grand totals	\$ 2,121,774,755.81	\$ 615,687,181.33	\$ 2,737,461,937.14	4.34% or \$ 118,941,164.93	\$5,164,150,319.60
Payable in Gold	*\$ 1,677,525,050.00	*\$ 554,437,181.33	*\$ 2,231,962,231.33	*Payable in Gold, N.Y. Funds, Sterling or Canadian Funds. (see note*)	

The following items constitute the balance of Canada's "Funded Debt" and "Guaranteed Securities", not included above, for the reasons stated below:—

at 2% interest	.....	\$ 30,559,114.00	\$ 30,559,114.00	} This 2% Guarantee was given for both Prin. and Int. in exchange for a prior issue of 4% G.T.P. Ry. Perpetual Debenture Stock, which had been guaranteed as to payment of interest only.
" 2½% "	\$ 4,888,185.64	.....	4,888,185.64	
" 3% "	37,271,230.16	44,351,996.72	81,623,226.88	} Originally issued prior to 1913-14, therefore not within the War and Post-war periods under review in this Exhibit, during which consequent higher rates of interest prevailed. Flotation Expenses are not readily available on all Funded Debts and Guaranteed Securities in this group, but indicate an average of approx. 6½%.
" 3½% "	175,647,920.60	45,276,560.34	220,924,480.94	
" 3½% to 6% "	17,236.04	2,835,118.00	2,852,354.04	
" 4% "	** 40,000,000.00	.....	40,000,000.00	} Two Year Treasury Notes sold at par to Canadian Chartered Banks. (See Note**).
" 4% "	.....	182,172,327.33	182,172,327.33	} Securities guaranteed as to the perpetual payment of interest only, being Grand Trunk Ry. Acquisition Guarantees, given in exchange for the Bonded Debts, etc., of the Grand Trunk Ry. Flotation expenses for original Bonds of the Railway are not available.
" 5% "	.....	34,034,814.34	34,034,814.34	
Grand totals	\$ 257,824,572.44	\$ 339,229,930.73	\$ 597,054,503.17	} Flotation Expenses not available but may be estimated at an average, over all, of approx. 6%
Payable in Gold	*\$ 40,000,000.00	*\$ 63,607,114.00	*\$ 103,607,114.00	*Payable in Gold, N. Y. Funds, Sterling or Canadian Funds. (see note*).

NOTE:— * Proportions of Funded Debt and Guaranteed Securities which were issued with both principal and interest payable in gold, N.Y. Funds, Sterling or Canadian Funds, at the option of or to the advantage, if any, in foreign rates of exchange, to the holders, whether resident in Canada, Great Britain, the United States or elsewhere. The combined principal sums only, of outstanding Funded Debt and Guaranteed Securities payable on the above basis, as shown in upper and lower statements, make a grand total of \$ 2,335,569,345.33 It is gratifying to record, however, out of \$1,608,145,950.00 of Tax Free Bonds originally issued, that on March 31, 1931, there was still outstanding only \$826,321,750.00.

**— These 4% Two Year Treasury Notes, issued Dec. 1, 1930, and sold at par to Canadian Chartered Banks, may be regarded as a reciprocal exchange Loan of mutual accommodation and convenience to the Government and Banks alike. The Public Accounts show that during the two fiscal years of 1929-30 and 1930-31 these various Banks had under loan from the Government, through the medium of numerous short date advances, amounts aggregating \$1,107,336,000.00. In the same period the Banks paid the Government \$2,774,813.18 of interest on advances. The amounts, periods of time and rates of interest involved in the numerous advances are not shown. In these circumstances however, it may be reasonably assumed that the rates of interest charged to the Banks by the Government on cash advances did not exceed those paid to the Banks on the said Treasury Notes, the principal and interest of which is payable in Canadian or New York Funds, at the option of the holders. For these reasons the item of \$40,000,000.00 4% Treasury Notes is not considered comparable or to be in the same category as the other 4% items in Canada's "Funded Debt", and in consequence is shown separately herein.

To these interest charges paid under the above rates must be added the overriding cost of loan flotation expenses, such as cost of printing bonds, discount on bonds sold below par, commissions paid to banks and brokers, charges of management, commissions paid to banks as fiscal agents, commissions paid sundry banks for cashing interest coupons, adverse exchange, if any, on principal and interest when paid in foreign funds, redemption charges, auditing fees, etc. The flotation expenses in Col. 5 above, applicable to the principal sums of Funded Debts, as in Col. 2, are taken from Can. Pub. Accts., 1913-14 to 1930-31, shown under "Cost of Loan Flotations" and "Charges of Management", and take into account both gains and losses in commissions and interest payments due to Loan conversions and redemptions. On "Guaranteed Securities" the flotation expenses consist of the discounts at which the Securities were sold, as recorded in the Pub. Accts., plus an estimated average of 1/4 of 1% on the principal sums, as in Col. 3, to cover such of the above enumerated items of expense that are not shown in Pub. Accts.

In the aggregate, these combined overriding expenses average approximately four and one-third (4.333%) per cent. (ranging from a minimum of .427% to a maximum of 20.25 % on individual loans, and from 1.99% to 8.24% in the above respective groups of Funded Loans and Guaranteed Securities combined), and which on the balance of the four to seven per cent. Loans and Bonds only, of \$2,737,461,937.14, as of March 31st, 1931, necessitates a further overriding expenditure in the principal sum of approximately \$ 118,941,164.93 as shown in Col. 5, in excess of amounts payable under the stipulated rates of interest on the said 4% to 7% Bonds and Securities, which, for a 20-year period, works out as follows:—Principal sum borrowed (Col. 4) \$2,737,461,937.14, plus Flotation Expenses paid thereon (Col. 5) \$118,941,164.93, equals \$2,856,403,102.07, on which sum interest ranging from 4% to 7% is compounded semi-annually for 20 years. Therefore, Col. 6 shows the actual ultimate cost to the Crown for the use and hire, only, of the original sums borrowed (Col. 4) for the 20-year periods as being..... \$ 5,164,150,319.60 and which, when converted into percentages of simple interest (see table below), ranges from 6.7655% to 15.758% per annum on the several amounts originally borrowed (Col. 4) or an average, over all, of 9.4323% per annum simple interest. The above total sum in Col. 6, therefore, includes and absorbs the total principal sums of flotation expenses in Col. 5, plus compound interest thereon for 20 years, but does not include the principal sum of \$2,737,461,937.14 originally borrowed, as in Col. 4.

Obviously, none of the foregoing extra expenses are incurred or necessary in the payment of interest on refund claims, which means that the net flat rate of six per centum (6%) per annum simple interest, as requested, would cover the entire cost or expense to the Crown for the use or hire of monies involved in refund claims, and thereby prove to be on an average (as shown in the tables) the cheapest source of borrowed money available to and enjoyed by the Crown, especially during the war and post-war periods.

The actual and relative costs and value to the Crown for monies so used or hired is best illustrated by reducing the amounts involved into Loans of small units, and then tracing each Loan into the actual service of the Crown, and on throughout varying periods of time until finally liquidated by the Crown, in a manner such as employed in tabular form below. For example, the Crown on a given date receives \$100.00 through the medium of a Bond, designated herein as a "Funded Loan" or Debt. On the same date the Crown receives \$100.00 through the medium of an overpayment of taxes, designated herein as a refunding or "Unfunded Loan" or Debt. The net proceeds of both sums or Loans, once received, immediately pass to the credit of the Receiver General or National Treasury, and thus completely lose their identity in the general and varied services of the Crown, the Crown receiving, without distinction, equal service and equal value from the hire or use of each dollar of each Loan. Logically, this equal, indistinguishable service and value rendered to the Crown should merit and receive equal recognition and compensation in return from the Crown. But what is the true answer?

The comparative figures and differentials in the tables prove at a glance the much lower average cost of refunding or "Unfunded Loans" to the Crown if liquidated on a basis of 6% per annum simple interest, as requested, as against the varying rates of from 4% to 7% payable on "Funded Loans", weighted down at the outset with varying percentages of flotation expenses, plus the equivalent burden in ultimate cost to the Crown of interest compounded semi-annually for varying periods to the final dates of liquidation, ranging from 1 to 20 years, as illustrated in the tabulated statement on page 4 hereof.

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(Abbreviations: "F.L." Funded Loan; "U.L." Unfunded Loan; "C" Compound; "S" Simple)

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Principal sum in each Funded or Unfunded Loan and rate of interest	Average flotation expenses, if any, on each Loan	Total cost and amount on which interest is computed on each Loan	Amounts in columns 4-16 inclusive, represent what the total actual ultimate cost to the Crown would be on the respective Funded and Unfunded Loans or Debts of \$100.00 each, if liquidated and paid off at the end of any period listed below, at the several and respective rates of compound and simple interest. Where applicable the average flotation expenses on each Loan, as shown in Col. 2, is added to the principal sum originally borrowed as in Col. 1, and interest computed on the total sum, as shown in Col. 3, in order to accurately determine the actual ultimate cost to the Crown, for the use or hire of each \$100.00. Col. 17, gives these respective costs for 20 year periods only. and Col. 18, gives the equivalent respective rates of simple interest necessary to equal the said costs to the Crown if paid at the end of the 20 year periods only. Interest and flotation percentages, Cols. 1-2 are, as shown above, actually paid on debts and securities of \$2,737,461,937.14.													Ultimate cost to Crown in 20 years on each original Loan of \$100	Rates of Simple Int. if pd. at end of 20 yrs. to equal amts. in Col. 17.
			1 yr.	2 yrs.	3 yrs.	4 yrs.	5 yrs.	6 yrs.	8 yrs.	10 yrs.	12 yrs.	14 yrs.	16 yrs.	18 yrs.	20 yrs.		
F.L. \$100. 4% _c .	\$6.58	\$106.58	\$110.89	\$115.37	\$120.03	\$124.88	*\$129.93	*\$135.18	*\$146.32	*\$158.38	*\$171.43	\$185.56	\$200.85	\$217.40	\$235.31	\$135.31	6.7655%
" 100. 4½% _c .	4.34	104.34	109.09	114.05	119.24	124.67	130.34	136.27	148.96	162.83	177.99	194.56	212.67	232.47	254.11	154.11	7.7055%
" 100. 4¾% _c .	2.94	102.94	107.89	113.07	118.51	124.20	130.17	136.42	149.84	164.58	179.77	197.46	216.89	238.23	261.67	161.67	8.0835%
" 100. 5% _c .	7.73	107.73	113.18	118.91	124.93	131.25	137.89	144.87	159.91	176.51	194.83	215.05	237.37	262.01	289.21	189.21	9.46%
" 100. 5½% _c .	1.99	101.99	107.77	113.77	120.11	126.80	133.86	141.32	157.52	175.57	195.68	218.10	243.09	270.95	302.00	202.00	10.1%
" 100. 6% _c .	8.24	108.24	114.83	121.82	129.24	137.12	145.47	154.33	173.70	195.50	220.04	247.66	278.74	313.72	353.09	253.09	12.654%
" 100. 6½% _c .	7.75	107.75	114.86	122.44	130.52	139.13	148.31	158.10	179.68	204.21	232.08	263.96	299.99	340.94	387.48	287.48	14.374%
" 100. 7% _c .	4.89	104.89	112.36	120.36	128.93	138.11	147.94	158.47	181.84	208.66	239.44	274.76	315.29	361.80	415.16	315.16	15.758%
U.L. \$100. 6% _s .	NIL	\$100.00	\$106.00	\$112.00	\$118.00	\$124.00	\$130.00	\$136.00	\$148.00	\$160.00	\$172.00	\$184.00	\$196.00	\$208.00	\$220.00	\$120.00	6. %

* Indicates the only periods at which the liquidation of Canada's "Funded Loans" or Debts at the lower interest rates, compounded semi-annually, would be less in actual ultimate cost to the Crown than the liquidation at the higher rate of 6% simple interest would be on refunding or "Unfunded Loans or Debts", (otherwise Refund Claims), for the same periods.

By applying the foregoing basis of computation to Canada's outstanding balance of 4% to 7% Funded Debts and Guaranteed Securities, as shown in the upper statement of \$2,737,461,937.14, and assuming that each group of the said 4% to 7% Loans and Securities ran for 20 years, (and the average, over all, exceeds this period), it will prove that in the aggregate the actual ultimate cost to Canada of interest and Loan Flotation Expenses, at the respective percentages actually payable and paid by the Crown, as shown in the statement and table, would, when translated or converted into terms or percentages of simple interest and paid only at the end of the 20 year period, cost the Crown an average of approximately 9.4323% per annum, or the total actual sum, as shown in upper statement page 2 (Col. 6), of \$ 5,164,150,319.60 whereas, 6% per annum simple interest on the same original principal sum of \$2,737,461,937.14 and paid at the end of the same 20 year period would be only..... 3,284,954,324.57 which would mean a differential and clear net saving to the Crown of 3.4323% per annum, or, in all..... \$ 1,879,195,995.03

In simple homely truth, the foregoing facts and figures prove conclusively that even the National Treasury, backed as it is by all the National Wealth, resources and assets of the Canadian people and Nation, has, nevertheless, been compelled to pay the average equivalent ultimate cost of approximately 9.4323% per annum simple interest on all its Loans and Guaranteed Securities, issued since March 31, 1913, and outstanding on March 31, 1931, running into billions of dollars and outstanding for average periods of 20 years, which ultimate actual cost is over fifty per cent (50%) more than the cost of 6% per annum simple interest, which the Crown is being requested to pay for the use or hire of monies involved in Refund Claims, and from which monies the Crown receives, without distinction, equal service and equal value. Surely the very modesty and reasonableness of this appeal must commend itself to the Crown, as it has and does to all fair-minded Canadians, and thus insure its success through early and favourable consideration and adoption, which, in effect, would merely authorize payment (and that always in Canadian currency) from the accumulated interest earnings already derived by the Crown on and from the refund claimants' own money.

PUBLIC OPINION
AS REFLECTED
IN THE EDITORIAL COLUMNS
OF THE CANADIAN PRESS
STRONGLY SUPPORTS
THE PRINCIPLE OF
THE PAYMENT OF INTEREST
ON ALL REFUNDS
MADE BY THE
DOMINION GOVERNMENT

COMPILED AND REPRODUCED BY
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18 RIDEAU STREET - OTTAWA, CANADA

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**PUBLIC OPINION STRONGLY SUPPORTS
THE NATION-WIDE APPEAL
FOR THE PAYMENT OF INTEREST
ON ALL REFUNDS
MADE FROM TIME TO TIME BY THE DOMINION GOVERNMENT,
AS REFLECTED IN THE EDITORIAL COLUMNS
OF THE CANADIAN PRESS**

TORONTO DAILY STAR

April 9, 1929

A PRINCIPLE OF EQUITY

When the federal treasury at Ottawa is collecting a bill for unpaid back taxes from any citizen interest for the period during which the payment has been in default is collected.

Why, then, should not the federal treasury pay interest to any citizen on money refunded to him for erroneous, wrongful, excessive or over-payment of taxes, fines or penalties?

If the federal treasury collects interest on money that is overdue it why should it not pay interest on money the refunding of which to a citizen is overdue?

Importance attaches to this question more especially in connection with the refund to automobile dealers in 1926. Those dealers overpaid excise taxes in considerable sums; the refunding of these payments was authorized, but actual payment, in some instances, long delayed. Why should this money draw interest in the public treasury yet no interest be paid the acknowledged owners of the money?

Mr. J. R. Dixon of Ottawa has published a comprehensive review of the facts relating to and the discussion throughout Canada on the subject, and it seems to us clear that there should be in Canada, as there is in the United States, a statutory provision for the payment of interest by the national treasury on funds in its possession. Mr. Dixon cites a specific case. Mr. F. X Belliveau overpaid excise taxes on forty-three automobiles as of June 8, 1926, in the sum of \$1,350.57. For two and a half years this money was in the public treasury earning interest to the amount of \$236.35. It is Mr. Belliveau's money, to be returned to him, but the interest he does not get. The money is returnable, it does not belong to the treasury, yet the treasury retains the interest. This inequitable dealing has been abandoned at Washington and automatically, as by statute provided, interest is now paid in all such cases. It should surely be so here. And the certainty of an equitable final adjustment would do a great deal to ease relations between the business of the country and the taxing authorities.

In June of last year the Canadian Chamber of Commerce, made up of representatives of 174 boards of trade and chambers of commerce throughout Canada, adopted the following resolution.

"Resolved, that the federal government be urged to adopt the principle of the payment of interest on all moneys held by it and refundable to citizens, a course required by equity, as the government enjoys the use of such moneys pending repayment and, moreover, itself exacts interest on overdue payments on account of taxes, etc. In addition to believing in the justice of this principle the Chamber is of the opinion that its adoption would make for more prompt adjustment of the rights of business men and others by officials of the government."

There would be less likelihood of these long-drawn-out delays in making adjustments which sometimes prove very trying. There would be a strong inducement to prompt and efficient handling of such matters. On December 22, 1926, The Star said that it was understood the motor car dealers were to be paid their money with interest, and they should have been so paid. But the question is now larger than that. The public treasury should by statute undertake to pay interest, as a matter of course, on all such refunds.

**THE TELEGRAPH JOURNAL AND THE
SUN**

St. John, N.B., April 11, 1929.

INTEREST ON REFUND

Mr. James R. Dixon of Ottawa, who was active in the successful agitation for a refund of the excise tax paid by dealers and sub-dealers in automobiles, is now out for the application of the same principle in the case of all refunds, such as duties, drawbacks, income, sales and excise taxes, cash deposits, fines, penalties, etc., to be made retroactive to April 8, 1915.

Mr. Dixon has completed a book of seventy pages covering the whole story, reviewing the correspondence in

connection with the refund to automobile dealers, quoting extensively to show that the United States recognizes the justice of paying interest on refunds, and quoting also from leading newspapers and Boards of Trade throughout Canada in support of the original appeal in the matter of automobiles. He quotes also a resolution adopted by the Canadian Chamber of Commerce, urging "that the Federal Government be urged to adopt a principle of the payment of interest on all monies held by it and refundable to citizens."

Copies of this exhaustive review have been sent to all members of Parliament and Legislatures, mayors of the principal cities and towns, boards of trade and chambers of commerce, newspapers and companies interested in transportation, finance, manufacturing and marketing. Mr. Dixon asks that the interest rate on refunds be six per cent. In supporting his general contention he points out that the Government has the use of the money wrongfully taken until such time as it is refunded, and therefore should pay interest. He would have an Act passed covering the case so that there would never be any question in regard to the justice of such claims in the future, and would have it made retroactive to 1915, because with the war began the chief taxation grievances.

L'EVENEMENT, QUEBEC, QUE.

12 Avril, 1929

JUSTICE AVEUGLE ET INEPTÉ

Lorsqu'une somme est censée due au gouvernement fédéral et que son débiteur présumé paie tradivement, les intérêts plus une surtaxe sont chargés à cet administré. Mais si le gouvernement constate qu'il y a eu erreur, le principal injustement pris est remboursé, généralement avec la surtaxe, mais les intérêts chargés ne sont pas rendus, encore moins l'intérêt courant sur ce capital gros ou petit. S'il a fallu des années pour découvrir et réparer le tort de l'Etat, ces intérêts peuvent représenter beaucoup d'argent. Exemple: Vers 1926, le gouvernement exigea d'un groupe de vendeurs d'automobiles le paiement d'une somme de plus d'un million de dollars, deux ans plus tard, Ottawa reconnut son obligation de rembourser ce montant, mais il refusa de faire remise de l'intérêt sur cette somme, il y a trois ans que cette petite iniquité dure, et l'on peut calculer quelle perte elle représente pour les victimes de cette erreur officielle. Dans l'application de la loi de l'impôt sur le revenu, de semblables erreurs arrivent souvent, au détriment de gens qui n'ont ni l'énergie ni les moyens de revendiquer. Ils subissent leur déveine en maugréant, espérant que les agents du fisc finiront par constater leur méprise, ce qui prend du temps mais finit par se produire. On s'empresse alors de réparer, dans une certaine mesure, ces erreurs évidemment involontaires. Cependant, en aucun cas, s'occuperont de verser aux victimes l'intérêt des sommes injustement retenues. Il y va de l'intérêt du gouvernement lui-même, en tant qu'institution, que cette pratique malhonnête cesse au plus tôt. Que le département de la Justice reconnaisse l'obligation de l'Etat de rembourser les intérêts sur les argents injustement retenus, et il remédiera du coup à la moitié des griefs de ce genre chez ses administrés. En effet, lorsque le gouvernement sera forcé de réparer complètement les erreurs de ses fonctionnaires, ceux-ci seront plus attentifs et plus prudents pour les prévenir, et, en cas d'accidents, plus empressés à les corriger. C'est ce que réclame l'Association des Chambres de Commerce du Canada, et il n'y a pas d'excuse pour le temps qu'on prend à se rendre à cette demande.

OTTAWA CITIZEN

April 12, 1929

INTEREST ON TAX REFUNDS

Last June a resolution was unanimously passed by the Canadian Chamber of Commerce at its third annual convention in Quebec urging upon the federal government the adoption of "the principle of payment of interest on all monies held by it and refundable to citizens."

In giving reasons for the change in the present practice, the resolution pointed out that such a course is required by equity, as the government enjoys the use of

money pending repayment, and, moreover, itself exacts interest on overdue payments on account of taxes.

The case for the payment of interest on money held by the federal treasury and later refunded to citizens has now been developed into a comprehensive summarized review by Mr. J. R. Dixon, of Ottawa, who was so closely identified with the movement to obtain the refund of luxury taxes paid by automobile dealers after those taxes had been suddenly abolished. The review is an exhaustive treatise on the whole subject, as well as being a convincingly written appeal for the reform which is sought. No one reading this remarkable document can remain unconvinced as to the soundness of the principle advocated, nor logically deny the justness of the claims made.

Parliament should act upon the request embodied in Mr. Dixon's summarized review. While he is acting primarily in the name of the automobile dealers of the Dominion, he speaks indirectly for all taxpayers who may in the future have occasion to be owed tax refunds by the Canadian government. What is being asked is that 6 per cent. per annum simple—not compound—interest on money refunded be paid, and that interest payments be made retroactive to April, 1915, when the Special War Revenue Act became effective.

Six per cent. is looked upon as a reasonable rate because it is lower than the ordinary taxpayer or business man must pay to replace money taken and withheld from use by the government. The strongest argument, apart from considerations of equity, for the payment of interest on refunds is that the government itself exacts interest on tax arrears, as pointed out in the Chamber of Commerce resolution. Another strong argument is that the United States pays interest, and at six per cent.

The case is so weighty that it is hard to believe that, once understood, it will not be entertained. Mr. Dixon's review will furnish the necessary means of understanding.

QUEBEC CHRONICLE-TELEGRAPH

April 13, 1929

A JUST OBLIGATION

A year or so ago, after a protracted campaign, the Federal Government finally consented to refund to the automobile trade certain excess taxes collected from it, amounting in the aggregate to a very considerable sum of money. Now this same campaign has been re-opened with a view to obtaining payment of interest for the period that elapsed between collection of the assessment and its refunding.

Not only in this particular instance, however, but in all cases where there has been over-payment or wrongful payment to the Government, it would seem to be an elementary principle of justice that interest should be allowed on such payment for the time that the amount involved remains in the Dominion Treasury; the more so, in view of the fact that the Government itself charges and collects interest on all over-due remittances by private citizens.

Mr. J. R. Dixon of Ottawa has published a comprehensive review of the facts relating to and the discussion throughout Canada on the subject, from which it seems clear that there should be in Canada, as there is in the United States, a statutory provision for the payment of interest by the National Treasury on funds in its possession. Mr. Dixon cites a specific case. Mr. F. X. Belliveau overpaid excise taxes on forty-three automobiles as of June 8, 1926, in the sum of \$1,350.57. For two and a half years this money was in the Public Treasury earning interest to the amount of \$236.35. It is Mr. Belliveau's money, to be returned to him, but the interest he does not get. The money is returnable, it does not belong to the Treasury, yet the Treasury retains the interest. This inequitable dealing has been abandoned at Washington and automatically, as by statute provided, interest is now paid in all such cases. It should surely be so here. And the certainty of an equitable final adjustment would do a great deal to ease relations between the business of the country and the taxing authorities.

In June of last year the Canadian Chamber of Commerce, made up of representatives of 174 Boards of Trade and Chambers of Commerce throughout Canada, adopted the following resolution.

"Resolved, that the Federal Government be urged to adopt the principle of the payment of interest on all moneys held by it and refundable to citizens, a course required by equity, as the Government enjoys the use of such moneys pending repayment and, moreover, itself exacts interest on overdue payments on account of taxes, etc. In addition to believing in the justice of this principle the Chamber is of the opinion that its adoption would make for more prompt adjustment of the rights of business men and others by officials of the Government."

If this were done there would be less likelihood of long drawn-out delays in making adjustments which sometimes prove very trying. There would be a strong inducement to prompt and efficient handling of such matters. On every ground, in fact, we repeat that the Public Treasury should by statute undertake to pay interest, as a matter of course, on all refunds.

THE DAILY ONTARIO, BELLEVILLE, ONT.

April 15, 1929

INTEREST ON TAX REFUNDS

Last June a resolution was unanimously passed by the Canadian Chamber of Commerce at its third annual con-

vention in Quebec urging upon the federal government the adoption of "the principle of payment of interest on all moneys held by it and refundable to citizens."

In giving reasons for the change in the present practice, the resolution pointed out that such a course is required by equity, as the government enjoys the use of money pending repayment, and, moreover, itself exacts interest on overdue payments on account of taxes.

The case for the payment of interest on money held by the federal treasury and later refunded to citizens has now been developed into a comprehensive summarized review by Mr. J. R. Dixon, of Ottawa, who was so closely identified with the movement to obtain the refund of luxury taxes paid by automobile dealers after those taxes had been suddenly abolished. The review is an exhaustive treatise on the whole subject, as well as being a convincingly written appeal for the reform which is sought. No one reading this remarkable document can remain unconvinced as to the soundness of the principle advocated, nor logically deny the justness of the claims made.

Parliament should act upon the request embodied in Mr. Dixon's summarized review. While he is acting primarily in the name of the automobile dealers of the Dominion, he speaks indirectly for all taxpayers who may in the future have occasion to be owed tax refunds by the Canadian government. What is being asked is that 6 per cent. per annum simple—not compound—interest on money refunded be paid, and that interest payments be made retroactive to April, 1915, when the Special War Revenue Act became effective.

Six per cent. is looked upon as a reasonable rate because it is lower than the ordinary taxpayer or business man must pay to replace the money taken and withheld from use by the government. The strongest argument, apart from consideration of equity, for the payment of interest on refunds is that the government itself exacts interest on tax arrears, as pointed out in the Chamber of Commerce resolution. Another strong argument is that the United States pays interest, and at six per cent.

The case is so weighty that it is hard to believe that, once understood, it will not be entertained. Mr. Dixon's review will furnish the necessary means of understanding.—Ottawa Citizen.

OTTAWA JOURNAL

April 15, 1929

INTEREST ON GOVERNMENT REFUNDS

For some years past there has been a growing feeling among the business community of Canada that the Dominion Government and the various Provincial Governments should definitely adopt the principle of paying interest on all moneys held by them and refundable to citizens. Such a practice is incorporated into the statutes of the United States, and there is no reason, certainly no just reason, why it should not be adopted by Governments in Canada. It is a matter of simple justice. A matter embraced in the obvious fact that no Government can possibly have the right to keep money belonging to one citizen and use the interest upon it for the benefit of another citizen. Mr. MEIGHEN, when he was in Parliament, laid it down that where there is a claim for principal there is a claim for interest just as strong; and the stark truth is that to combat that doctrine is to argue for confiscation. That, and nothing less.

What we have in mind at the moment is a document that has just been issued by Mr. JAMES R. DIXON, of Ottawa, entitled "A Nation-wide Appeal for the Payment of Interest on all Refunds made from time to time by the Dominion Government." Mr. DIXON is primarily concerned with certain refunds and interest due to automobile dealers, but his comprehensive review of the principle involved applies to the refund question as a whole. It is, no matter how regarded, an exceptionally able and useful paper—a model for all who essay to place a case for anything or anybody before Government or Parliament.

As Mr. DIXON's review is in the hands of the members of the Government, as well as before members of Parliament, members of Legislatures, and members of all Boards of Trade, Chambers of Commerce and other business organizations, no need exists to review its arguments. It is sufficient to state that, in THE JOURNAL's judgment, it constitutes an unanswerable case, one which no Government can lightly ignore. For our own part, we should like to see the Government and Parliament take action along the lines indicated by Mr. DIXON without further delay. In so doing they would be but introducing a right principle, and one that would confer a considerable benefit upon the business community of the nation.

LE DROIT, OTTAWA

16 Avril 1929

UNE MESURE DE JUSTICE

Il arrive que, pour une raison ou pour une autre, le gouvernement surtaxe des citoyens ou que ceux-ci payent en taxes au bureau du Revenu plus qu'ils ne l'auraient dû.

Lorsqu'une erreur de ce genre est reconnue et prouvée, le gouvernement a remis la différence entre ce que le contribuable lésé devait payer en stricte justice et ce qu'il paya en réalité. C'est la pratique actuelle.

Cette pratique ne concorde point malheureusement avec la simple justice. Supposons, par exemple, qu'un citoyen ait payé, en 1918, pour des taxes quelconques, \$2,000 de trop et que cette erreur soit reconnue par le

gouvernement en 1929, ce citoyen ne recevra que ces \$2,000 sans les intérêts. Est-il juste que le gouvernement se soit servi du capital de ce contribuable, durant dix ans, sans lui en payer les intérêts?

Personne, en effet, n'admettra, dans la vie commerciale ordinaire, qu'autrui puisse, sans un consentement explicite, se servir de son argent, sans lui payer un juste intérêt pour ce service. C'est ce principe fondamental de simple justice commerciale que le public des affaires voudrait voir appliqué par le gouvernement. A cette fin, M. James-R. Dixon, d'Ottawa, a publié un document précieux où est exposée toute la question au sujet du paiement des intérêts sur toutes les sommes remises ou à remettre par le gouvernement aux citoyens qui ont été surtaxés ou qui ont payé en taxes plus qu'ils ne l'auraient dû.

Ce document n'est que l'écho de la résolution de la troisième convention annuelle de la Chambre canadienne de commerce, tenue à Québec, en juin 1928. Cette résolution à son tour n'est que le porte-voix des diverses Chambres de commerce et des différentes associations commerciales disséminées à travers le pays.

La correction de cette situation demanderait une législation spéciale. Il ne faut pas avoir peur d'en prendre les moyens. Ce serait une simple mesure de justice.

CALGARY ALBERTAN

April 17, 1929

INTEREST ON TAX REFUNDS

When the Canadian Chamber of Commerce last June urged the Dominion Government to adopt "the principle of payment of interest on all monies held by it and refundable to citizens" it submitted, among its arguments that the Government itself did not hesitate to charge interest on overdue taxes, etc., that the Government had had the use of the excess so paid and that it was only fair that it should pay for the use of these funds. To which, of course, might have been added, if it was not, that the over-charged taxpayer had been "out" a corresponding sum for a corresponding time and that he consequently was also "out" the interest or other earnings which might have accrued to him had he had that money.

In a voluminous brief compiled by Mr. J. R. Dixon of Ottawa, the case for the payment of interest on refunds of taxes is very clearly set forth. He it was who was so closely identified with securing the refund of luxury taxes paid by automobile dealers collected when the tax, with such astonishing swiftness, was abolished.

His case, while made out primarily in behalf of the automobile dealers, is incidentally the case for all payers of taxes and is sufficiently convincing to merit the very careful consideration of Parliament. His recommendation is simply this: That interest at the rate of 6 per cent. per annum should be allowed, retroactive to April, 1915, on money refunded to taxpayers—the date mentioned being that when the Special War Revenue Act went into effect.

The request seems reasonable enough. In the first place, nothing more than simple interest—not compound is asked. Moreover, the rate of 6 per cent. is lower than the taxpayer would have to pay to replace the money of the use of which he had been thus deprived, and as a precedent for the payment of interest on refunds of this kind he cites the United States where it is already the practice.

THE EXAMINER, PETERBOROUGH, ONT.

April 17, 1929

The appeal prepared by James R. Dixon of Ottawa, urging the payment of interest on all refunds made from time to time by the Dominion Government, while designed primarily to secure this right for automotive dealers who suffered as a result of sales tax charges, is so manifestly based on common sense and common fairness that it will be difficult to refuse it.

The principle of Governments paying interest on all moneys held by them and refundable to citizens has long since been adopted by the United States, and there seems no logical reason why it should not apply to Canadian practice.

It is surely evident that, as was pointed out several years ago by Right Honourable Arthur Meighen, that where there is a claim for principle there is an equally strong claim for interest.

If the Government believes it fair to refund money that it has no right to hold, there is no reason why it should not pay the interest that accrued on that money, it does not belong to anybody, surely, but to the rightful owners of the sums that had been withheld.

THE GAZETTE, MONTREAL

April 18, 1929

THE GOVERNMENT AS A DEBTOR

An appeal is being made to the Government, and to Parliament, for the adoption of a principle under which the State, when in debt to an individual or corporation, will discharge its indebtedness fully and fairly. That principle is now lacking in the Government's dealings with certain classes of creditors. It was lacking for a long time in the treatment of the automobile trade after the removal of the luxury tax on automobiles, and some of that old injustice still remains. The agitation for fair treatment of the automobile trade in respect of refunds and interest thereon has broadened so as to include all monies refunded

by the Government from time to time since April 8, 1915, when the Special War Revenue Act became operative, in respect of customs duties, drawbacks, income tax, sales tax, excise tax, cash deposits, fines, penalties, etc. What is asked is that the Government pay simple interest at six per cent. on all monies received from the public in excess of the amounts which the treasury is entitled to retain. For example, one of the many objections to the income tax is the "heads-I-win-tails-you-lose" attitude of the Government toward the taxpayer. If the latter makes an insufficient payment to the Government, however innocently, and even upon the information given him by an official of the Government, he is called upon in a very peremptory way for the balance—with interest. But when the taxpayer, as not infrequently happens, overpays his income tax through some error in computation, the Government, in its own good time, refunds the balance due him—but without one cent of interest. What is sauce for the goose in this matter of income tax refunds or collections, is not sauce for the gander, and yet it is an old and honored axiom that a rule which will not work both ways is a poor one.

This condition continues despite the fact that the principle of repayment with interest has been acknowledged by Parliament, the fault is in the failure of the Government and Parliament to apply the principle generally. It is a condition for which departmental officials cannot be held responsible, since they must take the laws as they find them. The most well-meaning official in the service cannot administer an unjust law justly, and the result is that the Government has the use of what must be in the aggregate a very large sum of money, and pays nothing for it. In the case of the income tax payer the case is peculiarly inequitable in that the individual is held responsible for his own assessment, although the impost is a highly complicated one and, in some of its aspects, passes all understanding. To penalize the taxpayer for a mistake committed in these circumstances is very much like adding insult to injury, or injury to insult and yet he is penalized whether he pays the Government, too much or too little. If he underpays, he is called upon to send in the balance with interest, and if he overpays he is forced to give the Government the free use of the excess sum until such time as the Government feels disposed to return it. The victims of this practice are the people who pay their income tax, not those who evade it, and the whole situation is about as unjust and as mischievous as it can possibly be—mischievous, because injustice must inevitably beget contempt for the law and indifference toward its successful administration.

If the Government and Parliament care to go to the United States for an example they will find that interest payments upon refunds made to the taxpayers are guaranteed by statute, and are paid. Six per cent. interest on income tax refunds in the United States has run into a large sum, since one refund alone in 1928 amounted to \$15,000,000. The claims are settled fully as a matter of justice, but the United States Treasury does not overlook the fact that fair treatment of the taxpayer is a good thing for the State. The American income tax refunds, credits and abatements, since the tax was first imposed have been estimated at the huge sum of \$2,614,896,000, including interest at six per cent. No such amount is involved in this country, but when all the claims covered in the present appeal are included, the sum will be found to be a very considerable one. The principal is, of course not involved, since the bulk of it has been repaid, but the unpaid interest, dating back to 1915, will run into fairly large figures. If those figures seem formidable from the standpoint of the Dominion Treasury, they are no less so from the standpoint of the public whose money has been used by the Government without compensation. The amount, however large or small, represents the difference between fair and unfair treatment of the taxpayer by the Government. If the money is due it ought to be paid, and upon grounds of ordinary equity it certainly is due.

LA PATRIE, MONTREAL, P.Q.

April 18, 1929

UNE MESURE DE JUSTICE

Lorsque l'hon. Fernand Rinfret vient de conseiller à un groupe de nos concitoyens qui ont une réclamation à faire valoir auprès de l'administration fédérale de se confier au sens de justice du gouvernement, le moment semble propice pour obtenir le redressement d'un état de choses qui a toujours existé dans les rapports entre l'Etat et ses administrés et qui n'est pas conforme au principe de la justice. L'occasion de ce redressement s'offrira incessamment. En effet, ceux qui ont dû soutenir une lutte de plusieurs années pour faire rembourser aux marchands d'automobiles la taxe de luxe qu'ils avaient payée par anticipation et que le gouvernement avait abolie, et recommencer une pareille lutte pour obtenir que cette taxe fût remboursée avec intérêt, se proposent de réclamer du gouvernement une loi par laquelle sera décrétée d'application générale le principe que les marchands d'automobiles ont si laborieusement réussi à faire reconnaître. En deux mots, on va demander au gouvernement de poser une règle statutaire suivant laquelle tous les remboursements qu'il sera dans l'obligation de faire seront invariablement effectués avec intérêt, que l'on suggère de calculer au taux de six pour cent, intérêt simple.

Le gouvernement, lorsqu'il apparaît comme créancier, ne néglige jamais de prélever l'intérêt, souvent aggravé de pénalités lorsqu'il s'agit des impôts. Il est si méticu-

leux sur ce point que, sur un état de compte dont une copie authentique a été placée sous nos yeux, nous voyons qu'il a perçu d'un contribuable, comme impôt sur le revenu, \$2.96, montant de la taxe, 15c de pénalité pour un retard, et 1c d'intérêt. On voit par là que l'Etat ne songe pas à laisser perdre la moindre parcelle de son droit.

Mais la même règle devrait s'appliquer aux contribuables, lorsque le gouvernement retient en sa possession de l'argent qui leur appartient. Lorsque des contribuables ont payé des sommes en trop, il faut toujours une longue procédure pour lui faire rendre cet excédent aux ayants-droit. Dans l'intervalle, le gouvernement a la jouissance de cet argent qui ne lui appartient pas, de sorte qu'il n'est que juste que, lorsqu'il rembourse, il ajoute à la somme principale l'intérêt. Et il n'est pas juste que le contribuable soit en pareil cas tenu de gagner en quelque sorte par des démarches multipliées ce qui lui est dû de plein droit. Une pareille loi existe aux Etats-Unis où le gouvernement, en conformité d'une disposition statutaire, effectue invariablement tous ses remboursements avec intérêt.

CALGARY DAILY HERALD

April 19, 1929

INTEREST ON REFUNDED TAXES

A comprehensive argument for the payment of interest by the Dominion government on all monies held by it and returnable to citizens has been issued by Mr. J. R. Dixon of Ottawa. He has long been active in the movement to obtain the refund of luxury taxes paid by automobile dealers after those taxes had been abolished.

The matter was dealt with by the Canadian Chamber of Commerce at its third annual convention in June last. A resolution was passed urging the federal government "to adopt the principle of payment of interest on all monies held by it and refundable to citizens, a course required by equity as the Government enjoys the use of such monies pending repayment and moreover, itself exacts interest on overdue payments on account of taxes, etc., in addition to believing in the justice of this principle, the Chamber is of the opinion that its adoption would make for the more prompt adjustment of the rights of business men and others by officials of the Government."

Mr. Dixon makes an exhaustive and convincing plea for the reform. What is asked is the payment of six per cent. simple interest by the government. This is the rate paid by the United States where the principle of allowing and paying interest on all refunds has long been recognized as not only fair and reasonable but as good business.

FINANCIAL TIMES, MONTREAL

April 19, 1929

INTEREST RULE SHOULD WORK TWO WAYS

This being the season for filing income tax returns, with payments based on self-assessment, wide interest will undoubtedly be taken in the agitation to have the government pay interest on all overpayments of taxes or on levies which may be improperly collected and later refunded.

Obviously the government is the only institution in the country which can hold other peoples' money without paying interest and itself collect interest on such funds. The individual, who, in his desire to properly interpret his obligation, pays more than he should, or the firm which pays taxes under protest, and is entitled to a refund, receive eventually only the amount actually due them. There is no allowance for interest. But the financial statement of the government shows that such sums, important in the aggregate, provide a substantial return in interest to the government as bank deposits.

There was a time long ago when the individual who collected interest was not well regarded by his fellows, but today payment of interest is so widely recognized as a sound principle that it is practically an automatic charge in financial and commercial transactions. Furthermore it is argued convincingly that the return of overpayments with interest, would encourage all those liable for taxation to be more prompt and liberal in their payments. Also—it is to be hoped—rebates would then be made more promptly.

We doubt the advisability of any democratic government retaining for itself benefits and privileges which are not accorded to the citizens. Tax-payers are immediately assessed for all payments which are overdue, why should the same rule not apply on the government's obligations?

LA PRESSE, MONTREAL

19 Avril 1929

DEMANDE RAISONNABLE

Lorsque nous avons fait écho aux réclamations des marchands d'automobiles du Dominion auprès du gouvernement fédéral pour se faire rembourser certaines sommes perçues à titre d'impôts et, affirmait-t-on, indûment retenues, nous croyions qu'il s'agissait toujours du rajustement rendu nécessaire par l'abolition de la taxe sur le luxe, en décembre 1920. On nous signale que ce différend a été réglé et qu'il s'agit d'une autre demande plus récente.

Il y a quelques années, au cours de la session de 1926,

Ottawa décidait de supprimer l'impôt d'accise de 5 pour cent sur les automobiles de fabrication domestique dont la valeur n'excédait pas \$1,200, et le gouvernement s'engageait à rembourser aux marchands d'automobiles le montant de cette taxe payé sur les automobiles achetées avant le 8 juin 1926 et en leur possession comme non vendus à cette date. Le total du remboursement s'élevait à \$300,000, somme qui a été presque entièrement remise aux marchands, mais sans intérêt. C'est cet intérêt que l'on demande aujourd'hui, au taux de six pour cent. En même temps, on prie le gouvernement d'amender les statuts de manière que, à l'avenir, le remboursement de n'importe quelle taxe non due se fasse automatiquement.

Les raisons que nous avons apportées à l'appui de la première requête des marchands d'automobiles valent également pour celle-ci. Qu'il s'agisse d'une taxe sur les articles de luxe ou d'un impôt d'accise, peu importe, le principe reste le même: le gouvernement ne saurait retenir une somme à laquelle il n'a pas droit, soit parce qu'elle a été perçue par erreur, soit parce que l'impôt lui-même a été aboli ou réduit. Et par remboursement, il faut entendre assurément et le capital et l'intérêt, comme on fait dans le cours ordinaire des affaires.

Ottawa ne tardera pas, sans doute, à régler cette question et à payer l'intérêt réclamé par les marchands d'automobiles. Nos législateurs fédéraux voudront aussi faire en sorte d'empêcher la répétition de pareils cas.

MANITOBA FREE PRESS, WINNIPEG

April 19, 1929

REFUNDS SHOULD BE MADE

At the time of the reduction in duties on motor-cars in 1926, the automobile dealers made application for a refund on the luxury tax paid in advance on cars in their possession, and in due course received the sums due them from the Government. Since then they have endeavoured to procure refund on excise tax similarly paid in advance on their stocks of cars, but have not yet forced action upon the Government. There appears to be no reason why this request should be denied. An excise tax is in most cases a countervailing tax to offset partially at least customs duties, and a reduction of either duty should be followed by a refund.

Mr. J. R. Dixon, acting for the automobile dealers, has issued a brief on the subject in which he strongly urges that blanket legislation be passed to permit immediate refund by Government departments on all taxes collected in excess of the amounts justly due. This is also common sense. There is no reason whatever for special legislation to be passed to cover each particular case as it arises. To maintain such a system is only a subterfuge by the departments concerned to hang on to money to which they have no real right.

Mr. Dixon also demands the payment of interest on refunds due in the past, and wants it made retroactive to 1915, when the first of the taxes which have caused most of the worry were passed. In this, also, he appears to have reason on his side. If there is a moral obligation to make refunds of excess payments, there is no reason why the Government should withhold interest as well. The Government has had the use of the money, and the man who paid the excess has gone without. The only real questions for the Government to consider are the rate of interest which should be paid, and the length of time for which the legislation should be made retroactive.

THE MONETARY TIMES, TORONTO

April 19, 1929

SHOULD PAY INTEREST ON REFUNDS

The matter of payment of interest on all refunds made from time to time by the Dominion Government is one which is receiving some attention just now at the hands of those interested in the matter. Over the signature of James R. Dixon, of Ottawa, circulars have been sent out putting forward the case of those making claims for reimbursement in this connection, although as stated in his summary it is for the automobile dealers of Canada primarily that Mr. Dixon is making his appeal.

The requests which have been made for the payment of simple interest at the rate of six per cent. per annum do not appear to be unreasonable while the further request that payments be made retroactive to 1915 would also seem to be justified. In the appeal issued March 18, which has been widely circulated among all those likely to be interested, a great mass of detail is presented regarding various cases which have come under the notice of those who have taken the question up. These in short, deal largely with monies refunded by the government from time to time for the "excessive, wrongful or over-payment of customs duties, drawbacks, income, sales and excise taxes, cash deposits, fines, penalties, etc." as well as the "payment of balances of excise refund claims for five per cent. excise taxes paid in advance on Canadian-made automobiles valued at \$1,200 and under which remained on hand, unsold, in possession of dealers as of June 8, 1926, together with interest thereon to date of payment."

It would seem quite probable that the matter is one on which the government will prove to be sympathetic in so far as if monies have been over paid to the public treasury and a refund is being made interest, it is claimed should also be allowed. The fact that a refund is made is evidence in itself that the government has had the use

of money which did not belong to it for a certain length of time.

Whether this money came into the public treasury through the mistake of a government official or of an individual citizen, is not the point at issue. The fact remains that the government has had the use of the funds in question while the owner has had to do without. It would therefore, seem to be only just that the owner should be reimbursed to some degree and six per cent. simple interest is not an exorbitant charge. Copies of the appeal have been broadcast to various parties, including members of all legislative bodies in the Dominion. The petition is one to which the government could very well give a sympathetic hearing.

HARDWARE & METAL, TORONTO, ONT.

April 20, 1929

A LITTLE INTEREST, PLEASE!

A recent memorandum to a variety of interested people shows that Jas. R. Dixon, of Ottawa, is still on the trail of a reluctant government and is trying to secure for the automobile dealers of Canada interest as well as principal on the luxury taxes refunded by the government. Mr. Dixon, in his most recent memorandum, explains to the government how easily it is getting off by being asked for simple instead of compound interest. The immediate question at issue has particular interest for automobile distributors. In its wider application, however, it has interest for business at large, because frequent occasion arises where the government refunds to corporations substantial funds long held. Should or should not the Dominion government pay interest on refunds?

On general principles of morality one would say, Yes! When it transacts business with its subjects the crown, which is the government is in the position of any legal person and should be subject to the same laws and customs. If an individual can be forced to pay interest on funds he retains from the use of another, it seems reasonable that the government be subject to the same requirement. The government has a habit of demanding interest from corporations or individuals when they are overdue in their payments, fair play and common honesty suggest that in return the government should pay interest. In many cases, of course, the amounts involved are infinitesimal, and do not warrant the expense of bookkeeping, but oftentimes real hardship is involved where substantial sums are at issue. It looks as though the government, as a measure of ordinary justice should adopt some regulation where it will pay to its subjects interest compensation on sequestered funds.

MAIL & EMPIRE, TORONTO

April 20, 1929

ASKING INTEREST ON REFUNDS OF TAXES

From the long discussions that have taken place from time to time since 1920 of claims of Canadian dealers in automobiles to refunds of payments of excise taxes made to the Dominion Government a new question has sprung. The Dominion Government, it may be recalled, provided in December, 1920, for remission of luxury taxes on automobiles. Again, in 1926, the government readjusted the rate of customs and excise taxes on motor vehicles and abolished the excise tax of 5 per cent. on Canadian-made vehicles valued at \$1,200 or less. Canadian automobile dealers asked for refunds of luxury taxes paid in advance on machines remaining in their hands and unsold on December 20, 1920. Later they sought refunds of excise taxation paid in advance on Canadian-made cars valued at \$1,200 or less that were in their possession on June 8, 1926. The King Government and the Dominion Parliament dealt with both requests in 1926. Parliament voted \$1,690,000, comprising principal to the amount of \$1,250,000 and interest to the amount of \$440,000 to settle claims based upon the repeal of the luxury tax in 1920. It also provided by amendment to the budget resolutions for the payment of rebates of excise taxes on Canadian-made cars valued at \$1,200 or less remaining unsold in the dealers' possession on June 8, 1926.

The action of the government and of parliament in authorizing refunds of luxury and excise taxes was regarded by the public as a measure of justice to the automobile dealers. That action recognized that the dealers had paid in advance to the government money which they were supposed to collect from purchasers of cars, but which, by reason of the repeal of the luxury and excise taxes, they were prevented from recovering from buyers of motor vehicles. Discussion of the action of the government since 1926 has hinged upon the fact that the government did not deal in the same way with both sets of claims. It allowed and paid interest on claims arising from the repeal of the luxury tax in December, 1920. It did not arrange for the payment of interest on claims resulting from the abolition of excise taxes in 1926. This discrimination has led to the putting forward of a contention that legislation should be enacted to provide for the payment of interest at the rate of 6 per cent. per annum on all refunds by the Dominion Government of customs and excise duties, drawbacks, income taxes and penalties. It is pointed out that the United States government pays interest on such refunds. It is also noted that the Canadian government exacts payment of interest on all arrears of taxation. In other words, the government applies a different policy in dealing with its debtors from that which

it applies in its relations with its creditors. Aside from that fact, it should be remembered that the government has the use of the money that it collects in excess taxation. The taxpayers whose money the government detains are deprived of the use of that money in their businesses pending the payment of refunds.

THE GLOBE, TORONTO

April 22, 1929

WHERE THE LAW IS UNJUST

It is a century-old axiom that "the law is a hass." But more than one person harbors a suspicion that the sloth and seeming stupidity of the law are usually evident when existing conditions suit the ruling authorities. Mr. James R. Dixon of Ottawa is waging a campaign to prove that this is the case in one respect at least.

At the present time the law says that overdue taxes, when collected, must be accompanied by interest payment, at specified rates, for the delinquent period. But the law says nothing about the Government paying interest on charges levied and collected in excess of those legally due. The widow may omit paying a sales tax on her little business until checked up by the inspector. She is finally charged, not only for the amount due, but for generous interest during the overdue period. Let this same widow win a claim for excess payment of customs duties, or any other taxes, perhaps after years of argument. Does the Government pay interest for the use of the money during that period? Nay, verily.

Mr. Dixon, who was active in the successful agitation for a refund of the excise tax paid by dealers and sub-dealers in automobiles, is now out for the application of the same principle in the case of all refunds. He asks that the interest rate on refunds be 6 per cent. He would have an Act passed covering the case so that there would never be any question in regard to the justice of such claims in the future, and would have it made retroactive to 1915, because with the war began the chief taxation grievances.

Mr. Dixon is right. Parliament should enact measures to redress this wrong.

THE HAMILTON SPECTATOR

April 22, 1929

ACT OF JUSTICE

An attempt is being made to remove an anomaly which causes much injustice to a large number of citizens. Briefly, the Dominion government is appealed to—not for the first time—to deal with its creditors as it does with its debtors. This is obviously a fair request, and since those affected are Canadian citizens, there is all the stronger reason why favorable and prompt action should follow. The demand arises specifically out of certain refund claims on Canadian-made automobiles, with interest; but the principle involved applies to all moneys unjustly retained by the government, and therefore the arguments cover all excess or "wrongful payments of duties, income, sales, excise or other taxes." What is complained of is the fact that, when—to take the case of the income-tax payer—the sum paid to the government is less than that required by law, not only is the balance demanded, but interest and penalties are added to boot. If, however, too much has been paid to the government, the best that can be hoped for is that the principal—usually after considerable delay and effort—will be refunded; not one cent of interest can be expected. It is the same in other forms of taxation, the government always has the advantage over the taxpayer, who has no redress, but must suffer the loss of interest, if he is fortunate enough to get back the principal, when money has been wrongfully paid to the government.

In the aggregate, considerable sums come into the treasury in this way. It is suggested that, dating from April 8, 1915, when the Special War Revenue Act came into force, simple interest at the rate of six per cent. per annum be paid by the government on all moneys refundable to citizens. This is already the established practice in the United States. The matter was brought up at the last annual convention of the Canadian chamber of commerce and the principle strongly endorsed by resolution. The Hamilton chamber has gone on record as favoring the movement; while many influential organisations and individuals in all parts of the country have joined in the demand for government action. What is asked is so obviously fair that it is not anticipated that any opposition will develop; but it is the force of public opinion which accomplishes reform, and that is why an organised campaign is necessary.

SASKATOON STAR-PHOENIX

April 22, 1929

INTEREST ON TAX REFUNDS

The Star-Phoenix has received from Mr. J. R. Dixon, of Ottawa, a copy of a brief prepared by him in behalf of automobile dealers seeking to obtain a refund of taxes paid in advance by them three years ago. They appear to have a legitimate claim on the treasury since the amounts were paid in excess of what the law, as amended by the 1926 budget, required of them.

Mr. Dixon expands his particular appeal in their behalf into an apparently sound argument in favor of the payment of interest on all refunds made to taxpayers

by the Dominion government. He asks for blanket legislation to permit repayment, with interest, of all taxes paid in excess of amounts due. There is already such a provision in the law of the United States, and it will surprise many Canadians to learn that Mr. Dixon's request has to be made. It seems to go without saying that when the government has held money properly belonging to private persons it should, on making restitution, pay for the use of the funds at a reasonable rate. No government hopes to borrow without offering interest or would attempt to do so, no matter what the emergency. A government which obtained funds by a forced loan and paid no interest would rightly be accused of confiscation, and whatever may be said for confiscatory tactics in certain circumstances, the present government of Canada is not known to have adopted any such policy.

A law requiring that interest be paid on refunded taxes would be just to those citizens who have paid more than they owe and it would have the additional advantage of hastening settlement. The government will lose no time in returning excess payments if they are made interest-bearing.

THE BRANTFORD EXPOSITOR

April 23, 1929

SHOULD PAY INTEREST

An appeal is being made to the Federal Government and to Parliament for the payment of interest on moneys which it owes to individuals or corporations, as a result of overcharges in the collection of various forms of taxation. The fact is that tens of thousands of dollars remain in the possession of the federal treasury on which no interest whatever has been paid. The appeal has been framed to include the various sums of money refunded by the Government from April 8, 1915, when the Special War Revenue Act became operative, in respect to customs duties, drawbacks, income taxes, sales taxes, excise taxes, cash deposits, fines and penalties. The demand is made that the Federal Government shall pay simple interest at the rate of six per cent. on all sums of money collected from the public in excess of the amounts which the treasury is entitled to retain.

This is a sound business proposition, and ought to be given prompt attention by the Government. Under the present law, if any taxpayer fails to pay the exact amount due, a bill is rendered with interest, no matter how small the sum may be. In certain cases interest amounting to one cent has been charged. This rule ought to hold good when the taxpayer for any reason through some error in interpreting the law or in computation, pays more than his due. In this case, however, the Government takes it own time to refund the amount without one cent of interest. This practice has continued in spite of the fact that Parliament has acknowledged the principle of repayment with interest. This is due to the failure of the Government and Parliament to apply the principle generally. The practise is an unjust one, because often in the payment of income taxes, where the taxpayer makes his own assessment, the schedules are so complicated that it is very easy to make an insufficient payment. Moreover, the victims of this unjust principle are those who pay their incomes, not those who evade them.

The principle of paying interest on all moneys refunded has been practised in the United States for years, on the ground that just treatment of the taxpayer is good policy. Since the income tax was first levied in the United States refunds, credits and abatements have been repaid, estimated at the huge sum of \$2,614,896,000, including interest at 6 per cent. Of course the amount overpaid in Canada is small compared with this figure. The Government has no more right to keep payments of this character without paying interest to the taxpayer, than it has to expropriate funds that he may have in the bank, and use them for a month, or two months, or six months, as the case may be, without paying interest. It is to be hoped that the present appeal, which is representative of all Canada, will be heeded by the Government and justice done in this matter.

THE DAILY TIMES, MONCTON, N.B.

April 23, 1929

ASKING INTEREST ON REFUNDS OF TAXES

Toronto Mail and Empire: From the long discussions that have taken place from time to time since 1920 of claims of Canadian dealers in automobiles to refunds of payments of excise taxes made to the dominion government a new question has sprung. The dominion government, it may be recalled, provided in December, 1920, for remission of luxury taxes on automobiles. Again, in 1926, the government readjusted the rate of customs and excise taxes on motor vehicles and abolished the excise tax of 5 per cent. on Canadian-made vehicles valued at \$1,200 or less. Canadian automobile dealers asked for refunds of luxury taxes paid in advance on machines remaining in their hands and unsold on December 20, 1920. Later they sought refunds of excise taxation paid in advance on Canadian-made cars valued at \$1,200 or less that were in their possession on June 8, 1926. The King government and the dominion parliament dealt with both requests in 1926. Parliament voted \$1,690,000, comprising principle to the amount of \$1,250,000 and interest

to the amount of \$440,000 to settle claims based upon the repeal of the luxury tax in 1920. It also provided by amendment to the budget resolutions for the payment of rebates of excise taxes on Canadian-made cars valued at \$1,200 or less remaining unsold in the dealers' possession on June 8, 1926.

The action of the government and of parliament in authorizing refunds of luxury and excise taxes was regarded by the public as a measure of justice to the automobile dealers. That action recognized that the dealers had paid in advance to the government money which they were supposed to collect from purchasers of cars, but which, by reason of the repeal of the luxury and excise taxes, they were prevented from recovering from buyers of motor vehicles. Discussion of the action of the government since 1926 has hinged upon the fact that the government did not deal in the same way with both sets of claims. It allowed and paid interest on claims arising from the repeal of the luxury tax in December, 1920. It did not arrange for the payment of interest on claims resulting from the abolition of excise taxes in 1926. This discrimination has led to the putting forward of a contention that legislation should be enacted to provide for the payment of interest at the rate of 6 per cent. per annum on all refunds by the dominion government of customs and excise duties, drawbacks, income taxes and penalties. It is pointed out that the United States government pays interest on such refunds. It is also noted that the Canadian government exacts payment of interest on all arrears of taxation. In other words, the government applies a different policy in dealing with its debtors from that which it applies in its relations with its creditors. Aside from that fact, it should be remembered that the government has the use of the money that it collects in excess taxation. The taxpayers whose money the government detains are deprived of the use of that money in their businesses pending the payment of refunds.

THE BORDER CITIES STAR, WINDSOR, ONT.

April 24, 1929

A JUST CLAIM

There are many anomalous features about the federal government's attitude toward taxpayers but none more glaring than that exhibited in its treatment of automobile dealers under the excise tax refund ruling of 1926. Business men of this class had already paid the so-called luxury tax to the government on cars in stock when the impost was abolished. In this way they lost heavily and there was an order put through to return the money to which the dominion treasury was not entitled. Tardy restitution was made but no interest was paid on the sums that had been at the government's disposal for so long. Automobile dealers organized in an attempt to rectify this injustice and they have been carrying on a campaign for recognition of their claim ever since.

Any Canadian taxpayer who falls behind in payment of his income tax knows with what inexorable determination the authorities at Ottawa exact their pound of flesh in the form of interest. There is no argument about the matter and the longer a defaulter delays the more it costs him. If this is correct procedure on the part of the income tax branch why is it not equally just for the government to pay interest on over-paid revenue returnable to individuals? There is no logical argument against the dealers' contentions. The administration at Ottawa hasn't a leg to stand on. It owes interest on the considerable amount of money over-paid prior to its refund order and it is only stalling off its claimants in the hope they will tire of the agitation to secure what is coming to them.

It is pointed out by Mr. J. R. Dixon, who has made a study of the principle raised by this situation, that in the United States there is statutory provision for payment of interest on funds in possession of the national treasury. In this connection the following resolution, passed last June by the Canadian Chamber of Commerce, is illuminating:

"Resolved that the federal government be urged to adopt the principle of the payment of interest on all moneys held by it and refundable to citizens, a course required by equity, as the government enjoys the use of such moneys pending repayment and, moreover, itself exacts interest on overdue payments on account of taxes, etc. In addition to believing in the justice of this principle the Chamber is of the opinion that its adoption would make for more prompt adjustment of the rights of business men and others by officials of the government."

It is a safe assumption that if the federal treasury had to pay interest on sums wrongfully collected, as in the case of the automobile dealers, there would be more promptitude in adjusting claims. Delay of the government in returning overpaid taxes was bad enough without adding insult to injury by refusing to pay interest to the motor dealers affected. If a private concern attempted high-handed tactics of this kind it would be brought to book in law courts of the land. And just because it is the federal government that is at fault is no reason why it should escape without paying its just debts. This matter is pressing and should be dealt with at the present session of Parliament.

THE BEAVER; TORONTO, ONT.

April 25, 1929

JUSTICE DEMANDED

A determined effort is being made to get the House of Commons to pass legislation providing for the payment of interest on sums collected by the Government and later refunded as being collected in error or otherwise. Any one who has had money in the hands of the Government and had to go through all the red tape and departmental delays required to get it refunded must acknowledge the justice of the contention.

The United States has acknowledged the justice of it for some time and pays at the rate of six per cent. per annum for the time such money is held. This rate is set because it will cost the ordinary man at least this amount to replace the capital so tied up until he can again have it available. In other words he actually suffers damages equal to this rate of interest. Not only that but the Government has the use of the money during that time and certainly should pay something for it even though it were as low a rate as is paid to bondholders.

There is the case of one man who paid in the sum of \$1,350.57. It was two and a half years before he got this money back. The interest he would have to pay to replace this working capital in his business during that time would be \$236.35. As a result in reality the Government forced this man to accept \$1,114.22 in complete settlement for a lawful debt of \$1,350.57.

The old answer of past centuries to this demand was that it is not British practice to pay interest on monies refunded and that the making of a refund at all by the Crown is an act of grace. This is no answer at all. The maker of such a poor excuse forgets that it has also been British practice for government methods to change with the changing times. It is one of the chief boasts of British people that their system of government is not so set and unbending that it cannot adapt itself to changing conditions. If the claim is just the practice of the past should have nothing to do with the argument. The redress of grievance is supposed to be one of the chief functions of Parliament. The fact that it is but a small proportion of the population who suffer no doubt has been one of the chief reasons why the situation was not rectified years ago.

As a matter of fact the Government has already admitted the justice of the claim in several individual instances. In the matter of the Luxury Tax which was removed in 1920 the Government paid to automobile dealers by special vote of the House of Commons the sum of \$392,163.24 on account of interest alone. In this case an organized and powerful industry by pressure obtained justice though it took them about eight years to do it, and it must have eaten up considerable of this amount in attorney fees and other expenses.

Such payments should be made a matter of course to be made to the man who has had a few dollars tied up as to the big and powerful organisation who has thousands and can afford to spend money to get its rights. The Dominion Government should delay no longer but should proceed at once to make such payments statutory as a matter of course.

THE CHATHAM DAILY NEWS

April 26, 1929

A TAX INJUSTICE

Mr. James R. Dixon of Ottawa is at present engaged in a movement which will be of interest to every person liable for income tax. At the present time if payment of this tax is allowed to lapse, the person liable must pay interest on all overdue amounts. If, however, through a mistake in making out the return, or for any other reason, overpayment is made, and a refund is granted the government does not pay interest on the amount refunded, and which they have had the use of until it finds its way back to the taxpayer, which in many instances is months after the error has been made.

Mr. Dixon is of the opinion that if the government charges interest on overdue payments, which may be the result of unintentional error on the part of the taxpayer, they should also pay interest when refunds are made of excessive amounts which have been paid. He is perfectly right, and moreover, he is correct in his contention that when such a request is granted by the government it should be made retroactive to 1915 because with the war began the chief taxation grievances.

The parliament of Canada should lose no time in rectifying this wrong. There may be some who think that it is a small matter, and that there are very few people who are paying in money for which they are liable, but an examination of the records would be surprising in this regard. The Income Tax law is a complicated one, and upon many occasions those liable for the tax do an injustice to themselves when forwarding the amounts for which they think they are liable. The error is not always discovered promptly, and months often elapse before the income tax department makes the refund. The question of interest in such cases is never mentioned. The taxpayer gets the exact amount which he has overpaid. But when the mistake is made the other way, and months afterward it is discovered that the amount forwarded was too small, along comes a bill for the balance, with the interest added, and there is nothing for the taxpayer to do but pay up.

Mr. Dixon is meeting with considerable success in the campaign he is waging, at least as far as getting

people interested in it, is concerned. Boards of trade and city councils are passing resolutions supporting his contention, and the press of Canada is practically a unit in lining up behind him. It is understood that intimation has been hinted that if the amounts refunded are not too large, the government may be inclined to grant the request for interest. But the larger the amounts, the greater the reason why the interest should be paid by the government. The reasonableness of the request is apparent on the face of it. If the government has the use of money to which it is not entitled, it is only right that it should pay interest upon it until such time as it is given back to the people who are entitled to it.

THE HAMILTON HERALD

April 27, 1929

INTEREST ON GOVERNMENT REFUNDS

Is it right for the Government to charge a man interest on his delayed payments, and then when the Government owes him money, and keeps him out of it, sometimes for years, refuse to allow him any interest, however great the hardship may be for the creditor? Of course every body will say that it is wrong for the Government to set such a bad example, and many will refuse to believe that the Government would be capable of such a policy. Well, they do not know what the Government is capable of doing in this respect. Mr. James R. Dixon has drawn up a voluminous report to show what the Government has actually done and continues to do in this way, and a copy may be had of it, in which he shows how refunds made for wrongful or overcharged payments of custom duties and various taxes, cash deposits, fines, penalties, are never accompanied by a hint of interest. People have not only to bear the injustice of wrongful charges, but must suffer the loss of interest and often have to pay bank interest themselves for the money they are lacking by the Government fault. The subject is really an immense one, and Mr. Dixon has given a summary of what is charged against the Government on this head. Large sums were exacted wrongfully from motor car dealers and the interest on such payments, eventually refunded, amounted to large sums. In 1926 there was paid on this head \$392,163.24 interest on these motor car accounts. Mr. Dixon is now pressing for recognition of the application of the principle to the refunds on taxation of various descriptions wrongfully assessed. Boards of Trade and other bodies are taking the matter up and any one who is interested may obtain information from Mr. Dixon at 18 Rideau Street, Ottawa.

THE FREE PRESS, LONDON, ONT.

May 1, 1929

PAYING INTEREST ON REFUNDS

The taxpayers of Canada must pay interest at the usual rate on all arrears of taxes to the Dominion Government.

On the other hand, the federal treasury does not pay any interest on refunds made from time to time when too large an amount of taxes has been collected.

Obviously this is unjust to the taxpayer, an inequitable arrangement which should speedily be remedied by Parliament. James R. Dixon, of Ottawa, has prepared a monumental document setting forth the arguments of those desirous of having the Government pay interest on refunds. It is a nation-wide appeal for support and has received the indorsement of the press throughout the country, regardless of party lines.

In the United States this principle of allowing and paying interest at 6 per cent. per annum on all refunds, for erroneous, wrongful, excessive or overpayment of taxes, fines, penalties, etc., has long since been recognized as not only fair and reasonable, but as good business. In fact, the total cash refunds in the United States up to January, 1929, had attained a figure in excess of the national debt of Canada.

Many individual cases of hardship being worked by the nonpayment of interest on tax refunds are quoted by Mr. Dixon.

DAILY INTELLIGENCER, BELLEVILLE, ONT.

May 1st, 1929

INTEREST ON REFUNDS

Last June a resolution was unanimously passed by the Canadian Chamber of Commerce at its third annual convention in Quebec, urging upon the federal government the adoption of "the principle of payment of interest on all monies held by it and refundable to citizens."

In giving reasons for the change in the present practice, the resolution pointed out that such a course is required by equity, as the government enjoys the use of money pending repayment, and, moreover, itself exacts interest on overdue payments on account of taxes.

The case for the payment of interest on money held by the federal treasury and later refunded to citizens has now been developed into a comprehensive summarized review by Mr. J. R. Dixon, of Ottawa, who was so closely identified with the movement to obtain the refund of luxury taxes paid by automobile dealers after those taxes had been suddenly abolished. The review is an exhaustive treatise on the whole subject, as well as being a

convincingly written appeal for the reform which is sought. No one reading this remarkable document can remain unconvinced as to the soundness of the principle advocated, nor logically deny the justness of the claims made.

Parliament should act upon the request embodied in Mr. Dixon's summarized review. While he is acting primarily in the name of the automobile dealers of the Dominion, he speaks indirectly for all taxpayers who may in the future have occasion to be owed tax refunds by the Canadian government. What is being asked is that 6 per cent. per annum simple—not compound—interest on money refunded be paid, and that interest payments be made retroactive to April 1915, when the Special War Revenue Act became effective.

Six per cent. is looked upon as a reasonable rate because it is lower than the ordinary taxpayer or business man must pay to replace money taken and withheld from use by the government. The strongest argument apart from consideration of equity, for the payment of interest on refunds is that the government itself exacts interest on tax arrears, as pointed out in the Chamber of Commerce resolution. Another strong argument is that the United States pays interest, and at six per cent.

The case is so weighty that it is hard to believe that, once understood, it will not be entertained. Mr. Dixon's review will furnish the necessary means of understanding.—Ottawa Citizen.

MONTREAL DAILY STAR

May 1, 1929

A REASONABLE REQUEST

There would seem to be nothing more than simple justice involved in the appeal now being made to Parliament that Canadian Governments should pay interest on funds belonging to individuals or business concerns which happen to be temporarily in Government custody.

It very frequently happens that through overpayments of taxes, errors, over assessments, etc., private funds are held by Government departments. Often long periods of time pass before adjustments are made and when at last that is done, only the sum involved is handed back. There is thus a loss for which in many cases the individual is not responsible. Many cases are cited where such loss has been really serious.

There does not seem to be any equitable reason why the Government should be exempt from obligations which are binding upon business in general. The United States Government pays its citizens at the rate of 6 per cent. on money due them under the circumstances cited. The refusal hitherto of Canadian Governments to do likewise would seem to be not only unfair but unwise in so far as it must cause resentment and a sense of injustice.

The present Government might do worse than listen to what seems to be a reasonable request.

LE DEVOIR, MONTREAL, QUE.

2 Mai, 1929

LE DROIT AUX INTERETS

C'est un principe depuis longtemps reconnu et appliqué aux Etats-Unis que lorsque quelqu'un, pour une raison ou un autre, a versé plus qu'il ne devait au fisc non seulement le gouvernement le rembourse lorsque le fait est reconnu, mais qu'il paye en plus un intérêt de 6% par an. Et ce n'est que justice puisqu'il a pu profiter de ces fonds pendant parfois plusieurs années.

Au Canada, c'est là un principe que le gouvernement fédéral n'a pas encore reconnu. Pourtant on pourrait citer des centaines de cas où des gens ont trop versé au fisc, parfois des montants considérables, et que ce surplus qui est naturellement resté leur bien, ne leur a été remboursé que plusieurs mois, même plusieurs années plus tard, mais sans qu'ils aient reçu aucun intérêt en retour. C'est une injustice d'autant plus flagrante que le gouvernement lui-même, dans le cas de l'impôt sur le revenu par exemple, charge un intérêt pour chaque jour de retard lorsqu'un versement est fait après le 30 avril. Pourquoi la même mesure n'est-elle pas en vigueur dans les deux sens? Ce ne serait que simple équité et le gouvernement d'un pays n'a pas le droit de s'approprier, même par erreur et d'utiliser les biens des citoyens sans au moins leur verser un juste loyer pour leur argent comme il le fait lorsqu'il émet des obligations.

C'est pourquoi la Fédération des Chambres de commerce du Canada, lors de son dernier congrès à Québec, a adopté une résolution demandant que cette situation soit corrigée. C'est aussi pour la même raison que M. James R. Dixon, d'Ottawa, a publié un long travail sur la question afin de compléter en quelque sorte, par l'exposé des faits en détail, la réclamation de la Fédération des Chambres de commerce. Et c'est une résolution semblable que la Chambre de commerce du district de Montréal a adoptée hier, apportant ainsi son concours aux autres associations similaires du pays.

Nul doute que les autorités fédérales tiendront à corriger cette situation aussi fautive qu'injuste et qu'au besoin la question sera soulevée au parlement pour être l'objet d'un débat public.

THE HALIFAX CHRONICLE AND THE NOVASCOTIAN

May 2, 1929

INTEREST ON TAX REFUNDS

From time to time monies are paid by citizens to the Government which the Government afterwards refunds but in refunding these monies, it is its practice to refund only the amount paid without interest. This does not seem by any means fair to the individual whose money the Government has had the use of. It would not happen in business and there seems no good reason why a different rule should prevail when it is the Government which has the benefit of the use of the money. The Government itself charges interest on taxes which are in arrears. As to this anyone may satisfy himself by looking up the requirements of the income tax laws.

A movement is on foot to have this changed. It is primarily aimed at getting interest on monies paid by automobile dealers throughout the country when the sudden luxury tax on autos was imposed and almost as suddenly taken off again. In that brief period many were penalised by the imposition of the tax. They are now asking that interest be paid on these monies for the period during which the Government had their use.

While the immediate demand is for the payment of interest on the automobile payments, it is asked that the principle should be extended to all refunds made by the Government. The demand seems wholly reasonable. The request is not for compound interest, which is what would be given in financial circles, but for simple interest for the period. That is already the law in the United States where the Government pays simple interest at the rate of six per cent. on all refunds. The principle is sound. The Government has the use of the money without interest, the citizen is deprived of it, while if he were to loan it to some private individual or concern he would receive interest annually, which means it could be compounded. The present demand seems eminently just and fair.

MOOSE JAW EVENING TIMES

May 2, 1929

INTEREST ON TAX REFUNDS

Mr. J. R. Dixon, of Ottawa, who was so closely identified with the movement which succeeded in obtaining the refund of luxury taxes paid by automobile dealers after those taxes had been suddenly abolished, is now the "spearhead" of a movement in Ottawa for the payment of interest at 6 per cent. per annum (not compounded) on the amounts held for so long a time before being refunded. The move has broadened out and now takes the form of a demand for a general application of the principle involved. The automobile case came before the Canadian Chamber of Commerce, and at its third annual convention in Quebec in June of last year, a resolution was unanimously passed urging upon the Federal Government the adoption of "the principle of payment of interest on all monies held by it and refundable to citizens."

In support of this principle, as opposed to the present practice, the resolution urges that such a course is in accord with equity and justice, as the Government enjoys the use of the money pending payment, and, furthermore, the Government exacts interest on overdue payments on account of income taxes, etc.

Mr. Dixon has prepared a strong case in support of the adoption of this principle. While the automobile dealers, to whom justice was done in respect to the principal amount of taxes paid on cars that could not be sold after the tax was suddenly repealed, are still the chief sufferers in the matter of loss of interest on the money involved, there are no doubt many other cases, year in and year out, where citizens are without the use of considerable sums through disputed payments, on which sums they are compelled to pay bank interest, compounded possibly every three months at interest rates of at least 6 and 7 per cent. So that simple interest at 6 per cent. is regarded as a reasonable rate for the Government to pay on refunds, and this rate would preclude any taxpayer making wrongful payments for the sake of the interest involved. Over a ten year period compound interest amounts to approximately 32 per cent. in excess of simple interest on the basis of 6 per cent.

If it is right for the Government to collect interest on overdue tax payments—and no one questions that it is—then it is only right and just that interest should be paid on moneys held by the Government and refundable to citizens. It is obvious that no Government should keep money belonging to an individual taxpayer and use it for the general good without paying interest on it. When there is a claim for principal there is a claim for reasonable interest equally as strong, and as the Ottawa Journal says, to combat this principle is to argue for confiscation.

MONTREAL DAILY HERALD

May 3, 1929

INTEREST ON TAX REFUNDS

Pressure is being brought to bear on the Government at Ottawa to adopt a principle unanimously urged by the Canadian Chamber of Commerce, namely the payment

by the Government of interest on all monies held by it and refundable to citizens.

As the Government itself exacts interest on overdue payments on account of taxes, and enjoys the use of money overpaid pending repayment, it would seem only fair and proper that on such money in its hands as belongs to citizens interest should be paid. In private hands the money thus overpaid would be used profitably in business or in investments, and it hardly seems right that citizens should be deprived of the earning power of their money because of mistakes in demands or in payment which must always occur where taxes are being collected from so many sources and in such large volume.

The principle is already recognized by the United States Government, which, when returning money overpaid, adds interest at the rate of six per cent. per annum.

The case for repayment has been developed and organized by Mr. J. R. Dixon, of Ottawa, who was closely identified with the movement to obtain the refund of luxury taxes paid by automobile dealers after those taxes had been suddenly abolished, leaving the dealers with many cars on their hands on which the taxes had been paid. He has prepared a comprehensive review of the whole subject which can leave no possible doubt of the justice of the claim.

THE GAZETTE, MONTREAL

May 3, 1929

A RIGHT MOVEMENT

The Montreal Chambre de Commerce has very opportunely decided to support the movement which is seeking legislation that shall provide for the payment of interest on all moneys refundable, or that may become refundable hereafter, because of overpayments to the national treasury under the customs and inland revenue laws and the special war revenue tax. Every year thousands of dollars are overpaid by commercial companies and others in income, excise and other taxes, as well as in cash deposits. The overpayments invariably are due to circumstances over which the individual firms or corporations have no control, and many months may pass before the refunds are made. Consequently, the loss which the commercial communities must bear through their money being so long tied up with the Treasury in "frozen", non-producing credits is considerable. So long as the Government exacts and collects interest on tax arrears, it is no more than fair and just to ask that the rule shall work the other way in order that interest be payable on excess amounts received and retained during the pleasure of the Federal Exchequer.

In the United States six per cent. interest is allowed on refunds made by the Government and nobody can lose more than thirty days' interest. It is legislation on these lines, in amendment of the Revenue and Customs Acts, that the Federal Government is being urged to introduce into Parliament this session. To comply with the request, which is supported by commercial organizations throughout the Dominion, would be doing no more than a simple act of justice to the business fraternity of Canada. The Government's action, as The Gazette pointed out on a previous occasion when commending the movement, would inevitably have a stabilizing effect on the country's business generally.

EDMONTON JOURNAL

Saturday, May 4, 1929

INTEREST ON TAX REFUNDS

If a government concedes a claim for a refund of tax money paid to it, is the claimant not entitled to interest on the sum involved for the period during which it has been withheld? It charges interest on payments that are overdue, so it must be considered quite unfair not to allow this when the situation is reversed.

The subject was taken up by the Canadian chamber of commerce at its convention last year, when a resolution was unanimously passed urging the adoption by the federal government of "the principle of payment of interest on all moneys held by it and refundable to citizens."

The action of that body has been followed up by James R. Dixon of Ottawa, who has prepared a detailed review of the whole question and presented a most convincing argument for a change in the federal practice. The successful campaign that he conducted some time ago for a refund to automobile dealers for a luxury tax refund is well remembered. While he is acting primarily for them now, the issue that he raises has a broad application and affects all business interests.

What is being asked is an interest payment at the rate of six per cent. not compounded. That is the figure adopted by the United State government and its recognition that the taxpayer is entitled to an interest allowance, in case of principal is returned to him, makes the failure of our own government to grant this all the more remarkable.

SATURDAY NIGHT, TORONTO, ONT.

May 11, 1929

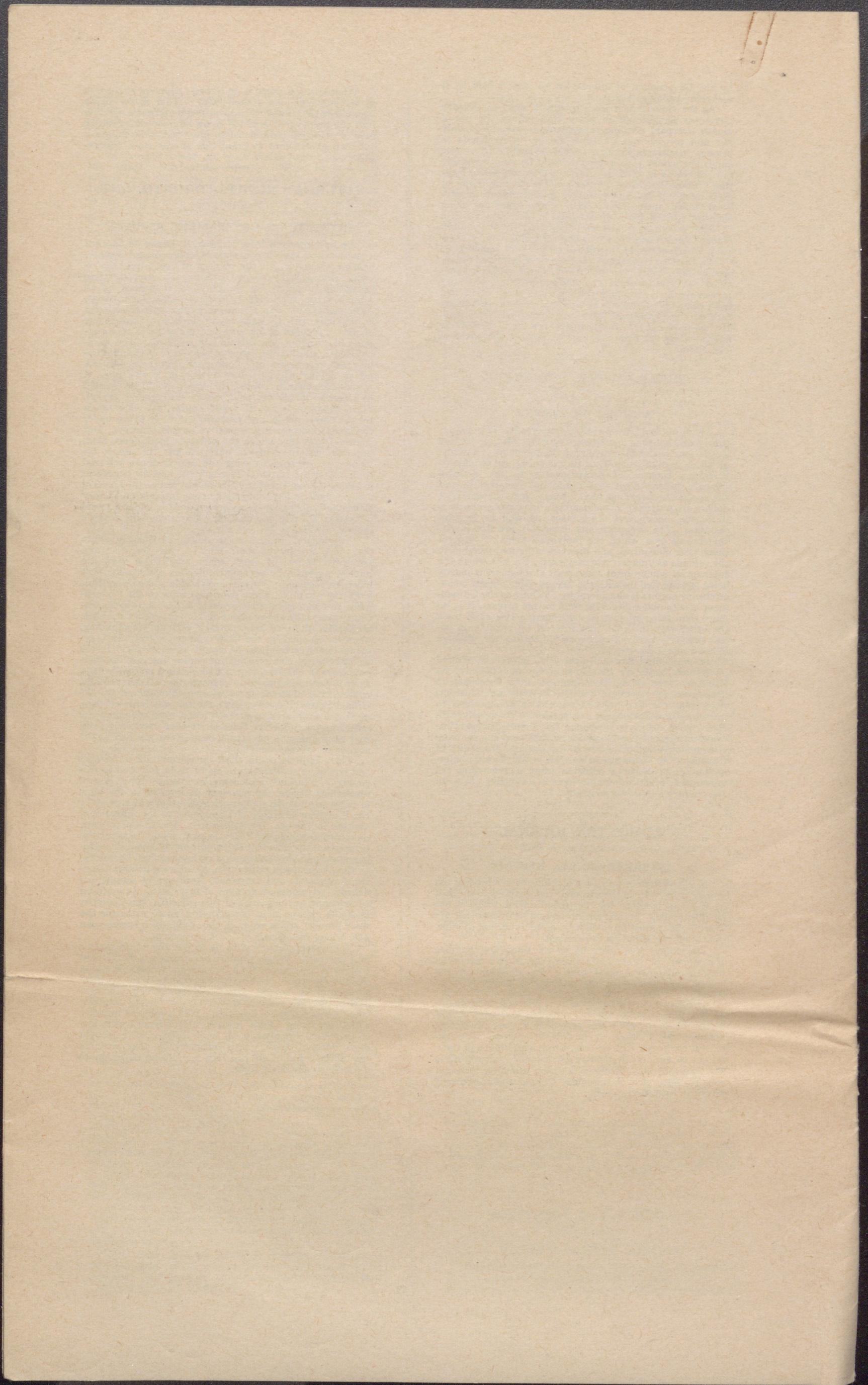
INTEREST ON GOVERNMENT REFUNDS

We have received from Mr. Jas. R. Dixon, of Ottawa, a summarised review, of a very voluminous and comprehensive character, on the subject of the appeal that is being made to the Dominion Government to pass amending legislation providing for the payment of interest on all refunds made, from time to time, by that Government. As he makes clear, Mr. Dixon's own interest in this matter is primarily with the automotive dealers of Canada one of whom, a client of his, overpaid excise taxes to a considerable amount, on certain automobiles. The overpayments, which arose owing to the repeal of the automobile tax, were apparently undisputed, but a considerable period having elapsed before settlement of the same, it would seem that, in equity, the dealer should be entitled to interest on his overpaid money during that period. Such, however, is not, it would appear, the view taken by the Government, and probably correctly taken under the legislation presently operative in this country. But it would look obvious to the ordinary intelligence that, not only has the dealer in question lost the use of his money (so overpaid) during the period above referred to, but that the National Treasury has had the benefit of it during the same period. Therefore, just as the Government is under a legal obligation to pay interest on Victory Bonds and other cognate securities, so it is under a moral obligation to pay interest on the automobile dealer's money of which it has had the use.

"All dollars," in fact, as Mr. Dixon pertinently points out, "are worthy of their hire." And the question, naturally, is one of much wider application than the moneys overpaid by automotive dealers under a tax that has been repealed. Various individuals and corporations from time to time, make over-payments to the Government in connection with customs duties, drawbacks, income taxes, sales et hoc genus omne. It seems to us that, all technicalities to the contrary and notwithstanding, moneys refunded by the Government on such over-payments ought certainly to be repaid with interest. In the United States, this principle of paying interest on over-payments of the kind mentioned obtains, and is, in fact, as we understand, provided for by statute. As the refunds, credits, and abatements of income tax allowed by the United States Treasury, since the tax was imposed, has, up to the first of this year, reached a total exceeding the entire national debt of Canada, at that date, it is plain that such interest payments must have reached, in the aggregate, an enormous sum.

There is little doubt that, on the grounds of fairness and equity, a similar course ought to be followed in this country. Various representative bodies have passed resolutions urging the payment of interest in the class of cases mentioned. One such resolution was passed by the Canadian Chamber of Commerce, at its annual convention in Quebec city, last year. The Chamber went on record as urging the Federal Government "to adopt the principle of the payment of interest on all moneys held by it and refundable to citizens, a course required by equity, as the Government enjoys the use of such moneys pending repayment, and moreover, itself exacts interest on overdue payments on account of taxes, etc. In addition to believing in the justice of this principle, the Chamber is of the opinion that "its adoption would make for the more prompt adjustment of the rights of business men and others by officials of the Government."

This resolution seems to us to put the whole matter in a nutshell. People who are constrained to be without the use of their money for a period—and sometimes a long period—by reason of these over-payments to the Government, and, at the end, receive the bare amounts of such over-payments, without any accrued interest, naturally labor under a sense of injustice. Such a sense of injustice the Government should remove, and if fresh legislation, to that end, is necessary, let fresh legislation be brought down without delay. It is inconceivable that, even in the official mind, there can lurk any strong objection to a course so obviously right.



The Dixon Bureau of Equity

JAS. R. DIXON

18 RIDEAU STREET
TELEPHONE QUEEN 1268

OTTAWA, CANADA

Aug. 3, 1933.

Sir Arthur W. Currie,
Principal,
McGill University,
Montreal, P. Q.

Dear Sir Arthur:- Re Payment of Interest on Dom. Govt. Refunds.

I am writing at this time to ascertain whether or not you received a letter from my office in Ottawa dated July 3, 1933, with which was enclosed typewritten copy of petition, which you so kindly signed in your office on June 2nd. last,

My reason for writing now is that two other communications similar to the one sent to you and mailed at the same time have apparently gone astray and I anticipate that possibly my letter to you, a carbon copy of which is enclosed herewith, has also gone astray, and if so I shall be very pleased to send you other copies of the enclosures referred to therein.

Regretting to trouble you in this matter,

I am,
Yours very sincerely,

Jas. R. Dixon

4th August 1933.

Dear Sir:

In response to your letter of the 3rd August, permit me to say that no communication from you dated 3rd July reached me, nor have I received any "copy of petition together with Exhibits B, C, and D" referred to therein.

Yours faithfully,

Principal.

Jas. R. Dickson, Esq.,
18 Rideau Street,
OTTAWA.

July 3, 1933.

Sir Arthur W. Currie,
Principal,
McGill University,
Montreal, P. Q.

Dear Sir Arthur: Re Payment of Interest on Dom. Govt. Refunds.

In pursuance of my undertaking during the interview you so kindly extended to me on the 2nd. ultimo, I am pleased to enclose herewith copy of petition together with Exhibits B, C and D, referred to therein, and also reproduction of a number of editorials that have been written in support of the basic principle of the above mentioned petition and Exhibits.

I wish to take this opportunity of again thanking you for your signature and invaluable support in the furtherance of this Nation-wide appeal.

I am,
Yours very sincerely,

(Signed) Jas. R. Dixon.

Office copy, please return.

Taxation

MEMORIAL

TO THE RIGHT HONOURABLE R. B. BENNETT
PRIME MINISTER OF CANADA
AND TO THE MEMBERS
OF THE DOMINION GOVERNMENT
OTTAWA, CANADA.

PLEADING FOR AND RECOMMENDING

THE EARLY ENACTMENT OF LEGISLATION PROVIDING
FOR THE PAYMENT OF SIMPLE INTEREST ON DEFERRED
PAYMENT OF MONIES REFUNDED BY THE DOMINION
GOVERNMENT FROM TIME TO TIME TO CANADIAN TAX-
PAYERS OR CITIZENS

Honourable Sirs:

In view of the Dominion-wide representations and request emanating from all sections of the Canadian people and addressed to many Members and Senators of this and previous Parliaments for several years past, praying for such amending and remedial legislation as would provide for redress and relief through the general application of the principle of paying interest on deferred refunds of monies overpaid or erroneously paid to the Crown from time to time by Canadian taxpayers and citizens; we, the undersigned, therefore, having fully considered the representations submitted on behalf of the rank and file of Canadian taxpayers, consider the very reasonableness, justice and equity of the pleadings presented place the whole question beyond controversy, and, in consequence, we feel constrained to embrace this medium and opportunity of expressing and conveying to you that, in our humble opinion, the early and universal application of this principle would be in the general and best interests of Canada and Canadians as a whole, and, at the same time, to assure you that we will gladly welcome and support the early adoption and enactment of legislation designed to give effect to the general application of this principle, provided, however, that such legislation will permanently assure to Canadians the same or equivalent results as those obtained or provided for in the accompanying (Exhibits B and C), the justification and reasonableness of which is, we respectfully submit, amply borne out in the illustrations in (Exhibits C and D), all of which Exhibits are hereto attached and form a part of this memorial.

Under these circumstances and safeguards, therefore, we recommend the early adoption and enactment of the necessary amending and remedial legislation such, for instance, as is incorporated in the proposed "Amendment" to the "Consolidated Revenue and Audit Act", designated as "Section 91A", attached hereto as (Exhibit C), or such other equally effective measures as your Government may be pleased to enact which will give the same or equivalent results, as illustrated on page 2 of the said Exhibit, thereby providing for and assuring to all Canadian taxpayers and citizens alike dependable and permanent means of procuring reasonable "compensation for the loss of the use of their money" if, when and where any such money has been so overpaid or erroneously paid to the Crown.

We respectfully submit that the payment of interest under such circumstances and legislation would merely be giving or exchanging value for value already received, since any and all such interest payments could and would obviously be made from the accumulated interest earnings, savings or benefits already derived directly or indirectly by the Crown on or from the use of the taxpayers' or citizens' own money while such money has been or may be withheld from them by, and in the possession, service, control and for the benefit of the Crown or Nation as a whole.

It is further submitted that Parliament has, on certain specific instances, endorsed and upheld the basic principle of the payment of interest, as for instance, under Vote No. 348, passed on May 28, 1926, by the Fifteenth Parliament, which held, without division, that:

"If there is a claim for the principal, the claim for the interest would be just as strong, and should not be denied."

and, again, when the Sixteenth and present Parliaments accepted and adopted the written judgments of Reparations Commissioners James Friel, K.C., and Errol M. McDougall, K.C., each of whom, when dealing with "damages in the nature of interest", held that "unless interest is allowed" on deferred payments for "property losses" suffered and sustained by Reparations claim-

ants "for property taken, damaged or destroyed", "it would not make the claimant whole", and, in consequence, the condensed decision of both Commissioners is reflected in a brief sentence extracted from Commissioner McDougall's judgment, which reads in part as follows:

"A sum payable in the PAST is NOW equivalent to that sum with interest thereon as covering the value of the use of that money during the time the owner has been deprived of it."

It is still further submitted that the actions of the three consecutive Parliaments in these foregoing specific instances or transactions, in which Canadians as a whole have acquiesced and which have involved, up to March 31, 1932, the payment of interest amounting in all to.....\$3,329,208.70 paid on the total principal sum of.....\$6,790,904.75 has thereby bound us, together with every Canadian taxpayer, to contribute both in principle and in money to the fulfilment of the basic and fundamental principle of the payment of interest as "compensation for the loss of the use of the money", and yet, for want of permanent statutory provision enforcing the general application of this same basic and fundamental principle, the single individual, every-day taxpayer or citizen, upon whom the National Treasury must needs depend absolutely for its revenues, is debarred and denied from participation in the very principle and benefits to which he has been forced to contribute for the benefit of others in the specific instances hereinabove referred to.

For the foregoing and other reasons, amongst which are those set out in (Exhibits B, C and D), hereto attached, we, the undersigned, hereby support the general application of the principle involving the payment of interest as "compensation for the loss of the use of the money" to all taxpayers and citizens alike, without distinction or discrimination.

UNITED STATES REVENUE ACT OF 1928

Approved 8 a. m., May 29, 1928

Sec. 614. INTEREST ON OVERPAYMENTS.

(a) "Interest shall be allowed and paid upon any overpayment in respect of any internal-revenue tax, at the rate of 6 per centum per annum, as follows:

(1) "In the case of a credit, from the date of the overpayment to the due date of the amount against which the credit is taken, but if the amount against which the credit is taken is an additional assessment of a tax imposed by the Revenue Act of 1921 or any subsequent revenue Act, then to the date of the assessment of that amount.

(2) "In the case of a refund, from the date of the overpayment to a date preceding the date of the refund check by not more than 30 days, such date to be determined by the Commissioner.

(b) "As used in this section the term "additional assessment" means a further assessment for a tax of the same character previously paid in part, and includes the assessment of a deficiency of any income or estate tax imposed by the Revenue Act of 1924 or by any subsequent revenue Act.

(c) "Section 1116 of the Revenue Act of 1926 is repealed.

(d) "Subsections (a), (b) and (c) shall take effect on the expiration of thirty days after the enactment of this Act, and shall be applicable to any credit taken or refund paid after the expiration of such period, even though allowed prior thereto."

Sec. 615. INTEREST ON JUDGMENTS.

(a) "Section 177 of the Judicial Code, as amended, is amended to read as follows:

"Sec. 177. (a) 'No interest shall be allowed on any claim up to the time of the rendition of judgment by the Court of Claims, unless upon a contract expressly stipulating for the payment of interest, except as provided in sub-division (b).

"(b) 'In any judgment of any court rendered (whether against the United States, a collector or deputy collector of internal revenue, a former collector or deputy collector, or the personal representative in case of death) for any overpayment in respect of any internal-revenue tax, interest shall be allowed at the rate of 6 per centum per annum upon the amount of the over-payment, from the date of the payment or collection thereof to a date preceding the date of the refund check by not more than thirty days, such date to be determined by the Commissioner of Internal Revenue'."

(b) "Subsection (a) of this section shall take effect on the expiration of thirty days after the enactment of this Act."

NOTE:—The flexible, equitable and reciprocal fairness with which the "United States Revenue Act" operates in everyday practice is illustrated in two concrete examples of refunds actually paid, together with six per centum (6%) per annum simple interest thereon, and which interest is automatically allowed and paid under the "Act", as a matter of legal right, to United States taxpayers. These illustrations are shown in detail on the reverse side of this page as a continuation of this (Exhibit B). (See over).

(EXHIBIT B)—Concluded

UNITED STATES TREASURY PAYS TAX REFUNDS TOGETHER
WITH 6% PER ANNUM INTEREST.

TREASURY DEPARTMENT
Internal Revenue Service
ST. PAUL, MINN.

EXAMPLE NO. 1

Nov. 5, 1925

Mr. A. L. Frederickson,
c/o D. O. Frederickson,
Castor, Alberta, Canada.

Sir:

This office is enclosing Treasury Warrant No. 698824 issued by Disbursing Agent of the United States Treasury in the amount of \$560.24 to adjust an overpayment of income tax made by you against your liability for the year 1919.

This overpayment resulted from an overassessment as indicated by the Commissioner's Schedule of tax reductions No. IT-A-15338. (Including \$48.18 interest.)

You are hereby requested to acknowledge receipt of this warrant on the enclosed receipt form and forward to this office in the enclosed franked envelope.

Respectfully,

Refunded \$ 512.06
Interest 48.18

\$ 560.24

L. M. WILLCUTS,
Collector of Internal Revenue.

EXAMPLE No. 2.

Under date of April 22, 1930, the following despatch appeared in the public press:

"Washington, April 22—(U.P.)—A tax refund to John D. Rockefeller of New York for \$356,378.34 was announced today by the Internal Revenue Bureau. The amount resulted from an over assessment on his income tax payment for 1917."

Confirmation of the above was requested from the Treasury Department, Washington, D.C., and was received by letter dated May 6, 1930, reading in part as follows:

TREASURY DEPARTMENT
Washington

May 6, 1930.

"Reference is made to your letter of April 25, 1930, in which you request to be informed as to what portion of the refund of \$356,378.34 allowed in favour of John D. Rockefeller constituted interest.

You are advised that the above stated amount represents the amount of the overpayment made with respect to the taxable year 1917 and does not include interest. While there is no provision of law which would permit the Department to divulge the amount of the interest computed on the overpayment it may be stated that interest at the rate of 6% per annum was computed on such amount from the date the overpayment was made to a date not more than thirty days preceding the date of the refund check."

Very truly yours,

WALTER E. HOPE,
Assistant Secretary of the Treasury

On this basis of information the refund including interest paid to John D. Rockefeller would be \$612,970.74, apportioned as follows:

1918—Principal over paid for taxable year 1917	\$ 356,378.34
1930—Interest at 6% per annum for 12 years allowed	256,592.40
1930—Total principal and interest refunded and paid	<u>\$ 612,970.74</u>
Proportion of interest to principal sum refunded is	72%

The Annual Reports of Mr. Andrew W. Mellon, former Secretary of the Treasury of the United States, show that in circumstances and for reasons similar to those in the two cases above, during the four fiscal years only of 1927-28 to 1930-31, inclusive, there has been refunded to United States taxpayers the total principal sum of \$ 404,424,681.64
plus interest allowed and paid thereon of 124,446,508.49
making a grand total of principal and interest refunded and paid (within the above period only) of \$ 528,871,190.13

In Mr. Mellon's latest reports he shows the total Internal Revenue Taxes collected in 15 years—1917-1931 inclusive—as \$ 46,460,600,112.16
and for the same period he shows the total principal and interest refunded and paid as 1,323,794,820.88

PROPOSED AMENDMENT
RE PAYMENT OF INTEREST ON ALL MONIES REFUNDED BY THE
DOMINION GOVERNMENT FROM TIME TO TIME

Proposed new Section to the
Consolidated Revenue and Audit Act
to be known as
Section 91A

INTEREST ON OVERPAYMENTS OR REFUNDS

91A. Interest at the rate of six per centum per annum, shall be allowed and paid upon any payment or overpayment in respect of any taxes or other revenues paid to the Crown, and subsequently refunded, or in respect of any refunds or credits, paid or allowed by the Crown, of customs drawbacks in the principal sum of \$100.00 or more in value, customs duties, business profits war taxes, excise, sales, income and all other taxes, miscellaneous and casual revenues, tolls, fees, dues, fines and penalties of all kinds, contractors' deposits and other cash deposits, and on other sundry refunds or credits not otherwise enumerated or specified in the principal sum of \$10.00 or more in value.

6% Interest on Refunds or credits

In respect of

Customs drawbacks must exceed \$100.00.

Other items must exceed \$10.00.

(2) In the case of a refund such interest thereon shall be paid from the date of the payment or overpayment to the Crown, to a date preceding the date and delivery to the payee of the refund cheque by not more than thirty days, such date to be determined by the Governor in Council.

How interest on Refunds computed.

(3) In the case of a credit such interest shall be allowed from the date of the payment or overpayment to the Crown to the due date of the amount against which the credit is taken.

How interest on Credits Computed.

(4) Such interest charges on refunds or credits, as provided for in sub-sections (2) and (3) hereof, which may hereinafter be paid or allowed on the principal sum of any current or unpaid claim, or upon the principal sum of any claim arising or made and filed with the Crown and paid or allowed subsequent to the date of the coming into force of this section, must be equal to or exceed twenty-five cents, (25c), in value.

Interest must equal or exceed 25 cents.

(5) The provisions of this Section shall be retroactive and applicable to all refunds paid and to all credits allowed on the payment or overpayment of all taxes or other revenues as herein specified, collected on or after April 8th, 1915, provided, however, that all claims made and filed with the Crown for such interest charges accrued or accruing from April 8th, 1915, to the date of the coming into force of this section shall equal or exceed one dollar, (\$1.00), in value, and that all claims made for the payment or refund of such interest charges accrued or accruing within the said period must be filed with the Crown within twenty-four months from the date of the coming into force of this section.

Retro-active.

Date limit.

Interest must equal or exceed \$1.00

Time limit to file claims.

(6) In the case of a refund paid or a credit applied, prior to the coming into force of this section, interest at the rate of six per centum per annum shall be allowed and paid on the amount of such interest accrued as provided for in sub-section (5) hereof, from the date to which such interest accrued to a date preceding the issue and delivery to the payee of the refund cheque for payment of such interest by not more than thirty days, such date to be determined by the Governor in Council.

Interest on prior re-funds or credits.

How interest computed.

(7) This section shall be deemed to have come into force on the first day of April, 1933.

Date of coming into force.

NOTE:—The flexible, remedial and reciprocal fairness with which this proposed "Amendment" would operate in actual practice is illustrated on the reverse side of this page as a continuation of this (Exhibit C). (See over).

THE "GOLDEN RULE" IS THE BEDROCK FOUNDATION AND GUIDING PRINCIPLE OF THE PROPOSED "AMENDMENT" WHICH, IN PRACTICE, WOULD SAFEGUARD THE MINORITY RIGHTS OF CITIZENS AND YET "RENDER UNTO CAESAR THE THINGS THAT ARE CAESAR'S".

Actual Statement of Account showing how the remedial retroactive provisions of subsections 5 and 6 of the proposed "Amendment", to be known or designated as "Section 91A" of "The Consolidated Revenue and Audit Act", would work out in actual practice. This Example of an actual account outstanding, and which has been rendered to the Dominion Government by the Ottawa Beach Motor Co., Limited, illustrates the method of computing interest on a retroactive claim of long standing on which only the principal sum involved has been paid. The same principle or method will apply in all cases, regardless of the amount or period of time involved in any claim for past due interest. (The future date of March 31, 1933, being the end of the Government present fiscal year, is used merely as the earliest probable date of settlement, hence interest is computed to that date.)

OTTAWA BEACH MOTOR CO., LIMITED
In account with
THE DOMINION GOVERNMENT, OTTAWA, CANADA

	DR.	CR.
June 8, 1926—To Excise Taxes previously overpaid on 40 domestic automobiles remaining on hand and unsold when Tax was repealed by Parliament, effective on this date.....	\$ 1,216.39	
Jan. 11, 1929—To 6% per annum simple interest on \$1,216.39 as from the various dates of payment between Jan. 21, and June 3, 1926, inclusive, to this date.....	199.36	
Jan. 11, 1929—By Departmental cheques received on account of the principal sum only on this date.....		\$ 1,216.39
Balance.....		199.36
	\$ 1,415.75	\$ 1,415.75

Jan. 11, 1929—To Balance brought down.....	\$ 199.36	
Mar. 31, 1933—To 6% interest on above Balance of \$199.36 from Jan. 11, 1929, to this date.....	50.49	
Mar. 31, 1933—To Balance outstanding as of this date.....	\$ 249.85	

(Please note carefully that whereas the Beach Co. seek to recover only 6% per annum simple interest, or \$249.85, from the Crown, their actual cost in interest carrying charges to replace their working cash capital of \$1,216.39 while retained in the possession and service of the Crown for the above periods was equivalent to Bank interest of 7% compounded quarterly and paid in advance, as follows:)

Jan. 11, 1929—To 7% Bank interest on \$1,216.39 as from the various dates of payment—Jan. 21, and June 3, 1926, inclusive, to this date....	\$ 256.06	
Mar. 31, 1933—To 7% Bank interest on \$256.06 as from Jan. 11, 1929, to this date.....	87.01	
Mar. 31, 1933—Actual loss in interest carrying charges at 7%, compounded quarterly, as paid to Bank.....	\$ 343.07	
Mar. 31, 1933—Actual loss in interest carrying charges based on 6% per annum simple interest as claimed above.....	249.85	
Mar. 31, 1933—Actual net loss or differential to be sustained and absorbed by the Beach Co. Limited, assuming the Crown allows and pays them 6% simple interest, or \$249.85, as requested in their Statement of Claim, as above shown, is, therefore.....	\$ 93.22	

NOTE:—This claim is but one of 1453 claims arising from the same cause, in the total original principal sum of \$ 291,706.16
 The non-payment of interest thereon, calculated on the above basis, represents a totally unnecessary, undeserved injury and net loss to the Claimants, with a consequent unearned and undeserved net gain or profit to the Crown of approximately..... \$ 50,000.00
 The proposed "Amendment," if enacted, would provide remedial redress for all Claimants, such as the above, and automatically prevent any recurrence of similar inequities in the future.

The urgent need of this "Amendment" is further emphasized by the following significant figures:—In four fiscal years, 1927-28 to 1930-31, inclusive, Canada's collections of War Tax Revenues, only, including interest on deferred payments of \$4,889,428.95, and penalties of \$374,885.71, totaled \$545,530,354.86. From this sum overpayments of \$8,774,886.80 were refunded to taxpayers, but for want of general statutory provisions (such as the proposed "Amendment") not one dollar (\$1.00) of interest was paid thereon by the Crown to any taxpayer.

COMPILED BY

The Dixon Bureau of Equity

18 RIDEAU STREET, OTTAWA, CANADA

(EXHIBIT D)

COMPARATIVE TABLE GIVING DIFFERENTIALS AND EQUIVALENTS OF
VARIOUS SIMPLE AND COMPOUND INTEREST RATES COMPUTED
ON \$100.00 FOR VARYING PERIODS OF TIME.

(Abbreviations "C" Compound—"S" Simple—"Diff." Differentials)

1	2	3	4	5	6	7	8	9
Prin. Sum \$100.00	4 yrs. Int.	6 yrs. Int.	8 yrs. Int.	10 yrs. Int.	12 yrs. Int.	16 yrs. Int.	20 yrs. Int.	Equivalent in S. Int. for 20 yrs.
6% Simple Interest	24.00	36.00	48.00	60.00	72.00	96.00	120.00	6%
5% c.	21.84	34.49	48.45	63.86	80.87	120.38	168.50	8.42% s.
5% s.	20.00	30.00	40.00	50.00	60.00	80.00	100.00	5%
Diff.	1.84	4.49	8.45	13.86	20.87	40.38	68.50	3.42% diff.
5½% c.	24.24	38.48	54.35	72.04	91.76	138.24	195.99	9.79% s.
5½% s.	22.00	33.00	44.00	55.00	66.00	88.00	110.00	5½%
Diff.	2.24	5.48	10.35	17.04	25.76	50.25	85.99	4.29% diff.
6% c.	26.68	42.58	60.47	80.61	103.28	157.51	226.20	11.31% s.
6% s.	24.00	36.00	48.00	60.00	72.00	96.00	120.00	6%
Diff.	2.68	6.58	12.47	20.61	31.28	61.51	106.20	5.31% diff.
6½% c.	29.16	46.79	66.82	89.58	115.46	178.28	259.42	12.97% s.
6½% s.	26.00	39.00	52.00	65.00	78.00	104.00	130.00	6½%
Diff.	3.16	7.79	14.82	24.58	37.46	74.28	129.42	6.47% diff.
7% c.	31.68	51.11	73.40	98.98	128.33	200.67	295.93	14.79% s.
7% s.	28.00	42.00	56.00	70.00	84.00	112.00	140.00	7%
Diff.	3.68	9.11	17.40	28.98	44.33	88.67	155.93	7.79% diff.
7% c.	31.68	51.11	73.40	98.98	128.33	200.67	295.93	14.79% s.
6% s.	24.00	36.00	48.00	60.00	72.00	96.00	120.00	6%
Diff.	7.68	15.11	25.40	38.98	56.33	104.67	175.93	8.79% diff.

The above table shows the accumulated interest charges or earnings on \$100.00 when compounded semi-annually at various rates of 5%, 5½%, 6%, 6½% and 7% for periods of 4, 6, 8, 10, 12, 16 and 20 years, respectively, and the corresponding charges or earnings of simple interest at the same rates and for the same periods of years, respectively. Column No. 9 of the table shows what the rates or percentages of simple interest would be (if and when paid at the end of the 20 year periods, as would be necessary, for instance, when paying interest on refund claims for the same period of time) in order to equal in ultimate cost the total amounts of compound interest as shown in Column No. 8.

This computation is based on the assumption that where interest is payable and is paid semi-annually, as it is on all Dominion Loans, Bonds and Guaranteed Securities, it is equivalent to the ultimate cost and payment of compound interest, as shown in the table, and, therefore, equals in ultimate cost to the Crown, or whoever has to pay it, the seemingly higher rates or percentages of simple interest. This is illustrated in the table (for 20 year periods only) by translating or converting the total cost or amounts of compound interest at the several rates as shown in Column No. 8 into terms or percentages of simple interest, as shown in Column No. 9.

The purpose of this table is to show at a glance an accurate comparison as between the payment and ultimate cost to the Crown of 6% per annum simple interest, if and when paid on refund claims of long standing, and the payment and ultimate cost to the Crown of the various rates of interest ranging from 5% to 7% now payable and paid semi-annually on Government Loans, Bonds and Guaranteed Securities, which is, as shown in the table, the equivalent in ultimate cost to the Crown, or whoever has to pay it, of compound interest in all cases, as shown in Column No. 8.

It will be observed that 6% interest compounded semi-annually on \$100.00 for 20 years amounts to \$226.20 and is, therefore, equivalent to 11.31% simple interest on \$100.00 for 20 years. In other words, a Government Loan of \$100.00 for 20 years at 6% interest, paid semi-annually during the term of the Loan, is the equivalent in ultimate cost to the Crown of an additional 5.31% per annum, or \$106.20 more than the amount required to pay 6% per annum simple interest on a refund claim of \$100.00 outstanding for 20 years, and paid only at the end of the term. In fact, a loan at only 4%, compounded semi-annually, slightly exceeds the cost of 6% per annum simple interest in 20 years.

The full significance of these differentials in ultimate cost of simple and compound interest payments is reflected in statements of "Funded Debt and Guaranteed Securities" in "Canada Public Accounts" for

the fiscal year ended March 31, 1931, pp. 15-18. Analysis of these official statements and previous "Public Accounts" shows that after deducting sinking Funds held by the Crown of \$59,926,392.54, the net balance of Canada's Funded Debt outstanding and held by the public is..... \$ 2,319,672,935.71
 In addition, Guaranteed Railway Securities of \$58,157,951.99 held by the Minister of Finance, together with a net balance of Railway, Steamship Harbour and other Guaranteed Securities, outstanding and held by the public, of..... 954,917,112.06

makes Canada's net grand total of Funded Debt and Guaranteed Securities combined, outstanding and held by the public, as of March 31, 1931,..... \$ 3,274,590,047.77
 The above amounts do not include \$761,811,039.67 of old Loans and Accounts for advances to Railway and Steamship Lines, miscellaneous Investments and Other Accounts, in Schedules K.-N, pp. 11-12, inclusive, which are carried as non-active assets but not taken into account when figuring Canada's net debt.

Of the above grand total sum nearly two and three-quarter billion dollars bear the equivalent burden in ultimate cost to Canada of interest compounded semi-annually at from 4% to 7%, in the proportions set out in Cols. 2 and 3 below, plus cost of Loan Flotations (Col. 5). (Portion with prin. and int. payable in Gold or N.Y. Funds, if holders desire (Col. 4) *\$ 2,231,962,231.33).

1	2	3	4	5	6
RATE OF INTEREST	BONDED LOANS OR FUNDED DEBT	GUARANTEED SECURITIES	TOTALS OF COLS. 2 AND 3	PERCENTAGES & ACTUAL FLOTATION COSTS ON AMOUNTS IN COL. 4	ACTUAL ULTIMATE COST OF FLOTATION & INT. CHGS. for 20 YR. PERIODS EXCL. OF PRIN. SUMS IN COL. 4
at 4% interest	\$ 193,926,666.66	\$ 25,501,181.33	\$ 219,427,847.99	6.58% or \$ 14,447,095.21	\$ 296,907,821.20
" 4½% "	210,000,000.00	213,000,000.00	423,000,000.00	4.34% " 18,901,219.65	651,885,300.00
" 4¾% "	.....	50,000,000.00	50,000,000.00	2.94% " 1,470,000.00	80,835,000.00
" 5% "	449,304,299.00	227,650,000.00	676,954,299.00	7.73% " 52,372,014.98	1,280,797,533.80
" 5½% "	1,268,527,050.00	.....	1,268,527,050.00	1.99% " 25,323,996.09	2,562,424,641.00
" 6% "	16,740.15	25,000,000.00	25,016,740.15	8.24% " 2,062,500.00	63,312,366.00
" 6½% "	.....	25,000,000.00	25,000,000.00	7.75% " 1,937,500.00	71,870,000.00
" 7% "	.....	49,536,000.00	49,536,000.00	4.89% " 2,426,839.00	156,117,657.60
Grand totals	\$ 2,121,774,755.81	\$ 615,687,181.33	\$ 2,737,461,937.14	4.34% or \$ 118,941,164.93	\$5,164,150,319.60
Payable in Gold	*\$ 1,677,525,050.00	*\$ 554,437,181.33	*\$ 2,231,962,231.33	*Payable in Gold, N.Y. Funds, Sterling or Canadian Funds. (see note*)	

The following items constitute the balance of Canada's "Funded Debt" and "Guaranteed Securities", not included above, for the reasons stated below:—

at 2% interest	.....	\$ 30,559,114.00	\$ 30,559,114.00	} This 2% Guarantee was given for both Prin. and Int. in exchange for a prior issue of 4% G.T.P. Ry. Perpetual Debenture Stock, which had been guaranteed as to payment of interest only.
" 2½% "	\$ 4,888,185.64	.....	4,888,185.64	
" 3% "	37,271,230.16	44,351,996.72	81,623,226.88	} Originally issued prior to 1913-14, therefore not within the War and Post-war periods under review in this Exhibit, during which consequent higher rates of interest prevailed. Flotation Expenses are not readily available on all Funded Debts and Guaranteed Securities in this group, but indicate an average of approx. 6½%.
" 3½% "	175,647,920.60	45,276,560.34	220,924,480.94	
" 3½% to 6% "	17,236.04	2,835,118.00	2,852,354.04	
" 4% "	** 40,000,000.00	.....	40,000,000.00	} Two Year Treasury Notes sold at par to Canadian Chartered Banks. (See Note**).
" 4% "	.....	182,172,327.33	182,172,327.33	} Securities guaranteed as to the perpetual payment of interest only, being Grand Trunk Ry. Acquisition Guarantees, given in exchange for the Bonded Debts, etc., of the Grand Trunk Ry. Flotation expenses for original Bonds of the Railway are not available.
" 5% "	.....	34,034,814.34	34,034,814.34	
Grand totals	\$ 257,824,572.44	\$ 339,229,930.73	\$ 597,054,503.17	} Flotation Expenses not available but may be estimated at an average, over all, of approx. 6%
Payable in Gold	*\$ 40,000,000.00	*\$ 63,607,114.00	*\$ 103,607,114.00	*Payable in Gold, N. Y. Funds, Sterling or Canadian Funds. (see note*).

NOTE:— * Proportions of Funded Debt and Guaranteed Securities which were issued with both principal and interest payable in gold, N.Y. Funds, Sterling or Canadian Funds, at the option of or to the advantage, if any, in foreign rates of exchange, to the holders, whether resident in Canada, Great Britain, the United States or elsewhere. The combined principal sums only, of outstanding Funded Debt and Guaranteed Securities payable on the above basis, as shown in upper and lower statements, make a grand total of \$ 2,335,569,345.33 It is gratifying to record, however, out of \$1,608,145,950.00 of Tax Free Bonds originally issued, that on March 31, 1931, there was still outstanding only \$826,321,750.00.

**— These 4% Two Year Treasury Notes, issued Dec. 1, 1930, and sold at par to Canadian Chartered Banks, may be regarded as a reciprocal exchange Loan of mutual accommodation and convenience to the Government and Banks alike. The Public Accounts show that during the two fiscal years of 1929-30 and 1930-31 these various Banks had under loan from the Government, through the medium of numerous short date advances, amounts aggregating \$1,107,336,000.00. In the same period the Banks paid the Government \$2,774,813.18 of interest on advances. The amounts, periods of time and rates of interest involved in the numerous advances are not shown. In these circumstances however, it may be reasonably assumed that the rates of interest charged to the Banks by the Government on cash advances did not exceed those paid to the Banks on the said Treasury Notes, the principal and interest of which is payable in Canadian or New York Funds, at the option of the holders. For these reasons the item of \$40,000,000.00 4% Treasury Notes is not considered comparable or to be in the same category as the other 4% items in Canada's "Funded Debt", and in consequence is shown separately herein.

To these interest charges paid under the above rates must be added the overriding cost of loan flotation expenses, such as cost of printing bonds, discount on bonds sold below par, commissions paid to banks and brokers, charges of management, commissions paid to banks as fiscal agents, commissions paid sundry banks for cashing interest coupons, adverse exchange, if any, on principal and interest when paid in foreign funds, redemption charges, auditing fees, etc. The flotation expenses in Col. 5 above, applicable to the principal sums of Funded Debts, as in Col. 2, are taken from Can. Pub. Accts., 1913-14 to 1930-31, shown under "Cost of Loan Flotations" and "Charges of Management", and take into account both gains and losses in commissions and interest payments due to Loan conversions and redemptions. On "Guaranteed Securities" the flotation expenses consist of the discounts at which the Securities were sold, as recorded in the Pub. Accts., plus an estimated average of 1/4 of 1% on the principal sums, as in Col. 3, to cover such of the above enumerated items of expense that are not shown in Pub. Accts.

In the aggregate, these combined overriding expenses average approximately four and one-third (4.333%) per cent. (ranging from a minimum of .427% to a maximum of 20.25% on individual loans, and from 1.99% to 8.24% in the above respective groups of Funded Loans and Guaranteed Securities combined), and which on the balance of the four to seven per cent. Loans and Bonds only, of \$2,737,461,937.14, as of March 31st, 1931, necessitates a further overriding expenditure in the principal sum of approximately \$ 118,941,164.93 as shown in Col. 5, in excess of amounts payable under the stipulated rates of interest on the said 4% to 7% Bonds and Securities, which, for a 20-year period, works out as follows:—Principal sum borrowed (Col. 4) \$2,737,461,937.14, plus Flotation Expenses paid thereon (Col. 5) \$118,941,164.93, equals \$2,856,403,102.07, on which sum interest ranging from 4% to 7% is compounded semi-annually for 20 years. Therefore, Col. 6 shows the actual ultimate cost to the Crown for the use and hire, only, of the original sums borrowed (Col. 4) for the 20-year periods as being \$ 5,164,150,319.60 and which, when converted into percentages of simple interest (see table below), ranges from 6.7655% to 15.758% per annum on the several amounts originally borrowed (Col. 4) or an average, over all, of 9.4323% per annum simple interest. The above total sum in Col. 6, therefore, includes and absorbs the total principal sums of flotation expenses in Col. 5, plus compound interest thereon for 20 years, but does not include the principal sum of \$2,737,461,937.14 originally borrowed, as in Col. 4.

Obviously, none of the foregoing extra expenses are incurred or necessary in the payment of interest on refund claims, which means that the net flat rate of six per centum (6%) per annum simple interest, as requested, would cover the entire cost or expense to the Crown for the use or hire of monies involved in refund claims, and thereby prove to be on an average (as shown in the tables) the cheapest source of borrowed money available to and enjoyed by the Crown, especially during the war and post-war periods.

The actual and relative costs and value to the Crown for monies so used or hired is best illustrated by reducing the amounts involved into Loans of small units, and then tracing each Loan into the actual service of the Crown, and on throughout varying periods of time until finally liquidated by the Crown, in a manner such as employed in tabular form below. For example, the Crown on a given date receives \$100.00 through the medium of a Bond, designated herein as a "Funded Loan" or Debt. On the same date the Crown receives \$100.00 through the medium of an overpayment of taxes, designated herein as a refunding or "Unfunded Loan" or Debt. The net proceeds of both sums or Loans, once received, immediately pass to the credit of the Receiver General or National Treasury, and thus completely lose their identity in the general and varied services of the Crown, the Crown receiving, without distinction, equal service and equal value from the hire or use of each dollar of each Loan. Logically, this equal, indistinguishable service and value rendered to the Crown should merit and receive equal recognition and compensation in return from the Crown. But what is the true answer?

The comparative figures and differentials in the tables prove at a glance the much lower average cost of refunding or "Unfunded Loans" to the Crown if liquidated on a basis of 6% per annum simple interest, as requested, as against the varying rates of from 4% to 7% payable on "Funded Loans", weighted down at the outset with varying percentages of flotation expenses, plus the equivalent burden in ultimate cost to the Crown of interest compounded semi-annually for varying periods to the final dates of liquidation, ranging from 1 to 20 years, as illustrated in the tabulated statement on page 4 hereof.

(Abbreviations: "F.L." Funded Loan; "U.L." Unfunded Loan; "C" Compound; "S" Simple)

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Principal sum in each Funded or Unfunded Loan and rate of interest	Average flotation expenses, if any, on each Loan	Total cost and amount on which interest is computed on each Loan	Amounts in columns 4-16 inclusive, represent what the total actual ultimate cost to the Crown would be on the respective Funded and Unfunded Loans or Debts of \$100.00 each, if liquidated and paid off at the end of any period listed below, at the several and respective rates of compound and simple interest. Where applicable the average flotation expenses on each Loan, as shown in Col. 2, is added to the principal sum originally borrowed as in Col. 1, and interest computed on the total sum, as shown in Col. 3, in order to accurately determine the actual ultimate cost to the Crown, for the use or hire of each \$100.00. Col. 17, gives these respective costs for 20 year periods only, and Col. 18, gives the equivalent respective rates of simple interest necessary to equal the said costs to the Crown if paid at the end of the 20 year periods only. Interest and flotation percentages, Cols. 1-2 are, as shown above, actually paid on debts and securities of \$2,737,461,937.14.													Ultimate cost to Crown in 20 years on each original Loan of \$100	Rates of Simple Int. if pd. at end of 20 yrs. to equal amts. in Col. 17.
			1 yr.	2 yrs.	3 yrs.	4 yrs.	5 yrs.	6 yrs.	8 yrs.	10 yrs.	12 yrs.	14 yrs.	16 yrs.	18 yrs.	20 yrs.		
F.L. \$100. 4% _c .	\$6.58	\$106.58	\$110.89	\$115.37	\$120.03	\$124.88	*\$129.93	*\$135.18	*\$146.32	*\$158.38	*\$171.43	\$185.56	\$200.85	\$217.40	\$235.31	\$135.31	6.7655%
" 100. 4½% _c .	4.34	104.34	109.09	114.05	119.24	124.67	130.34	136.27	148.96	162.83	177.99	194.56	212.67	232.47	254.11	154.11	7.7055%
" 100. 4¾% _c .	2.94	102.94	107.89	113.07	118.51	124.20	130.17	136.42	149.84	164.58	179.77	197.46	216.89	238.23	261.67	161.67	8.0835%
" 100. 5% _c .	7.73	107.73	113.18	118.91	124.93	131.25	137.89	144.87	159.91	176.51	194.83	215.05	237.37	262.01	289.21	189.21	9.46%
" 100. 5½% _c .	1.99	101.99	107.77	113.77	120.11	126.80	133.86	141.32	157.52	175.57	195.68	218.10	243.09	270.95	302.00	202.00	10.1%
" 100. 6% _c .	8.24	108.24	114.83	121.82	129.24	137.12	145.47	154.33	173.70	195.50	220.04	247.66	278.74	313.72	353.09	253.09	12.654%
" 100. 6½% _c .	7.75	107.75	114.86	122.44	130.52	139.13	148.31	158.10	179.68	204.21	232.08	263.96	299.99	340.94	387.48	287.48	14.374%
" 100. 7% _c .	4.89	104.89	112.36	120.36	128.93	138.11	147.94	158.47	181.84	208.66	239.44	274.76	315.29	361.80	415.16	315.16	15.758%
U.L. \$100. 6% _s .	NIL	\$100.00	\$106.00	\$112.00	\$118.00	\$124.00	\$130.00	\$136.00	\$148.00	\$160.00	\$172.00	\$184.00	\$196.00	\$208.00	\$220.00	\$120.00	6.0%

* Indicates the only periods at which the liquidation of Canada's "Funded Loans" or Debts at the lower interest rates, compounded semi-annually, would be less in actual ultimate cost to the Crown than the liquidation at the higher rate of 6% simple interest would be on refunding or "Unfunded Loans or Debts", (otherwise Refund Claims), for the same periods.

By applying the foregoing basis of computation to Canada's outstanding balance of 4% to 7% Funded Debts and Guaranteed Securities, as shown in the upper statement of \$2,737,461,937.14, and assuming that each group of the said 4% to 7% Loans and Securities ran for 20 years, (and the average, over all, exceeds this period), it will prove that in the aggregate the actual ultimate cost to Canada of interest and Loan Flotation Expenses, at the respective percentages actually payable and paid by the Crown, as shown in the statement and table, would, when translated or converted into terms or percentages of simple interest and paid only at the end of the 20 year period, cost the Crown an average of approximately 9.4323% per annum, or the total actual sum, as shown in upper statement page 2 (Col. 6), of \$ 5,164,150,319.60 whereas, 6% per annum simple interest on the same original principal sum of \$2,737,461,937.14 and paid at the end of the same 20 year period would be only \$ 3,284,954,324.57 which would mean a differential and clear net saving to the Crown of 3.4323% per annum, or, in all \$ 1,879,195,995.03

In simple homily truth, the foregoing facts and figures prove conclusively that even the National Treasury, backed as it is by all the National Wealth, resources and assets of the Canadian people and Nation, has, nevertheless, been compelled to pay the average equivalent ultimate cost of approximately 9.4323% per annum simple interest on all its Loans and Guaranteed Securities, running into billions of dollars and outstanding for average periods of 20 years, which cost is over fifty per cent (50%) more than the cost of 6% per annum simple interest, which the Crown is being requested to pay for the use or hire of monies involved in Refund Claims, and from which monies the Crown receives, without distinction, equal service and equal value. Surely the very modesty and reasonableness of this appeal must commend itself to the Crown, as it has and does to all fair-minded Canadians, and thus insure its success through early and favourable consideration and adoption, which, in effect, would merely authorize payment (and that always in Canadian currency) from the accumulated interest earnings already derived by the Crown on the refund claimants' own money.

PUBLIC OPINION

**AS REFLECTED
IN THE EDITORIAL COLUMNS
OF THE CANADIAN PRESS**

**STRONGLY SUPPORTS
THE PRINCIPLE OF
THE PAYMENT OF INTEREST
ON ALL REFUNDS
MADE BY THE
DOMINION GOVERNMENT**

**COMPILED AND REPRODUCED BY
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18 RIDEAU STREET - OTTAWA, CANADA**

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**PUBLIC OPINION STRONGLY SUPPORTS
THE NATION-WIDE APPEAL
FOR THE PAYMENT OF INTEREST
ON ALL REFUNDS
MADE FROM TIME TO TIME BY THE DOMINION GOVERNMENT,
AS REFLECTED IN THE EDITORIAL COLUMNS
OF THE CANADIAN PRESS**

TORONTO DAILY STAR

April 9, 1929

A PRINCIPLE OF EQUITY

When the federal treasury at Ottawa is collecting a bill for unpaid back taxes from any citizen interest for the period during which the payment has been in default is collected.

Why, then, should not the federal treasury pay interest to any citizen on money refunded to him for erroneous, wrongful, excessive or over-payment of taxes, fines or penalties?

If the federal treasury collects interest on money that is overdue it why should it not pay interest on money the refunding of which to a citizen is overdue?

Importance attaches to this question more especially in connection with the refund to automobile dealers in 1926. Those dealers overpaid excise taxes in considerable sums; the refunding of these payments was authorized, but actual payment, in some instances, long delayed. Why should this money draw interest in the public treasury yet no interest be paid the acknowledged owners of the money?

Mr. J. R. Dixon of Ottawa has published a comprehensive review of the facts relating to and the discussion throughout Canada on the subject, and it seems to us clear that there should be in Canada, as there is in the United States, a statutory provision for the payment of interest by the national treasury on funds in its possession. Mr. Dixon cites a specific case. Mr. F. X. Belliveau overpaid excise taxes on forty-three automobiles as of June 8, 1926, in the sum of \$1,350.57. For two and a half years this money was in the public treasury earning interest to the amount of \$236.35. It is Mr. Belliveau's money, to be returned to him, but the interest he does not get. The money is returnable, it does not belong to the treasury, yet the treasury retains the interest. This inequitable dealing has been abandoned at Washington and automatically, as by statute provided, interest is now paid in all such cases. It should surely be so here. And the certainty of an equitable final adjustment would do a great deal to ease relations between the business of the country and the taxing authorities.

In June of last year the Canadian Chamber of Commerce, made up of representatives of 174 boards of trade and chambers of commerce throughout Canada, adopted the following resolution.

"Resolved, that the federal government be urged to adopt the principle of the payment of interest on all moneys held by it and refundable to citizens, a course required by equity, as the government enjoys the use of such moneys pending repayment and, moreover, itself exacts interest on overdue payments on account of taxes, etc. In addition to believing in the justice of this principle the Chamber is of the opinion that its adoption would make for more prompt adjustment of the rights of business men and others by officials of the government."

There would be less likelihood of these long-drawn-out delays in making adjustments which sometimes prove very trying. There would be a strong inducement to prompt and efficient handling of such matters. On December 22, 1926, The Star said that it was understood the motor car dealers were to be paid their money with interest, and they should have been so paid. But the question is now larger than that. The public treasury should by statute undertake to pay interest, as a matter of course, on all such refunds.

THE TELEGRAPH JOURNAL AND THE SUN

St. John, N.B., April 11, 1929.

INTEREST ON REFUND

Mr. James R. Dixon of Ottawa, who was active in the successful agitation for a refund of the excise tax paid by dealers and sub-dealers in automobiles, is now out for the application of the same principle in the case of all refunds, such as duties, drawbacks, income, sales and excise taxes, cash deposits, fines, penalties, etc., to be made retroactive to April 8, 1915.

Mr. Dixon has completed a book of seventy pages covering the whole story, reviewing the correspondence in

connection with the refund to automobile dealers, quoting extensively to show that the United States recognizes the justice of paying interest on refunds, and quoting also from leading newspapers and Boards of Trade throughout Canada in support of the original appeal in the matter of automobiles. He quotes also a resolution adopted by the Canadian Chamber of Commerce, urging "that the Federal Government be urged to adopt a principle of the payment of interest on all monies held by it and refundable to citizens."

Copies of this exhaustive review have been sent to all members of Parliament and Legislatures, mayors of the principal cities and towns, boards of trade and chambers of commerce, newspapers and companies interested in transportation, finance, manufacturing and marketing. Mr. Dixon asks that the interest rate on refunds be six per cent. In supporting his general contention he points out that the Government has the use of the money wrongfully taken until such time as it is refunded, and therefore should pay interest. He would have an Act passed covering the case so that there would never be any question in regard to the justice of such claims in the future, and would have it made retroactive to 1915, because with the war began the chief taxation grievances.

L'EVENEMENT, QUEBEC, QUE.

12 Avril, 1929

JUSTICE AVEUGLE ET INEPT

Lorsqu'une somme est censée due au gouvernement fédéral et que son débiteur présumé paie traditivement, les intérêts plus une surtaxe sont chargés à cet administré. Mais si le gouvernement constate qu'il y a eu erreur, le principal injustement pris est remboursé, généralement avec la surtaxe, mais les intérêts chargés ne sont pas rendus, encore moins l'intérêt courant sur ce capital gros ou petit. S'il a fallu des années pour découvrir et réparer le tort de l'Etat, ces intérêts peuvent représenter beaucoup d'argent. Exemple: Vers 1926, le gouvernement exigea d'un groupe de vendeurs d'automobiles le paiement d'une somme de plus d'un million de dollars, deux ans plus tard, Ottawa reconnut son obligation de rembourser ce montant, mais il refusa de faire remise de l'intérêt sur cette somme, il y a trois ans que cette petite iniquité dure, et l'on peut calculer quelle perte elle représente pour les victimes de cette erreur officielle. Dans l'application de la loi de l'impôt sur le revenu, de semblables erreurs arrivent souvent, au détriment de gens qui n'ont ni l'énergie ni les moyens de revendiquer. Ils subissent leur déveine en maugréant, espérant que les agents du fisc finiront par constater leur méprise, ce qui prend du temps mais finit par se produire. On s'empresse alors de réparer, dans une certaine mesure, ces erreurs évidemment involontaires. Cependant, en aucun cas, s'occuperont de verser aux victimes l'intérêt des sommes injustement retenues. Il y va de l'intérêt du gouvernement lui-même, en tant qu'institution, que cette pratique malhonnête cesse au plus tôt. Que le département de la Justice reconnaisse l'obligation de l'Etat de rembourser les intérêts sur les argents injustement retenus, et il remédiera du coup à la moitié des griefs de ce genre chez ses administrés. En effet, lorsque le gouvernement sera forcé de réparer complètement les erreurs de ses fonctionnaires, ceux-ci seront plus attentifs et plus prudents pour les prévenir, et, en cas d'accidents, plus empressés à les corriger. C'est ce que réclame l'Association des Chambres de Commerce du Canada, et il n'y a pas d'excuse pour le temps qu'on prend à se rendre à cette demande.

OTTAWA CITIZEN

April 12, 1929

INTEREST ON TAX REFUNDS

Last June a resolution was unanimously passed by the Canadian Chamber of Commerce at its third annual convention in Quebec urging upon the federal government the adoption of "the principle of payment of interest on all monies held by it and refundable to citizens."

In giving reasons for the change in the present practice, the resolution pointed out that such a course is required by equity, as the government enjoys the use of

money pending repayment, and, moreover, itself exacts interest on overdue payments on account of taxes.

The case for the payment of interest on money held by the federal treasury and later refunded to citizens has now been developed into a comprehensive summarized review by Mr. J. R. Dixon, of Ottawa, who was so closely identified with the movement to obtain the refund of luxury taxes paid by automobile dealers after those taxes had been suddenly abolished. The review is an exhaustive treatise on the whole subject, as well as being a convincingly written appeal for the reform which is sought. No one reading this remarkable document can remain unconvinced as to the soundness of the principle advocated, nor logically deny the justness of the claims made.

Parliament should act upon the request embodied in Mr. Dixon's summarized review. While he is acting primarily in the name of the automobile dealers of the Dominion, he speaks indirectly for all taxpayers who may in the future have occasion to be owed tax refunds by the Canadian government. What is being asked is that 6 per cent. per annum simple—not compound—interest on money refunded be paid, and that interest payments be made retroactive to April, 1915, when the Special War Revenue Act became effective.

Six per cent. is looked upon as a reasonable rate because it is lower than the ordinary taxpayer or business man must pay to replace money taken and withheld from use by the government. The strongest argument, apart from considerations of equity, for the payment of interest on refunds is that the government itself exacts interest on tax arrears, as pointed out in the Chamber of Commerce resolution. Another strong argument is that the United States pays interest, and at six per cent.

The case is so weighty that it is hard to believe that, once understood, it will not be entertained. Mr. Dixon's review will furnish the necessary means of understanding.

QUEBEC CHRONICLE-TELEGRAPH

April 13, 1929

A JUST OBLIGATION

A year or so ago, after a protracted campaign, the Federal Government finally consented to refund to the automobile trade certain excess taxes collected from it, amounting in the aggregate to a very considerable sum of money. Now this same campaign has been re-opened with a view to obtaining payment of interest for the period that elapsed between collection of the assessment and its refunding.

Not only in this particular instance, however, but in all cases where there has been over-payment or wrongful payment to the Government, it would seem to be an elementary principle of justice that interest should be allowed on such payment for the time that the amount involved remains in the Dominion Treasury; the more so, in view of the fact that the Government itself charges and collects interest on all over-due remittances by private citizens.

Mr. J. R. Dixon of Ottawa has published a comprehensive review of the facts relating to and the discussion throughout Canada on the subject, from which it seems clear that there should be in Canada, as there is in the United States, a statutory provision for the payment of interest by the National Treasury on funds in its possession. Mr. Dixon cites a specific case. Mr. F. X. Belliveau overpaid excise taxes on forty-three automobiles as of June 8, 1926, in the sum of \$1,350.57. For two and a half years this money was in the Public Treasury earning interest to the amount of \$236.35. It is Mr. Belliveau's money, to be returned to him, but the interest he does not get. The money is returnable, it does not belong to the Treasury, yet the Treasury retains the interest. This inequitable dealing has been abandoned at Washington and automatically, as by statute provided, interest is now paid in all such cases. It should surely be so here. And the certainty of an equitable final adjustment would do a great deal to ease relations between the business of the country and the taxing authorities.

In June of last year the Canadian Chamber of Commerce, made up of representatives of 174 Boards of Trade and Chambers of Commerce throughout Canada, adopted the following resolution.

"Resolved, that the Federal Government be urged to adopt the principle of the payment of interest on all moneys held by it and refundable to citizens, a course required by equity, as the Government enjoys the use of such moneys pending repayment and, moreover, itself exacts interest on overdue payments on account of taxes, etc. In addition to believing in the justice of this principle the Chamber is of the opinion that its adoption would make for more prompt adjustment of the rights of business men and others by officials of the Government."

If this were done there would be less likelihood of long drawn-out delays in making adjustments which sometimes prove very trying. There would be a strong inducement to prompt and efficient handling of such matters. On every ground, in fact, we repeat that the Public Treasury should by statute undertake to pay interest, as a matter of course, on all refunds.

THE DAILY ONTARIO, BELLEVILLE, ONT.

April 15, 1929

INTEREST ON TAX REFUNDS

Last June a resolution was unanimously passed by the Canadian Chamber of Commerce at its third annual con-

vention in Quebec urging upon the federal government the adoption of "the principle of payment of interest on all monies held by it and refundable to citizens."

In giving reasons for the change in the present practice, the resolution pointed out that such a course is required by equity, as the government enjoys the use of money pending repayment, and, moreover, itself exacts interest on overdue payments on account of taxes.

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Parliament should act upon the request embodied in Mr. Dixon's summarized review. While he is acting primarily in the name of the automobile dealers of the Dominion, he speaks indirectly for all taxpayers who may in the future have occasion to be owed tax refunds by the Canadian government. What is being asked is that 6 per cent. per annum simple—not compound—interest on money refunded be paid, and that interest payments be made retroactive to April, 1915, when the Special War Revenue Act became effective.

Six per cent. is looked upon as a reasonable rate because it is lower than the ordinary taxpayer or business man must pay to replace the money taken and withheld from use by the government. The strongest argument, apart from consideration of equity, for the payment of interest on refunds is that the government itself exacts interest on tax arrears, as pointed out in the Chamber of Commerce resolution. Another strong argument is that the United States pays interest, and at six per cent.

The case is so weighty that it is hard to believe that, once understood, it will not be entertained. Mr. Dixon's review will furnish the necessary means of understanding.—Ottawa Citizen.

OTTAWA JOURNAL

April 15, 1929

INTEREST ON GOVERNMENT REFUNDS

For some years past there has been a growing feeling among the business community of Canada that the Dominion Government and the various Provincial Governments should definitely adopt the principle of paying interest on all moneys held by them and refundable to citizens. Such a practice is incorporated into the statutes of the United States, and there is no reason, certainly no just reason, why it should not be adopted by Governments in Canada. It is a matter of simple justice. A matter embraced in the obvious fact that no Government can possibly have the right to keep money belonging to one citizen and use the interest upon it for the benefit of another citizen. Mr. MEIGHEN, when he was in Parliament, laid it down that where there is a claim for principal there is a claim for interest just as strong; and the stark truth is that to combat that doctrine is to argue for confiscation. That, and nothing less.

What we have in mind at the moment is a document that has just been issued by Mr. JAMES R. DIXON, of Ottawa, entitled "A Nation-wide Appeal for the Payment of Interest on all Refunds made from time to time by the Dominion Government." Mr. DIXON is primarily concerned with certain refunds and interest due to automobile dealers, but his comprehensive review of the principle involved applies to the refund question as a whole. It is, no matter how regarded, an exceptionally able and useful paper—a model for all who essay to place a case for anything or anybody before Government or Parliament.

As Mr. DIXON's review is in the hands of the members of the Government, as well as before members of Parliament, members of Legislatures, and members of all Boards of Trade, Chambers of Commerce and other business organizations, no need exists to review its arguments. It is sufficient to state that, in THE JOURNAL's judgment, it constitutes an unanswerable case, one which no Government can lightly ignore. For our own part, we should like to see the Government and Parliament take action along the lines indicated by Mr. DIXON without further delay. In so doing they would be but introducing a right principle, and one that would confer a considerable benefit upon the business community of the nation.

LE DROIT, OTTAWA

16 Avril 1929

UNE MESURE DE JUSTICE

Il arrive que, pour une raison ou pour une autre, le gouvernement surtaxe des citoyens ou que ceux-ci payent en taxes au bureau du Revenu plus qu'ils ne l'auraient dû.

Lorsqu'une erreur de ce genre est reconnue et prouvée, le gouvernement a remis la différence entre ce que le contribuable lésé devait payer en stricte justice et ce qu'il paya en réalité. C'est la pratique actuelle.

Cette pratique ne concorde point malheureusement avec la simple justice. Supposons, par exemple, qu'un citoyen ait payé, en 1918, pour des taxes quelconques, \$2,000 de trop et que cette erreur soit reconnue par le

gouvernement en 1929, ce citoyen ne recevra que ces \$2,000 sans les intérêts. Est-il juste que le gouvernement se soit servi du capital de ce contribuable, durant dix ans, sans lui en payer les intérêts?

Personne, en effet, n'admettra, dans la vie commerciale ordinaire, qu'autrui puisse, sans un consentement explicite, se servir de son argent, sans lui payer un juste intérêt pour ce service. C'est ce principe fondamental de simple justice commerciale que le public des affaires voudrait voir appliqué par le gouvernement. A cette fin, M. James-R. Dixon, d'Ottawa, a publié un document précieux où est exposée toute la question au sujet du paiement des intérêts sur toutes les sommes remises ou à remettre par le gouvernement aux citoyens qui ont été surtaxés ou qui ont payé en taxes plus qu'ils ne l'auraient dû.

Ce document n'est que l'écho de la résolution de la troisième convention annuelle de la Chambre canadienne de commerce, tenue à Québec, en juin 1928. Cette résolution à son tour n'est que le porte-voix des diverses Chambres de commerce et des différentes associations commerciales disséminées à travers le pays.

La correction de cette situation demanderait une législation spéciale. Il ne faut pas avoir peur d'en prendre les moyens. Ce serait une simple mesure de justice.

CALGARY ALBERTAN

April 17, 1929

INTEREST ON TAX REFUNDS

When the Canadian Chamber of Commerce last June urged the Dominion Government to adopt "the principle of payment of interest on all monies held by it and refundable to citizens" it submitted, among its arguments that the Government itself did not hesitate to charge interest on overdue taxes, etc., that the Government had had the use of the excess so paid and that it was only fair that it should pay for the use of these funds. To which, of course, might have been added, if it was not, that the over-charged taxpayer had been "out" a corresponding sum for a corresponding time and that he consequently was also "out" the interest or other earnings which might have accrued to him had he had that money.

In a voluminous brief compiled by Mr. J. R. Dixon of Ottawa, the case for the payment of interest on refunds of taxes is very clearly set forth. He it was who was so closely identified with securing the refund of luxury taxes paid by automobile dealers collected when the tax, with such astonishing swiftness, was abolished.

His case, while made out primarily in behalf of the automobile dealers, is incidentally the case for all payers of taxes and is sufficiently convincing to merit the very careful consideration of Parliament. His recommendation is simply this: That interest at the rate of 6 per cent. per annum should be allowed, retroactive to April, 1915, on money refunded to taxpayers—the date mentioned being that when the Special War Revenue Act went into effect.

The request seems reasonable enough. In the first place, nothing more than simple interest—not compound is asked. Moreover, the rate of 6 per cent. is lower than the taxpayer would have to pay to replace the money of the use of which he had been thus deprived, and as a precedent for the payment of interest on refunds of this kind he cites the United States where it is already the practice.

THE EXAMINER, PETERBOROUGH, ONT.

April 17, 1929

The appeal prepared by James R. Dixon of Ottawa, urging the payment of interest on all refunds made from time to time by the Dominion Government, while designed primarily to secure this right for automotive dealers who suffered as a result of sales tax charges, is so manifestly based on common sense and common fairness that it will be difficult to refuse it.

The principle of Governments paying interest on all moneys held by them and refundable to citizens has long since been adopted by the United States, and there seems no logical reason why it should not apply to Canadian practice.

It is surely evident that, as was pointed out several years ago by Right Honourable Arthur Meighen, that where there is a claim for principle there is an equally strong claim for interest.

If the Government believes it fair to refund money that it has no right to hold, there is no reason why it should not pay the interest that accrued on that money, it does not belong to anybody, surely, but to the rightful owners of the sums that had been withheld.

THE GAZETTE, MONTREAL

April 18, 1929

THE GOVERNMENT AS A DEBTOR

An appeal is being made to the Government, and to Parliament, for the adoption of a principle under which the State, when in debt to an individual or corporation, will discharge its indebtedness fully and fairly. That principle is now lacking in the Government's dealings with certain classes of creditors. It was lacking for a long time in the treatment of the automobile trade after the removal of the luxury tax on automobiles, and some of that old injustice still remains. The agitation for fair treatment of the automobile trade in respect of refunds and interest thereon has broadened so as to include all monies refunded

by the Government from time to time since April 8, 1915, when the Special War Revenue Act became operative, in respect of customs duties, drawbacks, income tax, sales tax, excise tax, cash deposits, fines, penalties, etc. What is asked is that the Government pay simple interest at six per cent. on all monies received from the public in excess of the amounts which the treasury is entitled to retain. For example, one of the many objections to the income tax is the "heads-I-win-tails-you-lose" attitude of the Government toward the taxpayer. If the latter makes an insufficient payment to the Government, however innocently, and even upon the information given him by an official of the Government, he is called upon in a very peremptory way for the balance—with interest. But when the taxpayer, as not infrequently happens, overpays his income tax through some error in computation, the Government, in its own good time, refunds the balance due him—but without one cent of interest. What is sauce for the goose in this matter of income tax refunds or collections, is not sauce for the gander, and yet it is an old and honored axiom that a rule which will not work both ways is a poor one.

This condition continues despite the fact that the principle of repayment with interest has been acknowledged by Parliament, the fault is in the failure of the Government and Parliament to apply the principle generally. It is a condition for which departmental officials cannot be held responsible, since they must take the laws as they find them. The most well-meaning official in the service cannot administer an unjust law justly, and the result is that the Government has the use of what must be in the aggregate a very large sum of money, and pays nothing for it. In the case of the income tax payer the case is peculiarly inequitable in that the individual is held responsible for his own assessment, although the impost is a highly complicated one and, in some of its aspects, passes all understanding. To penalize the taxpayer for a mistake committed in these circumstances is very much like adding insult to injury, or injury to insult and yet he is penalized whether he pays the Government, too much or too little. If he underpays, he is called upon to send in the balance with interest, and if he overpays he is forced to give the Government the free use of the excess sum until such time as the Government feels disposed to return it. The victims of this practice are the people who pay their income tax, not those who evade it, and the whole situation is about as unjust and as mischievous as it can possibly be—mischievous, because injustice must inevitably beget contempt for the law and indifference toward its successful administration.

If the Government and Parliament care to go to the United States for an example they will find that interest payments upon refunds made to the taxpayers are guaranteed by statute, and are paid. Six per cent. interest on income tax refunds in the United States has run into a large sum, since one refund alone in 1928 amounted to \$15,000,000. The claims are settled fully as a matter of justice, but the United States Treasury does not overlook the fact that fair treatment of the taxpayer is a good thing for the State. The American income tax refunds, credits and abatements, since the tax was first imposed have been estimated at the huge sum of \$2,614,896,000, including interest at six per cent. No such amount is involved in this country, but when all the claims covered in the present appeal are included, the sum will be found to be a very considerable one. The principal is, of course not involved, since the bulk of it has been repaid, but the unpaid interest, dating back to 1915, will run into fairly large figures. If those figures seem formidable from the standpoint of the Dominion Treasury, they are no less so from the standpoint of the public whose money has been used by the Government without compensation. The amount, however large or small, represents the difference between fair and unfair treatment of the taxpayer by the Government. If the money is due it ought to be paid, and upon grounds of ordinary equity it certainly is due.

LA PATRIE, MONTREAL, P.Q.

April 18, 1929

UNE MESURE DE JUSTICE

Lorsque l'hon. Fernand Rinfret vient de conseiller à un groupe de nos concitoyens qui ont une réclamation à faire valoir auprès de l'administration fédérale de se confier au sens de justice du gouvernement, le moment semble propice pour obtenir le redressement d'un état de choses qui a toujours existé dans les rapports entre l'Etat et ses administrés et qui n'est pas conforme au principe de la justice. L'occasion de ce redressement s'offrira incessamment. En effet, ceux qui ont dû soutenir une lutte de plusieurs années pour faire rembourser aux marchands d'automobiles la taxe de luxe qu'ils avaient payée par anticipation et que le gouvernement avait abolie, et recommencer une pareille lutte pour obtenir que cette taxe fût remboursée avec intérêt, se proposent de réclamer du gouvernement une loi par laquelle sera décrétée d'application générale le principe que les marchands d'automobiles ont si laborieusement réussi à faire reconnaître. En deux mots, on va demander au gouvernement de poser une règle statutaire suivant laquelle tous les remboursements qu'il sera dans l'obligation de faire seront invariablement effectués avec intérêt, que l'on suggère de calculer au taux de six pour cent, intérêt simple.

Le gouvernement, lorsqu'il apparaît comme créancier, ne néglige jamais de prélever l'intérêt, souvent aggravé de pénalités lorsqu'il s'agit des impôts. Il est si méticu-

leux sur ce point que, sur un état de compte dont une copie authentique a été placée sous nos yeux, nous voyons qu'il a perçu d'un contribuable, comme impôt sur le revenu, \$2.96, montant de la taxe, 15c de pénalité pour un retard, et 1c d'intérêt. On voit par là que l'Etat ne songe pas à laisser perdre la moindre parcelle de son droit.

Mais la même règle devrait s'appliquer aux contribuables, lorsque le gouvernement retient en sa possession de l'argent qui leur appartient. Lorsque des contribuables ont payé des sommes en trop, il faut toujours une longue procédure pour lui faire rendre cet excédent aux ayants-droit. Dans l'intervalle, le gouvernement a la jouissance de cet argent qui ne lui appartient pas, de sorte qu'il n'est que juste que, lorsqu'il rembourse, il ajoute à la somme principale l'intérêt. Et il n'est pas juste que le contribuable soit en pareil cas tenu de gagner en quelque sorte par des démarches multipliées ce qui lui est dû de plein droit. Une pareille loi existe aux Etats-Unis où le gouvernement, en conformité d'une disposition statutaire, effectue invariablement tous ses remboursements avec intérêt.

CALGARY DAILY HERALD

April 19, 1929

INTEREST ON REFUNDED TAXES

A comprehensive argument for the payment of interest by the Dominion government on all monies held by it and returnable to citizens has been issued by Mr. J. R. Dixon of Ottawa. He has long been active in the movement to obtain the refund of luxury taxes paid by automobile dealers after those taxes had been abolished.

The matter was dealt with by the Canadian Chamber of Commerce at its third annual convention in June last. A resolution was passed urging the federal government "to adopt the principle of payment of interest on all monies held by it and refundable to citizens, a course required by equity as the Government enjoys the use of such monies pending repayment and moreover, itself exacts interest on overdue payments on account of taxes, etc., in addition to believing in the justice of this principle, the Chamber is of the opinion that its adoption would make for the more prompt adjustment of the rights of business men and others by officials of the Government."

Mr. Dixon makes an exhaustive and convincing plea for the reform. What is asked is the payment of six per cent. simple interest by the government. This is the rate paid by the United States where the principle of allowing and paying interest on all refunds has long been recognized as not only fair and reasonable but as good business.

FINANCIAL TIMES, MONTREAL

April 19, 1929

INTEREST RULE SHOULD WORK TWO WAYS

This being the season for filing income tax returns, with payments based on self-assessment, wide interest will undoubtedly be taken in the agitation to have the government pay interest on all overpayments of taxes or on levies which may be improperly collected and later refunded.

Obviously the government is the only institution in the country which can hold other peoples' money without paying interest and itself collect interest on such funds. The individual, who, in his desire to properly interpret his obligation, pays more than he should, or the firm which pays taxes under protest, and is entitled to a refund, receive eventually only the amount actually due them. There is no allowance for interest. But the financial statement of the government shows that such sums, important in the aggregate, provide a substantial return in interest to the government as bank deposits.

There was a time long ago when the individual who collected interest was not well regarded by his fellows, but today payment of interest is so widely recognized as a sound principle that it is practically an automatic charge in financial and commercial transactions. Furthermore it is argued convincingly that the return of overpayments with interest, would encourage all those liable for taxation to be more prompt and liberal in their payments. Also—it is to be hoped—rebates would then be made more promptly.

We doubt the advisability of any democratic government retaining for itself benefits and privileges which are not accorded to the citizens. Tax-payers are immediately assessed for all payments which are overdue, why should the same rule not apply on the government's obligations?

LA PRESSE, MONTREAL

19 Avril 1929

DEMANDE RAISONNABLE

Lorsque nous avons fait écho aux réclamations des marchands d'automobiles du Dominion auprès du gouvernement fédéral pour se faire rembourser certaines sommes perçues à titre d'impôts et, affirmait-t-on, indûment retenues, nous croyions qu'il s'agissait toujours du rajustement rendu nécessaire par l'abolition de la taxe sur le luxe, en décembre 1920. On nous signale que ce différend a été réglé et qu'il s'agit d'une autre demande plus récente.

Il y a quelques années, au cours de la session de 1926,

Ottawa décidait de supprimer l'impôt d'accise de 5 pour cent sur les automobiles de fabrication domestique dont la valeur n'excédait pas \$1,200, et le gouvernement s'engageait à rembourser aux marchands d'automobiles le montant de cette taxe payé sur les automobiles achetées avant le 8 juin 1926 et en leur possession comme non vendus à cette date. Le total du remboursement s'élevait à \$300,000, somme qui a été presque entièrement remise aux marchands, mais sans intérêt. C'est cet intérêt que l'on demande aujourd'hui, au taux de six pour cent. En même temps, on prie le gouvernement d'amender les statuts de manière que, à l'avenir, le remboursement de n'importe quelle taxe non due se fasse automatiquement.

Les raisons que nous avons apportées à l'appui de la première requête des marchands d'automobiles valent également pour celle-ci. Qu'il s'agisse d'une taxe sur les articles de luxe ou d'un impôt d'accise, peu importe, le principe reste le même: le gouvernement ne saurait retenir une somme à laquelle il n'a pas droit, soit parce qu'elle a été perçue par erreur, soit parce que l'impôt lui-même a été aboli ou réduit. Et par remboursement, il faut entendre assurancement et le capital et l'intérêt, comme on fait dans le cours ordinaire des affaires.

Ottawa ne tardera pas, sans doute, à régler cette question et à payer l'intérêt réclamé par les marchands d'automobiles. Nos législateurs fédéraux voudront aussi faire en sorte d'empêcher la répétition de pareils cas.

MANITOBA FREE PRESS, WINNIPEG

April 19, 1929

REFUNDS SHOULD BE MADE

At the time of the reduction in duties on motor-cars in 1926, the automobile dealers made application for a refund on the luxury tax paid in advance on cars in their possession, and in due course received the sums due them from the Government. Since then they have endeavoured to procure refund on excise tax similarly paid in advance on their stocks of cars, but have not yet forced action upon the Government. There appears to be no reason why this request should be denied. An excise tax is in most cases a countervailing tax to offset partially at least customs duties, and a reduction of either duty should be followed by a refund.

Mr. J. R. Dixon, acting for the automobile dealers, has issued a brief on the subject in which he strongly urges that blanket legislation be passed to permit immediate refund by Government departments on all taxes collected in excess of the amounts justly due. This is also common sense. There is no reason whatever for special legislation to be passed to cover each particular case as it arises. To maintain such a system is only a subterfuge by the departments concerned to hang on to money to which they have no real right.

Mr. Dixon also demands the payment of interest on refunds due in the past, and wants it made retroactive to 1915, when the first of the taxes which have caused most of the worry were passed. In this, also, he appears to have reason on his side. If there is a moral obligation to make refunds of excess payments, there is no reason why the Government should withhold interest as well. The Government has had the use of the money, and the man who paid the excess has gone without. The only real questions for the Government to consider are the rate of interest which should be paid, and the length of time for which the legislation should be made retroactive.

THE MONETARY TIMES, TORONTO

April 19, 1929

SHOULD PAY INTEREST ON REFUNDS

The matter of payment of interest on all refunds made from time to time by the Dominion Government is one which is receiving some attention just now at the hands of those interested in the matter. Over the signature of James R. Dixon, of Ottawa, circulars have been sent out putting forward the case of those making claims for reimbursement in this connection, although as stated in his summary it is for the automobile dealers of Canada primarily that Mr. Dixon is making his appeal.

The requests which have been made for the payment of simple interest at the rate of six per cent. per annum do not appear to be unreasonable while the further request that payments be made retroactive to 1915 would also seem to be justified. In the appeal issued March 18, which has been widely circulated among all those likely to be interested, a great mass of detail is presented regarding various cases which have come under the notice of those who have taken the question up. These in short, deal largely with monies refunded by the government from time to time for the "excessive, wrongful or over-payment of customs duties, drawbacks, income, sales and excise taxes, cash deposits, fines, penalties, etc." as well as the "payment of balances of excise refund claims for five per cent. excise taxes paid in advance on Canadian-made automobiles valued at \$1,200 and under which remained on hand, unsold, in possession of dealers as of June 8, 1926, together with interest thereon to date of payment."

It would seem quite probable that the matter is one on which the government will prove to be sympathetic in so far as if monies have been over paid to the public treasury and a refund is being made interest, it is claimed should also be allowed. The fact that a refund is made is evidence in itself that the government has had the use

of money which did not belong to it for a certain length of time.

Whether this money came into the public treasury through the mistake of a government official or of an individual citizen, is not the point at issue. The fact remains that the government has had the use of the funds in question while the owner has had to do without. It would therefore, seem to be only just that the owner should be reimbursed to some degree and six per cent. simple interest is not an exorbitant charge. Copies of the appeal have been broadcast to various parties, including members of all legislative bodies in the Dominion. The petition is one to which the government could very well give a sympathetic hearing.

HARDWARE & METAL, TORONTO, ONT.

April 20, 1929

A LITTLE INTEREST, PLEASE!

A recent memorandum to a variety of interested people shows that Jas. R. Dixon, of Ottawa, is still on the trail of a reluctant government and is trying to secure for the automobile dealers of Canada interest as well as principal on the luxury taxes refunded by the government. Mr. Dixon, in his most recent memorandum, explains to the government how easily it is getting off by being asked for simple instead of compound interest. The immediate question at issue has particular interest for automobile distributors. In its wider application, however, it has interest for business at large, because frequent occasion arises where the government refunds to corporations substantial funds long held. Should or should not the Dominion government pay interest on refunds?

On general principles of morality one would say, Yes! When it transacts business with its subjects the crown, which is the government is in the position of any legal person and should be subject to the same laws and customs. If an individual can be forced to pay interest on funds he retains from the use of another, it seems reasonable that the government be subject to the same requirement. The government has a habit of demanding interest from corporations or individuals when they are overdue in their payments, fair play and common honesty suggest that in return the government should pay interest. In many cases, of course, the amounts involved are infinitesimal, and do not warrant the expense of bookkeeping, but oftentimes real hardship is involved where substantial sums are at issue. It looks as though the government, as a measure of ordinary justice should adopt some regulation where it will pay to its subjects interest compensation on sequestered funds.

MAIL & EMPIRE, TORONTO

April 20, 1929

ASKING INTEREST ON REFUNDS OF TAXES

From the long discussions that have taken place from time to time since 1920 of claims of Canadian dealers in automobiles to refunds of payments of excise taxes made to the Dominion Government a new question has sprung. The Dominion Government, it may be recalled, provided in December, 1920, for remission of luxury taxes on automobiles. Again, in 1926, the government readjusted the rate of customs and excise taxes on motor vehicles and abolished the excise tax of 5 per cent. on Canadian-made vehicles valued at \$1,200 or less. Canadian automobile dealers asked for refunds of luxury taxes paid in advance on machines remaining in their hands and unsold on December 20, 1920. Later they sought refunds of excise taxation paid in advance on Canadian-made cars valued at \$1,200 or less that were in their possession on June 8, 1926. The King Government and the Dominion Parliament dealt with both requests in 1926. Parliament voted \$1,690,000, comprising principal to the amount of \$1,250,000 and interest to the amount of \$440,000 to settle claims based upon the repeal of the luxury tax in 1920. It also provided by amendment to the budget resolutions for the payment of rebates of excise taxes on Canadian-made cars valued at \$1,200 or less remaining unsold in the dealers' possession on June 8, 1926.

The action of the government and of parliament in authorizing refunds of luxury and excise taxes was regarded by the public as a measure of justice to the automobile dealers. That action recognized that the dealers had paid in advance to the government money which they were supposed to collect from purchasers of cars, but which, by reason of the repeal of the luxury and excise taxes, they were prevented from recovering from buyers of motor vehicles. Discussion of the action of the government since 1926 has hinged upon the fact that the government did not deal in the same way with both sets of claims. It allowed and paid interest on claims arising from the repeal of the luxury tax in December, 1920. It did not arrange for the payment of interest on claims resulting from the abolition of excise taxes in 1926. This discrimination has led to the putting forward of a contention that legislation should be enacted to provide for the payment of interest at the rate of 6 per cent. per annum on all refunds by the Dominion Government of customs and excise duties, drawbacks, income taxes and penalties. It is pointed out that the United States government pays interest on such refunds. It is also noted that the Canadian government exacts payment of interest on all arrears of taxation. In other words, the government applies a different policy in dealing with its debtors from that which

it applies in its relations with its creditors. Aside from that fact, it should be remembered that the government has the use of the money that it collects in excess taxation. The taxpayers whose money the government detains are deprived of the use of that money in their businesses pending the payment of refunds.

THE GLOBE, TORONTO

April 22, 1929

WHERE THE LAW IS UNJUST

It is a century-old axiom that "the law is a hass." But more than one person harbors a suspicion that the sloth and seeming stupidity of the law are usually evident when existing conditions suit the ruling authorities. Mr. James R. Dixon of Ottawa is waging a campaign to prove that this is the case in one respect at least.

At the present time the law says that overdue taxes, when collected, must be accompanied by interest payment, at specified rates, for the delinquent period. But the law says nothing about the Government paying interest on charges levied and collected in excess of those legally due. The widow may omit paying a sales tax on her little business until checked up by the inspector. She is finally charged, not only for the amount due, but for generous interest during the overdue period. Let this same widow win a claim for excess payment of customs duties, or any other taxes, perhaps after years of argument. Does the Government pay interest for the use of the money during that period? Nay, verily.

Mr. Dixon, who was active in the successful agitation for a refund of the excise tax paid by dealers and sub-dealers in automobiles, is now out for the application of the same principle in the case of all refunds. He asks that the interest rate on refunds be 6 per cent. He would have an Act passed covering the case so that there would never be any question in regard to the justice of such claims in the future, and would have it made retroactive to 1915, because with the war began the chief taxation grievances.

Mr. Dixon is right. Parliament should enact measures to redress this wrong.

THE HAMILTON SPECTATOR

April 22, 1929

ACT OF JUSTICE

An attempt is being made to remove an anomaly which causes much injustice to a large number of citizens. Briefly, the Dominion government is appealed to—not for the first time—to deal with its creditors as it does with its debtors. This is obviously a fair request, and since those affected are Canadian citizens, there is all the stronger reason why favorable and prompt action should follow. The demand arises specifically out of certain refund claims on Canadian-made automobiles, with interest; but the principle involved applies to all moneys unjustly retained by the government, and therefore the arguments cover all excess or "wrongful payments of duties, income, sales, excise or other taxes." What is complained of is the fact that, when—to take the case of the income-tax payer—the sum paid to the government is less than that required by law, not only is the balance demanded, but interest and penalties are added to boot. If, however, too much has been paid to the government, the best that can be hoped for is that the principal—usually after considerable delay and effort—will be refunded; not one cent of interest can be expected. It is the same in other forms of taxation, the government always has the advantage over the taxpayer, who has no redress, but must suffer the loss of interest, if he is fortunate enough to get back the principal, when money has been wrongfully paid to the government.

In the aggregate, considerable sums come into the treasury in this way. It is suggested that, dating from April 8, 1915, when the Special War Revenue Act came into force, simple interest at the rate of six per cent. per annum be paid by the government on all moneys refundable to citizens. This is already the established practice in the United States. The matter was brought up at the last annual convention of the Canadian chamber of commerce and the principle strongly endorsed by resolution. The Hamilton chamber has gone on record as favoring the movement; while many influential organisations and individuals in all parts of the country have joined in the demand for government action. What is asked is so obviously fair that it is not anticipated that any opposition will develop; but it is the force of public opinion which accomplishes reform, and that is why an organised campaign is necessary.

SASKATOON STAR-PHOENIX

April 22, 1929

INTEREST ON TAX REFUNDS

The Star-Phoenix has received from Mr. J. R. Dixon, of Ottawa, a copy of a brief prepared by him in behalf of automobile dealers seeking to obtain a refund of taxes paid in advance by them three years ago. They appear to have a legitimate claim on the treasury since the amounts were paid in excess of what the law, as amended by the 1926 budget, required of them.

Mr. Dixon expands his particular appeal in their behalf into an apparently sound argument in favor of the payment of interest on all refunds made to taxpayers

by the Dominion government. He asks for blanket legislation to permit repayment, with interest, of all taxes paid in excess of amounts due. There is already such a provision in the law of the United States, and it will surprise many Canadians to learn that Mr. Dixon's request has to be made. It seems to go without saying that when the government has held money properly belonging to private persons it should, on making restitution, pay for the use of the funds at a reasonable rate. No government hopes to borrow without offering interest or would attempt to do so, no matter what the emergency. A government which obtained funds by a forced loan and paid no interest would rightly be accused of confiscation, and whatever may be said for confiscatory tactics in certain circumstances, the present government of Canada is not known to have adopted any such policy.

A law requiring that interest be paid on refunded taxes would be just to those citizens who have paid more than they owe and it would have the additional advantage of hastening settlement. The government will lose no time in returning excess payments if they are made interest-bearing.

THE BRANTFORD EXPOSITOR

April 23, 1929

SHOULD PAY INTEREST

An appeal is being made to the Federal Government and to Parliament for the payment of interest on moneys which it owes to individuals or corporations, as a result of overcharges in the collection of various forms of taxation. The fact is that tens of thousands of dollars remain in the possession of the federal treasury on which no interest whatever has been paid. The appeal has been framed to include the various sums of money refunded by the Government from April 8, 1915, when the Special War Revenue Act became operative, in respect to customs duties, drawbacks, income taxes, sales taxes, excise taxes, cash deposits, fines and penalties. The demand is made that the Federal Government shall pay simple interest at the rate of six per cent. on all sums of money collected from the public in excess of the amounts which the treasury is entitled to retain.

This is a sound business proposition, and ought to be given prompt attention by the Government. Under the present law, if any taxpayer fails to pay the exact amount due, a bill is rendered with interest, no matter how small the sum may be. In certain cases interest amounting to one cent has been charged. This rule ought to hold good when the taxpayer for any reason through some error in interpreting the law or in computation, pays more than his due. In this case, however, the Government takes its own time to refund the amount without one cent of interest. This practice has continued in spite of the fact that Parliament has acknowledged the principle of repayment with interest. This is due to the failure of the Government and Parliament to apply the principle generally. The practice is an unjust one, because often in the payment of income taxes, where the taxpayer makes his own assessment, the schedules are so complicated that it is very easy to make an insufficient payment. Moreover, the victims of this unjust principle are those who pay their incomes, not those who evade them.

The principle of paying interest on all moneys refunded has been practised in the United States for years, on the ground that just treatment of the taxpayer is good policy. Since the income tax was first levied in the United States refunds, credits and abatements have been repaid, estimated at the huge sum of \$2,614,896,000, including interest at 6 per cent. Of course the amount overpaid in Canada is small compared with this figure. The Government has no more right to keep payments of this character without paying interest to the taxpayer, than it has to expropriate funds that he may have in the bank, and use them for a month, or two months, or six months, as the case may be, without paying interest. It is to be hoped that the present appeal, which is representative of all Canada, will be heeded by the Government and justice done in this matter.

THE DAILY TIMES, MONCTON, N.B.

April 23, 1929

ASKING INTEREST ON REFUNDS OF TAXES

Toronto Mail and Empire: From the long discussions that have taken place from time to time since 1920 of claims of Canadian dealers in automobiles to refunds of payments of excise taxes made to the dominion government a new question has sprung. The dominion government, it may be recalled, provided in December, 1920, for remission of luxury taxes on automobiles. Again, in 1926, the government readjusted the rate of customs and excise taxes on motor vehicles and abolished the excise tax of 5 per cent. on Canadian-made vehicles valued at \$1,200 or less. Canadian automobile dealers asked for refunds of luxury taxes paid in advance on machines remaining in their hands and unsold on December 20, 1920. Later they sought refunds of excise taxation paid in advance on Canadian-made cars valued at \$1,200 or less that were in their possession on June 8, 1926. The King government and the dominion parliament dealt with both requests in 1926. Parliament voted \$1,690,000, comprising principle to the amount of \$1,250,000 and interest

to the amount of \$440,000 to settle claims based upon the repeal of the luxury tax in 1920. It also provided by amendment to the budget resolutions for the payment of rebates of excise taxes on Canadian-made cars valued at \$1,200 or less remaining unsold in the dealers' possession on June 8, 1926.

The action of the government and of parliament in authorizing refunds of luxury and excise taxes was regarded by the public as a measure of justice to the automobile dealers. That action recognized that the dealers had paid in advance to the government money which they were supposed to collect from purchasers of cars, but which, by reason of the repeal of the luxury and excise taxes, they were prevented from recovering from buyers of motor vehicles. Discussion of the action of the government since 1926 has hinged upon the fact that the government did not deal in the same way with both sets of claims. It allowed and paid interest on claims arising from the repeal of the luxury tax in December, 1920. It did not arrange for the payment of interest on claims resulting from the abolition of excise taxes in 1926. This discrimination has led to the putting forward of a contention that legislation should be enacted to provide for the payment of interest at the rate of 6 per cent. per annum on all refunds by the dominion government of customs and excise duties, drawbacks, income taxes and penalties. It is pointed out that the United States government pays interest on such refunds. It is also noted that the Canadian government exacts payment of interest on all arrears of taxation. In other words, the government applies a different policy in dealing with its debtors from that which it applies in its relations with its creditors. Aside from that fact, it should be remembered that the government has the use of the money that it collects in excess taxation. The taxpayers whose money the government detains are deprived of the use of that money in their businesses pending the payment of refunds.

THE BORDER CITIES STAR, WINDSOR, ONT.

April 24, 1929

A JUST CLAIM

There are many anomalous features about the federal government's attitude toward taxpayers but none more glaring than that exhibited in its treatment of automobile dealers under the excise tax refund ruling of 1926. Business men of this class had already paid the so-called luxury tax to the government on cars in stock when the impost was abolished. In this way they lost heavily and there was an order put through to return the money to which the dominion treasury was not entitled. Tardy restitution was made but no interest was paid on the sums that had been at the government's disposal for so long. Automobile dealers organized in an attempt to rectify this injustice and they have been carrying on a campaign for recognition of their claim ever since.

Any Canadian taxpayer who falls behind in payment of his income tax knows with what inexorable determination the authorities at Ottawa exact their pound of flesh in the form of interest. There is no argument about the matter and the longer a defaulter delays the more it costs him. If this is correct procedure on the part of the income tax branch why is it not equally just for the government to pay interest on over-paid revenue returnable to individuals? There is no logical argument against the dealers' contentions. The administration at Ottawa hasn't a leg to stand on. It owes interest on the considerable amount of money over-paid prior to its refund order and it is only stalling off its claimants in the hope they will tire of the agitation to secure what is coming to them.

It is pointed out by Mr. J. R. Dixon, who has made a study of the principle raised by this situation, that in the United States there is statutory provision for payment of interest on funds in possession of the national treasury. In this connection the following resolution, passed last June by the Canadian Chamber of Commerce, is illuminating:

"Resolved that the federal government be urged to adopt the principle of the payment of interest on all moneys held by it and refundable to citizens, a course required by equity, as the government enjoys the use of such moneys pending repayment and, moreover, itself exacts interest on overdue payments on account of taxes, etc. In addition to believing in the justice of this principle the Chamber is of the opinion that its adoption would make for more prompt adjustment of the rights of business men and others by officials of the government."

It is a safe assumption that if the federal treasury had to pay interest on sums wrongfully collected, as in the case of the automobile dealers, there would be more promptitude in adjusting claims. Delay of the government in returning overpaid taxes was bad enough without adding insult to injury by refusing to pay interest to the motor dealers affected. If a private concern attempted high-handed tactics of this kind it would be brought to book in law courts of the land. And just because it is the federal government that is at fault is no reason why it should escape without paying its just debts. This matter is pressing and should be dealt with at the present session of Parliament.

THE BEAVER; TORONTO, ONT.

April 25, 1929

JUSTICE DEMANDED

A determined effort is being made to get the House of Commons to pass legislation providing for the payment of interest on sums collected by the Government and later refunded as being collected in error or otherwise. Any one who has had money in the hands of the Government and had to go through all the red tape and departmental delays required to get it refunded must acknowledge the justice of the contention.

The United States has acknowledged the justice of it for some time and pays at the rate of six per cent. per annum for the time such money is held. This rate is set because it will cost the ordinary man at least this amount to replace the capital so tied up until he can again have it available. In other words he actually suffers damages equal to this rate of interest. Not only that but the Government has the use of the money during that time and certainly should pay something for it even though it were as low a rate as is paid to bondholders.

There is the case of one man who paid in the sum of \$1,350.57. It was two and a half years before he got this money back. The interest he would have to pay to replace this working capital in his business during that time would be \$236.35. As a result in reality the Government forced this man to accept \$1,114.22 in complete settlement for a lawful debt of \$1,350.57.

The old answer of past centuries to this demand was that it is not British practice to pay interest on monies refunded and that the making of a refund at all by the Crown is an act of grace. This is no answer at all. The maker of such a poor excuse forgets that it has also been British practice for government methods to change with the changing times. It is one of the chief boasts of British people that their system of government is not so set and unbending that it cannot adapt itself to changing conditions. If the claim is just the practice of the past should have nothing to do with the argument. The redress of grievance is supposed to be one of the chief functions of Parliament. The fact that it is but a small proportion of the population who suffer no doubt has been one of the chief reasons why the situation was not rectified years ago.

As a matter of fact the Government has already admitted the justice of the claim in several individual instances. In the matter of the Luxury Tax which was removed in 1920 the Government paid to automobile dealers by special vote of the House of Commons the sum of \$392,163.24 on account of interest alone. In this case an organized and powerful industry by pressure obtained justice though it took them about eight years to do it, and it must have eaten up considerable of this amount in attorney fees and other expenses.

Such payments should be made a matter of course to be made to the man who has had a few dollars tied up as to the big and powerful organisation who has thousands and can afford to spend money to get its rights. The Dominion Government should delay no longer but should proceed at once to make such payments statutory as a matter of course.

THE CHATHAM DAILY NEWS

April 26, 1929

A TAX INJUSTICE

Mr. James R. Dixon of Ottawa is at present engaged in a movement which will be of interest to every person liable for income tax. At the present time if payment of this tax is allowed to lapse, the person liable must pay interest on all overdue amounts. If, however, through a mistake in making out the return, or for any other reason, overpayment is made, and a refund is granted the government does not pay interest on the amount refunded, and which they have had the use of until it finds its way back to the taxpayer, which in many instances is months after the error has been made.

Mr. Dixon is of the opinion that if the government charges interest on overdue payments, which may be the result of unintentional error on the part of the taxpayer, they should also pay interest when refunds are made of excessive amounts which have been paid. He is perfectly right, and moreover, he is correct in his contention that when such a request is granted by the government it should be made retroactive to 1915 because with the war began the chief taxation grievances.

The parliament of Canada should lose no time in rectifying this wrong. There may be some who think that it is a small matter, and that there are very few people who are paying in money for which they are liable, but an examination of the records would be surprising in this regard. The Income Tax law is a complicated one, and upon many occasions those liable for the tax do an injustice to themselves when forwarding the amounts for which they think they are liable. The error is not always discovered promptly, and months often elapse before the income tax department makes the refund. The question of interest in such cases is never mentioned. The taxpayer gets the exact amount which he has overpaid. But when the mistake is made the other way, and months afterward it is discovered that the amount forwarded was too small, along comes a bill for the balance, with the interest added, and there is nothing for the taxpayer to do but pay up.

Mr. Dixon is meeting with considerable success in the campaign he is waging, at least as far as getting

people interested in it, is concerned. Boards of trade and city councils are passing resolutions supporting his contention, and the press of Canada is practically a unit in lining up behind him. It is understood that intimation has been hinted that if the amounts refunded are not too large, the government may be inclined to grant the request for interest. But the larger the amounts, the greater the reason why the interest should be paid by the government. The reasonableness of the request is apparent on the face of it. If the government has the use of money to which it is not entitled, it is only right that it should pay interest upon it until such time as it is given back to the people who are entitled to it.

THE HAMILTON HERALD

April 27, 1929

INTEREST ON GOVERNMENT REFUNDS

Is it right for the Government to charge a man interest on his delayed payments, and then when the Government owes him money, and keeps him out of it, sometimes for years, refuse to allow him any interest, however great the hardship may be for the creditor? Of course every body will say that it is wrong for the Government to set such a bad example, and many will refuse to believe that the Government would be capable of such a policy. Well, they do not know what the Government is capable of doing in this respect. Mr. James R. Dixon has drawn up a voluminous report to show what the Government has actually done and continues to do in this way, and a copy may be had of it, in which he shows how refunds made for wrongful or overcharged payments of custom duties and various taxes, cash deposits, fines, penalties, are never accompanied by a hint of interest. People have not only to bear the injustice of wrongful charges, but must suffer the loss of interest and often have to pay bank interest themselves for the money they are lacking by the Government fault. The subject is really an immense one, and Mr. Dixon has given a summary of what is charged against the Government on this head. Large sums were exacted wrongfully from motor car dealers and the interest on such payments, eventually refunded, amounted to large sums. In 1926 there was paid on this head \$392,163.24 interest on these motor car accounts. Mr. Dixon is now pressing for recognition of the application of the principle to the refunds on taxation of various descriptions wrongfully assessed. Boards of Trade and other bodies are taking the matter up and any one who is interested may obtain information from Mr. Dixon at 18 Rideau Street, Ottawa.

THE FREE PRESS, LONDON, ONT.

May 1, 1929

PAYING INTEREST ON REFUNDS

The taxpayers of Canada must pay interest at the usual rate on all arrears of taxes to the Dominion Government.

On the other hand, the federal treasury does not pay any interest on refunds made from time to time when too large an amount of taxes has been collected.

Obviously this is unjust to the taxpayer, an inequitable arrangement which should speedily be remedied by Parliament. James R. Dixon, of Ottawa, has prepared a monumental document setting forth the arguments of those desirous of having the Government pay interest on refunds. It is a nation-wide appeal for support and has received the indorsement of the press throughout the country, regardless of party lines.

In the United States this principle of allowing and paying interest at 6 per cent. per annum on all refunds, for erroneous, wrongful, excessive or overpayment of taxes, fines, penalties, etc., has long since been recognized as not only fair and reasonable, but as good business. In fact, the total cash refunds in the United States up to January, 1929, had attained a figure in excess of the national debt of Canada.

Many individual cases of hardship being worked by the nonpayment of interest on tax refunds are quoted by Mr. Dixon.

DAILY INTELLIGENCER, BELLEVILLE, ONT.

May 1st, 1929

INTEREST ON REFUNDS

Last June a resolution was unanimously passed by the Canadian Chamber of Commerce at its third annual convention in Quebec, urging upon the federal government the adoption of "the principle of payment of interest on all monies held by it and refundable to citizens."

In giving reasons for the change in the present practice, the resolution pointed out that such a course is required by equity, as the government enjoys the use of money pending repayment, and, moreover, itself exacts interest on overdue payments on account of taxes.

The case for the payment of interest on money held by the federal treasury and later refunded to citizens has now been developed into a comprehensive summarized review by Mr. J. R. Dixon, of Ottawa, who was so closely identified with the movement to obtain the refund of luxury taxes paid by automobile dealers after those taxes had been suddenly abolished. The review is an exhaustive treatise on the whole subject, as well as being a

convincingly written appeal for the reform which is sought. No one reading this remarkable document can remain unconvinced as to the soundness of the principle advocated, nor logically deny the justness of the claims made.

Parliament should act upon the request embodied in Mr. Dixon's summarized review. While he is acting primarily in the name of the automobile dealers of the Dominion, he speaks indirectly for all taxpayers who may in the future have occasion to be owed tax refunds by the Canadian government. What is being asked is that 6 per cent. per annum simple—not compound—interest on money refunded be paid, and that interest payments be made retroactive to April 1915, when the Special War Revenue Act became effective.

Six per cent. is looked upon as a reasonable rate because it is lower than the ordinary taxpayer or business man must pay to replace money taken and withheld from use by the government. The strongest argument apart from consideration of equity, for the payment of interest on refunds is that the government itself exacts interest on tax arrears, as pointed out in the Chamber of Commerce resolution. Another strong argument is that the United States pays interest, and at six per cent.

The case is so weighty that it is hard to believe that, once understood, it will not be entertained. Mr. Dixon's review will furnish the necessary means of understanding.
—Ottawa Citizen.

MONTREAL DAILY STAR

May 1, 1929

A REASONABLE REQUEST

There would seem to be nothing more than simple justice involved in the appeal now being made to Parliament that Canadian Governments should pay interest on funds belonging to individuals or business concerns which happen to be temporarily in Government custody.

It very frequently happens that through overpayments of taxes, errors, over assessments, etc., private funds are held by Government departments. Often long periods of time pass before adjustments are made and when at last that is done, only the sum involved is handed back. There is thus a loss for which in many cases the individual is not responsible. Many cases are cited where such loss has been really serious.

There does not seem to be any equitable reason why the Government should be exempt from obligations which are binding upon business in general. The United States Government pays its citizens at the rate of 6 per cent. on money due them under the circumstances cited. The refusal hitherto of Canadian Governments to do likewise would seem to be not only unfair but unwise in so far as it must cause resentment and a sense of injustice.

The present Government might do worse than listen to what seems to be a reasonable request.

LE DEVOIR, MONTREAL, QUE.

2 Mai, 1929

LE DROIT AUX INTERETS

C'est un principe depuis longtemps reconnu et appliqué aux Etats-Unis que lorsque quelqu'un, pour une raison ou un autre, a versé plus qu'il ne devait au fisc non seulement le gouvernement le rembourse lorsque le fait est reconnu, mais qu'il paye en plus un intérêt de 6% par an. Et ce n'est que justice puisqu'il a pu profiter de ces fonds pendant parfois plusieurs années.

Au Canada, c'est là un principe que le gouvernement fédéral n'a pas encore reconnu. Pourtant on pourrait citer des centaines de cas où des gens ont trop versé au fisc, parfois des montants considérables, et que ce surplus qui est naturellement resté leur bien, ne leur a été remboursé que plusieurs mois, même plusieurs années plus tard, mais sans qu'ils aient reçu aucun intérêt en retour. C'est une injustice d'autant plus flagrante que le gouvernement lui-même, dans le cas de l'impôt sur le revenu par exemple, charge un intérêt pour chaque jour de retard lorsqu'un versement est fait après le 30 avril. Pourquoi la même mesure n'est-elle pas en vigueur dans les deux sens? Ce ne serait que simple équité et le gouvernement d'un pays n'a pas le droit de s'approprier, même par erreur et d'utiliser les biens des citoyens sans au moins leur verser un juste loyer pour leur argent comme il le fait lorsqu'il émet des obligations.

C'est pourquoi la Fédération des Chambres de commerce du Canada, lors de son dernier congrès à Québec, a adopté une résolution demandant que cette situation soit corrigée. C'est aussi pour la même raison que M. James R. Dixon, d'Ottawa, a publié un long travail sur la question afin de compléter en quelque sorte, par l'exposé des faits en détail, la réclamation de la Fédération des Chambres de commerce. Et c'est une résolution semblable que la Chambre de commerce du district de Montréal a adoptée hier, apportant ainsi son concours aux autres associations similaires du pays.

Nul doute que les autorités fédérales tiendront à corriger cette situation aussi fautive qu'injuste et qu'au besoin la question sera soulevée au parlement pour être l'objet d'un débat public.

THE HALIFAX CHRONICLE AND THE NOVASCOTIAN

May 2, 1929

INTEREST ON TAX REFUNDS

From time to time monies are paid by citizens to the Government which the Government afterwards refunds but in refunding these monies, it is its practice to refund only the amount paid without interest. This does not seem by any means fair to the individual whose money the Government has had the use of. It would not happen in business and there seems no good reason why a different rule should prevail when it is the Government which has the benefit of the use of the money. The Government itself charges interest on taxes which are in arrears. As to this anyone may satisfy himself by looking up the requirements of the income tax laws.

A movement is on foot to have this changed. It is primarily aimed at getting interest on monies paid by automobile dealers throughout the country when the sudden luxury tax on autos was imposed and almost as suddenly taken off again. In that brief period many were penalised by the imposition of the tax. They are now asking that interest be paid on these monies for the period during which the Government had their use.

While the immediate demand is for the payment of interest on the automobile payments, it is asked that the principle should be extended to all refunds made by the Government. The demand seems wholly reasonable. The request is not for compound interest, which is what would be given in financial circles, but for simple interest for the period. That is already the law in the United States where the Government pays simple interest at the rate of six per cent. on all refunds. The principle is sound. The Government has the use of the money without interest, the citizen is deprived of it, while if he were to loan it to some private individual or concern he would receive interest annually, which means it could be compounded. The present demand seems eminently just and fair.

MOOSE JAW EVENING TIMES

May 2, 1929

INTEREST ON TAX REFUNDS

Mr. J. R. Dixon, of Ottawa, who was so closely identified with the movement which succeeded in obtaining the refund of luxury taxes paid by automobile dealers after those taxes had been suddenly abolished, is now the "spearhead" of a movement in Ottawa for the payment of interest at 6 per cent. per annum (not compounded) on the amounts held for so long a time before being refunded. The move has broadened out and now takes the form of a demand for a general application of the principle involved. The automobile case came before the Canadian Chamber of Commerce, and at its third annual convention in Quebec in June of last year, a resolution was unanimously passed urging upon the Federal Government the adoption of "the principle of payment of interest on all monies held by it and refundable to citizens."

In support of this principle, as opposed to the present practice, the resolution urges that such a course is in accord with equity and justice, as the Government enjoys the use of the money pending payment, and, furthermore, the Government exacts interest on overdue payments on account of income taxes, etc.

Mr. Dixon has prepared a strong case in support of the adoption of this principle. While the automobile dealers, to whom justice was done in respect to the principal amount of taxes paid on cars that could not be sold after the tax was suddenly repealed, are still the chief sufferers in the matter of loss of interest on the money involved, there are no doubt many other cases, year in and year out, where citizens are without the use of considerable sums through disputed payments, on which sums they are compelled to pay bank interest, compounded possibly every three months at interest rates of at least 6 and 7 per cent. So that simple interest at 6 per cent. is regarded as a reasonable rate for the Government to pay on refunds, and this rate would preclude any taxpayer making wrongful payments for the sake of the interest involved. Over a ten year period compound interest amounts to approximately 32 per cent. in excess of simple interest on the basis of 6 per cent.

If it is right for the Government to collect interest on overdue tax payments—and no one questions that it is—then it is only right and just that interest should be paid on moneys held by the Government and refundable to citizens. It is obvious that no Government should keep money belonging to an individual taxpayer and use it for the general good without paying interest on it. When there is a claim for principal there is a claim for reasonable interest equally as strong, and as the Ottawa Journal says, to combat this principle is to argue for confiscation.

MONTREAL DAILY HERALD

May 3, 1929

INTEREST ON TAX REFUNDS

Pressure is being brought to bear on the Government at Ottawa to adopt a principle unanimously urged by the Canadian Chamber of Commerce, namely the payment

by the Government of interest on all monies held by it and refundable to citizens.

As the Government itself exacts interest on overdue payments on account of taxes, and enjoys the use of money overpaid pending repayment, it would seem only fair and proper that on such money in its hands as belongs to citizens interest should be paid. In private hands the money thus overpaid would be used profitably in business or in investments, and it hardly seems right that citizens should be deprived of the earning power of their money because of mistakes in demands or in payment which must always occur where taxes are being collected from so many sources and in such large volume.

The principle is already recognized by the United States Government, which, when returning money overpaid, adds interest at the rate of six per cent. per annum.

The case for repayment has been developed and organized by Mr. J. R. Dixon, of Ottawa, who was closely identified with the movement to obtain the refund of luxury taxes paid by automobile dealers after those taxes had been suddenly abolished, leaving the dealers with many cars on their hands on which the taxes had been paid. He has prepared a comprehensive review of the whole subject which can leave no possible doubt of the justice of the claim.

THE GAZETTE, MONTREAL

May 3, 1929

A RIGHT MOVEMENT

The Montreal Chambre de Commerce has very opportunely decided to support the movement which is seeking legislation that shall provide for the payment of interest on all moneys refundable, or that may become refundable hereafter, because of overpayments to the national treasury under the customs and inland revenue laws and the special war revenue tax. Every year thousands of dollars are overpaid by commercial companies and others in income, excise and other taxes, as well as in cash deposits. The overpayments invariably are due to circumstances over which the individual firms or corporations have no control, and many months may pass before the refunds are made. Consequently, the loss which the commercial communities must bear through their money being so long tied up with the Treasury in "frozen", non-producing credits is considerable. So long as the Government exacts and collects interest on tax arrears, it is no more than fair and just to ask that the rule shall work the other way in order that interest be payable on excess amounts received and retained during the pleasure of the Federal Exchequer.

In the United States six per cent. interest is allowed on refunds made by the Government and nobody can lose more than thirty days' interest. It is legislation on these lines, in amendment of the Revenue and Customs Acts, that the Federal Government is being urged to introduce into Parliament this session. To comply with the request, which is supported by commercial organizations throughout the Dominion, would be doing no more than a simple act of justice to the business fraternity of Canada. The Government's action, as The Gazette pointed out on a previous occasion when commending the movement, would inevitably have a stabilizing effect on the country's business generally.

EDMONTON JOURNAL

Saturday, May 4, 1929

INTEREST ON TAX REFUNDS

If a government concedes a claim for a refund of tax money paid to it, is the claimant not entitled to interest on the sum involved for the period during which it has been withheld? It charges interest on payments that are overdue, so it must be considered quite unfair not to allow this when the situation is reversed.

The subject was taken up by the Canadian chamber of commerce at its convention last year, when a resolution was unanimously passed urging the adoption by the federal government of "the principle of payment of interest on all moneys held by it and refundable to citizens."

The action of that body has been followed up by James R. Dixon of Ottawa, who has prepared a detailed review of the whole question and presented a most convincing argument for a change in the federal practice. The successful campaign that he conducted some time ago for a refund to automobile dealers for a luxury tax refund is well remembered. While he is acting primarily for them now, the issue that he raises has a broad application and affects all business interests.

What is being asked is an interest payment at the rate of six per cent. not compounded. That is the figure adopted by the United State government and its recognition that the taxpayer is entitled to an interest allowance, in case of principal is returned to him, makes the failure of our own government to grant this all the more remarkable.

SATURDAY NIGHT, TORONTO, ONT.

May 11, 1929

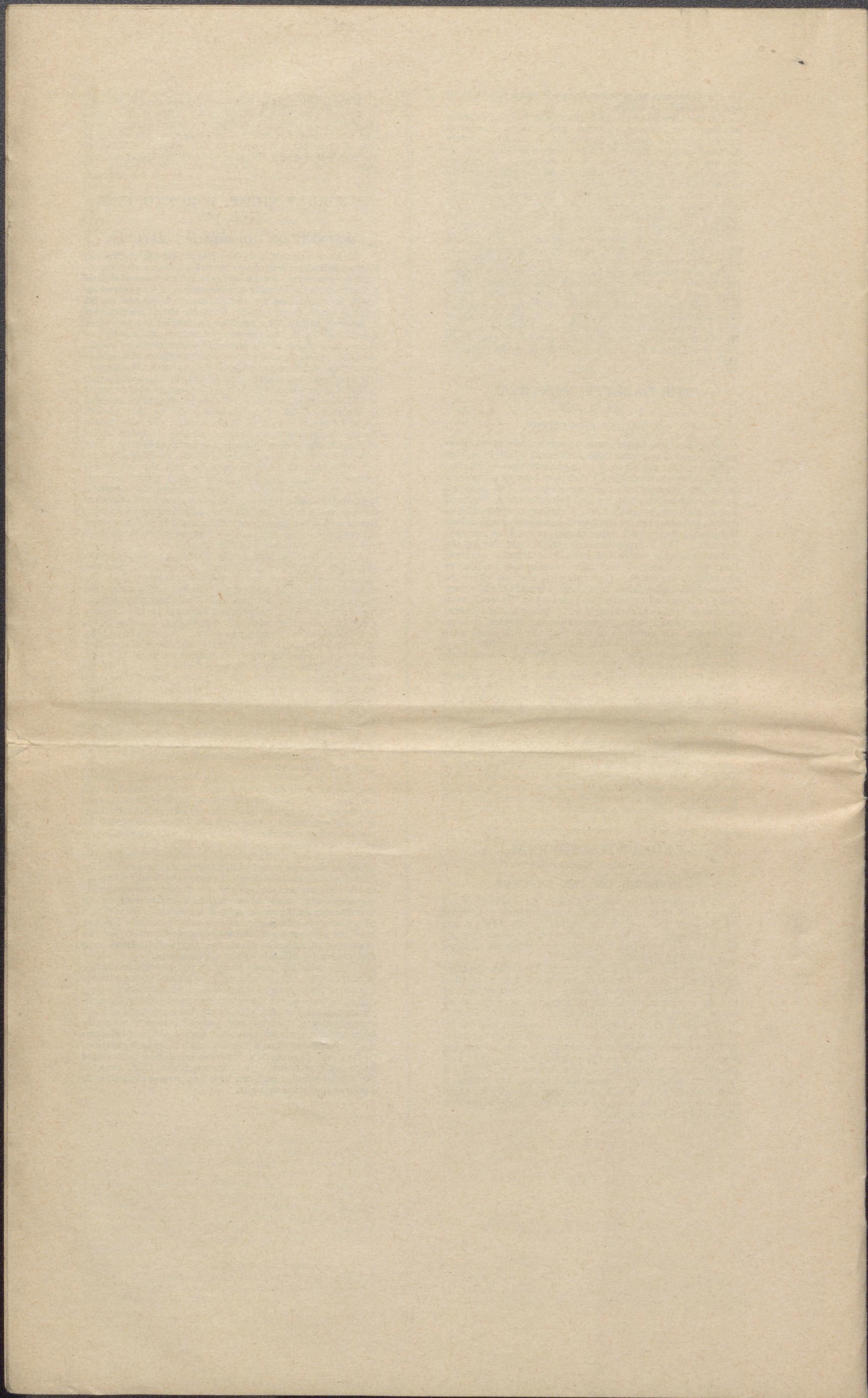
INTEREST ON GOVERNMENT REFUNDS

We have received from Mr. Jas. R. Dixon, of Ottawa, a summarised review, of a very voluminous and comprehensive character, on the subject of the appeal that is being made to the Dominion Government to pass amending legislation providing for the payment of interest on all refunds made, from time to time, by that Government. As he makes clear, Mr. Dixon's own interest in this matter is primarily with the automotive dealers of Canada one of whom, a client of his, overpaid excise taxes to a considerable amount, on certain automobiles. The overpayments, which arose owing to the repeal of the automobile tax, were apparently undisputed, but a considerable period having elapsed before settlement of the same, it would seem that, in equity, the dealer should be entitled to interest on his overpaid money during that period. Such, however, is not, it would appear, the view taken by the Government, and probably correctly taken under the legislation presently operative in this country. But it would look obvious to the ordinary intelligence that, not only has the dealer in question lost the use of his money (so overpaid) during the period above referred to, but that the National Treasury has had the benefit of it during the same period. Therefore, just as the Government is under a legal obligation to pay interest on Victory Bonds and other cognate securities, so it is under a moral obligation to pay interest on the automobile dealer's money of which it has had the use.

"All dollars," in fact, as Mr. Dixon pertinently points out, "are worthy of their hire." And the question, naturally, is one of much wider application than the moneys overpaid by automotive dealers under a tax that has been repealed. Various individuals and corporations from time to time, make over-payments to the Government in connection with customs duties, drawbacks, income taxes, sales et hoc genus omne. It seems to us that, all technicalities to the contrary and notwithstanding, moneys refunded by the Government on such over-payments ought certainly to be repaid with interest. In the United States, this principle of paying interest on over-payments of the kind mentioned obtains, and is, in fact, as we understand, provided for by statute. As the refunds, credits, and abatements of income tax allowed by the United States Treasury, since the tax was imposed, has, up to the first of this year, reached a total exceeding the entire national debt of Canada, at that date, it is plain that such interest payments must have reached, in the aggregate, an enormous sum.

There is little doubt that, on the grounds of fairness and equity, a similar course ought to be followed in this country. Various representative bodies have passed resolutions urging the payment of interest in the class of cases mentioned. One such resolution was passed by the Canadian Chamber of Commerce, at its annual convention in Quebec city, last year. The Chamber went on record as urging the Federal Government "to adopt the principle of the payment of interest on all moneys held by it and refundable to citizens, a course required by equity, as the Government enjoys the use of such moneys pending repayment, and moreover, itself exacts interest on overdue payments on account of taxes, etc. In addition to believing in the justice of this principle, the Chamber is of the opinion that "its adoption would make for the more prompt adjustment of the rights of business men and others by officials of the Government."

This resolution seems to us to put the whole matter in a nutshell. People who are constrained to be without the use of their money for a period—and sometimes a long period—by reason of these over-payments to the Government, and, at the end, receive the bare amounts of such over-payments, without any accrued interest, naturally labor under a sense of injustice. Such a sense of injustice the Government should remove, and if fresh legislation, to that end, is necessary, let fresh legislation be brought down without delay. It is inconceivable that, even in the official mind, there can lurk any strong objection to a course so obviously right.



June 22, 1931

Colonel E. M. Renouf,
1433 McGill College Avenue,
Montreal.

Dear Colonel Renouf,

I have your letter of the 19th with reference to Import Tax and Sales Tax on University and School Textbooks. We have already taken this matter up with the Prime Minister.

Yours faithfully,

Principal.

RENOUF PUBLISHING CO.
1433 MCGILL COLLEGE AVENUE

REPRESENTING

JOHN WILEY & SONS, INC. (SCIENTIFIC BOOKS,) NEW YORK.	THE PRANG CO. (ART. PUB.) NEW YORK.
GEO. PHILIP & SON, LTD. (GEOGRAPHICAL PUB.) LONDON.	THOS. NELSON & SONS, LTD. (EDUCATIONAL PUB.) EDINBURGH.
TRAUTWINE Co. (SCIENTIFIC BOOKS) PHILADELPHIA.	GINN & CO. (EDUCATIONAL PUB.) NEW YORK.
	BLACKIE & SON, LTD. (EDUCATIONAL PUB.) GLASGOW.

MONTREAL June 19, 1931

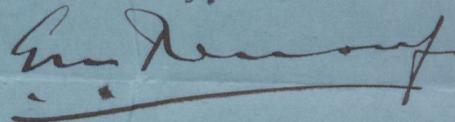
Sir Arthur Currie
Principal
McGill University
Montreal, Que.

Dear Sir Arthur:-

Mr. Bennett, Prime Minister of Canada has put an Import Tax of 1% and a Sales Tax of 4% on University and School Textbooks and on books coming under the heading "Science applied to industry" for Libraries. These books were free of Sales Tax up to the present time, they ~~were~~ ^{are} free of duty. One can scarcely believe that Mr. Bennett intended to put a tax on Education.

If strong representations are made to Mr. Bennett by the Educational Authorities throughout Canada it is possible that the Prime Minister may be induced to remove this Tax.

Yours faithfully,



EMR:RY

June 17, 1931.

E. W. Beatty, Esq., K. C., LL.D.,
Chancellor, McGill University,
Montreal. P. Q.

My dear Chancellor,

With reference to our conversation re the working out of the new Sales Tax, I have to say that the purchase of supplies, equipment, books, etc., during the session 1930-31 for McGill University and Macdonald College totalled \$557,136.12. This amount is affected by the Sales Tax to the extent that on much of it we would have to pay 4%, whereas that part that comes in from the outside would be subject to an additional 1% tax. I may say that about 70% of the total amount represents goods purchased in Canada.

The result of all this is that we shall have to provide for another \$25,000 or \$30,000 a year, or, 5% interest on an investment of nearly \$600,000. It throws an additional burden on McGill University which she cannot very well stand.

We have taken the matter up with Toronto University but get little encouragement from them, because, as they say, the Provincial Government pays the expenses of running the University and anything saved on the Sales Tax is so much saved by one Government at the expense of another.

To my mind that is not the principle which ought to govern the justice of this tax. An educational institution should be considered on a different basis than other institutions or businesses purchasing supplies - unless it be hospitals.

McGILL UNIVERSITY
MONTREAL

COMPTROLLER'S OFFICE

17th June, 1931.

Sir Arthur W. Currie, G.C.M.G., K.C.B., LL.D.,
Principal and Vice-Chancellor,
McGill University.

Dear Principal:-

I beg to submit report covering the purchase of supplies, equipment, books, etc., during the Session 1930-31 both for McGill University and Macdonald College, totalling \$557,136.12. Under the new Budget, based on this figure, it will cost approximately 5% of an increase over this amount for the Session 1931-32.

Yours very truly,


Purchasing Agent.

JF/T.
Encl.

Purchases of Supplies, Equipment, Books, etc. Session 1930-31

	<u>McGill</u>	<u>Macdonald College</u>	<u>Total</u>
Power House (excluding coal McGill 39,000.00)	100,487.41		
" " (excluding coal Macdonald 33,600.00)		14,770.00	
Departmental - Materials, Equipment & Stationery	247,375.96	130,385.00	
Books & Periodicals	60,757.75	3,350.00	
	<u>408,621.12</u>	<u>148,505.00</u>	<u>557,126.12</u>
American Purchases	81,800.73		
England "	11,638.02		
Germany "	8,933.89		
France "	1,119.90		
Belgium "	22.47		
Switzerland "	111.20		
Holland "	1,091.21		
Spain "	108.61		
Italy "	292.49		
China "	19.70		
Denmark "	185.68		
Sweden "	15.09		
Czecko-Slovakia Purchases	3.54		
Batavia Purchases	11.23		
India "	4.84		
Austria "	1.88		
Japan "	13.62		
Canadian "	<u>303,247.22</u>	<u>408,621.12</u>	

Purchases of Supplies, Equipment, Books, etc. Session 1930-31.

Faculty of Engineering	14,925.00	
" " Arts & Sciences	12,998.00	
School of Commerce	950.00	
Faculty of Law	750.00	
Faculty of Medicine	85,720.24	
	Medical Library Books)	
	Special Fund)	8,549.47
Faculty of Dentistry	2,750.00	
Royal Victoria College	23,225.00	
Faculty of Music	2,250.00	
Department of Physical Education	2,440.00	
Physics Department	8,000.00	
Chemistry Department	9,950.00	
Department of Industrial Chemistry	4,850.00	
Chinese Library	287.00	
Redpath Museum	475.00	
McCord Museum	2,845.00	
Redpath Library	13,450.00	
	General Book Fund	18,000.00
	Special Book Fund	57,329.00
	Departmental Book Fund	5,380.00
University Papers	3,395.00	
Observatory	185.00	
School for Graduate Nurses	390.00	
Graduate School	790.00	
Extension Lectures	150.00	
Department of Extra-Mural Relations	5,250.00	
Faculty Club	6,150.00	
Art Department	700.00	
University Administration	12,600.00	
Photographic Department	3,400.00	
Power House (excluding coal \$39,000.00)	<u>100,487.41</u>	<u>408,621.12</u>

Purchases of Supplies, Equipment, Books, etc. Session 1930-31

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ET

OFFICE OF
THE UNDER-SECRETARY OF STATE
FOR EXTERNAL AFFAIRS
CANADA

Ottawa, 21st May, 1931

My dear Sir Arthur,

I received your enquiry this morning as to the rumour that a duty on text-books was contemplated. I brought the matter to the attention of the Prime Minister, who stated that so far as he was concerned, no such proposal had been under consideration.

Yours sincerely,

Sir Arthur W. Currie, G.C.M.G., K.C.B.,
Principal and Vice-Chancellor,
McGill University,
Montreal.

May 20th, 1931.

~~RE: R.D.A.~~
~~Mr. C. M. J. F. J.~~
Dr. O. D. Skelton,
Under-Secretary of State for Foreign Affairs, *Stet*
O t t a w a .

Dear Dr. Skelton,

A rumour reaches me this morning
that a duty on text-books is contemplated. This
may be quite unfounded, as I sincerely hope it is.
In any case, I should be much obliged if you would
let me know how the matter stands.

Yours faithfully,

Principal

FROM THE
STRATHCONA PROFESSOR OF PATHOLOGY
MCGILL UNIVERSITY,
MONTREAL.

January 31st 1923

Sir Arthur Currie,
McGill University,
Montreal.

Dear Sir Arthur:-

I had a letter from the Hon. Walter Mitchell regarding the importation of scientific books, monographs, etc. by members of the University and in reference to import duties.

I have answered his inquiry and I have thought it wise to send you a copy of my letter to him for your information.

Sincerely yours,

Howard Currie

Enc.

January 31st 1923

Hon. W. G. Mitchell,
Bank of Ottawa Building,
M o n t r e a l.

My dear Mr. Mitchell:-

I am very much obliged to you for sending me copy of a letter by Sir Arthur Currie, relating to the importation of scientific books into Canada, and, generally, for the interest you have taken in that matter.

The point at issue does not relate to the importation of scientific books by the University as a corporation, but rather to the importation of books by professors and other instructors and by students, for the purposes of their own study and research. When an officer of the University, or a student, in the pursuit of their studies or research import books, monographs, scientific reprints, in fact any printed matter, these are invariably held in customs. A notification is then sent to the addressee that he may go down to customs, have the package opened in the presence of a customs official, and he is then asked a duty on book, monograph or reprints which is determined by the customs official. This is carried so far that the same method is pursued even when complimentary copies, catalogues, and other publications that have no commercial value, are sent to teachers in the University in a purely complimentary way. This is not only a time consuming and

difficult method for any member of the University to bring books and similar material, entirely used for educational purposes, into this country, but it obliges the paying of an import tax (to say nothing of the present sales tax), and thus puts a premium on study and research in a Canadian university. It is a particular hardship for advanced students and younger, and not too well paid, instructors and demonstrators, who are obliged to order from abroad books, pamphlets and periodicals in larger number for their work, which are not listed, and cannot be listed, as text or reference books.

If something can be done to ease this situation, say for example, that the importation of scientific books, pamphlets and monographs for the purpose of study and research for any member of a University, were to be put on the free list, it would relieve the situation tremendously and decidedly add to the possibilities of higher education in Canada.

Once more accept my best thanks for your kind consideration of this matter and

Believe me,

Sincerely yours,

Taxes -

January
Twenty-fourth
1923.

Hon. W. G. Mitchell,
Bank of Ottawa Building,
Montreal.

My dear Mr. Mitchell:

I acknowledge receipt of your letter of the 20th January, in which you deal with the question of duty on books used by Professors and students in connection with educational work.

On page 62 of the Canadian Almanac for 1923 is shown the tariff of customs for books. It appears from this that all scientific books, text books, etc., come in free of duty and I find on enquiry that the University has never been required to pay duty on such books.

In view of this I should be very glad if you would refer some of the medical men who have spoken to you on the subject to Mr. Glassco in order that they might state to him particular cases where duty has been charged, and he would then let you have a memorandum as to whether anything might be done in such cases.

I appreciate very much your offer to take this matter up with the Government evidencing as it does your interest in educational matters.

Ever yours faithfully,

Principal

Laflamme, Mitchell, Callaghan & Kearney
Barristers and Solicitors

N. K. LAFLAMME, K. C.
HON. W. G. MITCHELL, K. C.
FRANK CALLAGHAN, K. C.
J. D. KEARNEY.

Bank of Ottawa Building

Montreal 20th, January, 1923.

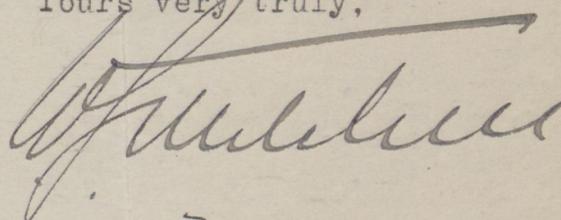
Sir Arthur Currie,
Principal,
McGill University,
Montreal.

My dear Sir Arthur:

Some of the medical men have spoken to me lately about the fact that medical and other scientific books used by Professors and Students in connection with the educational work are dutiable, and this, notwithstanding the fact that practically none of them are made in this country.

If you believe that this is a matter that should be taken up I would be glad to do so, but I did not want to move without consulting you.

Yours very truly,



Mr. Glasco

What shall I say?

W.G.

*Upper Can Col
Toronto*

February
Fourth
1921.

W. L. Grant, Esq., M.A.,
Principal, Upper Canada College,
Toronto, Ont.

My dear Principal Grant:-

Let me acknowledge your
letter of February 3rd.

I am in most cordial sympathy with anything that can be done to induce the Government of the Dominion of Canada to exempt from Income Tax contributions to Religious, Charitable, Scientific or Educational Corporations or Associations. I think the principle followed in the United States is wise and sound, and I shall be very glad to cooperate with yourself and Sir Robert Falconer, and with any others in any effort that can be made to induce the Government to accept a similar principle.

Regarding our conversation of a few weeks ago, I have seen Dr. Tory who is in full accord with our views regarding the desirability of having the Colonial Civil Service open to graduates of Canadian Universities. When you hear from Colonel Amery please let me know.

Yours faithfully,

Principal.

PRINCIPAL
W. L. GRANT, M.A.
BURSAR
L. V. WRIGHT



UPPER CANADA COLLEGE,
TORONTO.

February 3rd, 1921.

Dear Sir Arthur Currie:-

In my endeavours to collect endowment for Upper Canada College I have been frequently met by the reply that the spirit truly is willing, but that the heavy Federal Income Tax renders a gift impossible. Looking into the matter I find that in the United States contributions to Religious, Charitable, Scientific or Educational Corporations or Associations are exempted from Income Tax up to 15% of the net income; e. g. if a person with an income of \$100,000 can produce receipts showing his contributions to such purposes he is entitled to deduct from his return all such contributions up to \$15,000. With certain small safe-guards this is true also of corporations as well as of individuals.

If the Dominion Government could be induced to make the same arrangement it would, I think, make very much easier the collection of endowment for Toronto, McGill, Queen's, and indeed all the universities of Canada, as well as for Upper Canada College and similar schools. To induce the Government to exempt any possible source of taxation will not be easy, but I know that an American precedent has distinct weight with them. If this matter were taken up, it would have to be by yourself and Sir Robert Falconer, and other ships of the line carrying more guns than I do, but I would naturally be happy to co-operate in any way. I have the

PRINCIPAL
W. L. GRANT, M.A.
BURSAR
L. V. WRIGHT



UPPER CANADA COLLEGE,
TORONTO.

- 2 -

full American regulations in my possession and certain correspondence with their Treasury, which makes their rules absolutely clear.

I have written a similar letter to Sir Robert Falconer.
Hoping to hear from you about this,

I am,

Yours sincerely,

A handwritten signature in dark ink, appearing to read "W. L. Grant".

Sir Arthur Currie,
McGill University,
Montreal,
P. Q.

DOCKET ENDS:
TAXATION

22

DOCKET STARTS:

TAYLOR, A. J. T.

May 30th, 1923.

A.J.T. Taylor, Esq.,
Toronto, Ont.

Dear Mr. Taylor:-

I beg to acknowledge receipt of your letter of May 28th and thank you for copy of the announcement re Far North Essay Competition.

The students have all separated for this year and I know of no way of bringing the matter to their attention other than through the press. At the beginning of next term I shall have reference made to it in the College Daily paper.

Yours faithfully,

ALFRED J. T. TAYLOR
A.S.M.E., A.I.E.E.
CONSULTING ENGINEER

TORONTO, CANADA

May 28th, 1923.

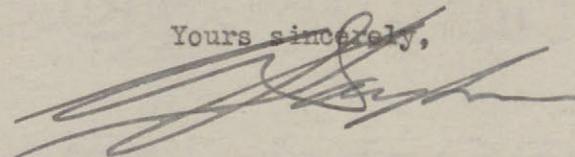
Sir A. W. Curry,
Principal,
McGill University,
Montreal,
Que.

Dear Sir Arthur:- RE: FAR NORTH ESSAY COMPETITION

On May 19th the Canadian Press made an official announcement of the Far North Essay Competitions, and no doubt you have already seen this, but to make sure I am enclosing a copy and will be ever so much obliged to you for anything you may do to bring the University Competition to the attention of your students.

I hope you will approve of the terms of the Competitions, and I appreciate very much the encouragement and helpful suggestions that you gave me in the early stages of this matter.

Yours sincerely,



TORONTO, MAY 19TH, - This is the first public and official announcement of two essay competitions with cash prizes totalling \$3,000 on the general subject of "Canada North of the Fifty-Sixth Parallel of Latitude."

The first competition known as the University Competition is open only to Canadian students enrolled in Canadian Universities. For the second known as the General Competition, all resident Canadians are eligible.

For the best essay in the University Competition there will be a cash prize of \$1,000 given by His Honor Sir James Aikins, Lieutenant-Governor of Manitoba, and for the best essay in the General Competition a cash prize of \$1,000 given by Sir William Price of Quebec. In both Competitions there will also be a second prize of \$500 donated by A. J. T. Taylor of Toronto.

These Competitions have been instituted as a stimulus to the collection and dissemination of practical information about what are perhaps erroneously called the "Barren Lands" of the Far Canadian North. It is the hope of the donors that the winning essays will pronounce an authoritative verdict on the practicability or impossibility of the settlement and economic exploitation of these Arctic and sub-Arctic regions. There is an old view that these areas are uninhabitable. There is a new view supported by facts of exploration and by the northern trend of civilization in the north temperate zones that they can support population, that they constitute a new field for Canadian expansion. The donors desire a critical examination of these conflicting theories.

The writers are under no obligation of prejudice or bias. What is desired is a judicial weighing of facts. It is suggested that the contestants make as far as possible a complete and accurate survey of the natural features and resources of the district under discussion, its ethnology, its geography and oceanography, its fauna and flora, marine and terrestrial. There should be discussion of its possibilities agriculturally and in grazing, mining, fishing and lumbering. There should be a statement of its problems of land and water transportation and of colonization, with, if possible, suggestions of practical solutions. The essays, however, should not be a mere compilation of details but rather articles such as a magazine would purchase on their merits. The judges will welcome vivid and graphic writing. There is no requirement as to length but it is felt that an essay should not be less than 10,000 and not more than 30,000 words. What is requested is original research into the evidence, documentary or otherwise, concerning the actual conditions of Canada, insular and continental, north of the fifty-sixth parallel. There is no objection to using

arguments and facts relating to other countries than Canada.

The following are the formal rules governing the Far North Essay Competitions:-

1. The subject is - "Canada North of the Fifty-Sixth Parallel of Latitude."

2. The University Competition is restricted to Canadian students enrolled in Canadian Universities. The General Competition is open to all resident Canadians other than University students.

3. In each competition there are two prizes, a first prize of \$1,000. and a second prize of \$500.

4. The essays are to be the actual composition of the contestants, and must be typewritten on one side of the paper only, with a two inch margin. Mere length will not be regarded as a point of merit. Neither will brevity.

5. The prize winning essays shall be at the joint disposition of the donors of the prizes, who shall hold and own the copyrights to these essays but who will return to the authors of the essays as a bonus any net profits resulting from the Publication of these essays.

6. All essays are to be marked "Far North Essay Competition", University section, or General section, as the case may be, and addressed to the Secretary for the Judges whose name and address will be announced later. October the tenth, 1924, is the last day for receiving entries.

7. The essays will be judged by a board of judges to be appointed later. The judges shall have sole discretion to decide if any essay has sufficient merit to entitle its writer to be given a prize, and to recommend if they think proper, a division of the prize money if the essays are about of equal quality. The names of the judges will be announced later. The judges' decisions shall be final and it is expected that they will be announced by December 20th, 1924.

8. All correspondence relative to these competitions should be addressed to A. J. T. Taylor, Bank of Hamilton Building, Toronto.

ALFRED J. T. TAYLOR
A.S.M.E. A.I.E.E.
CONSULTING ENGINEER

1107 Bank of Hamilton Bldg.,
Toronto, March 15, 1923

Sir Arthur Currie
Principal McGill University
Montreal, Que.

Essay Competition

Dear Sir Arthur:-

I am especially obliged to you for your helpful and encouraging letter of March 14th and for your personal information am glad to tell you that the gentlemen who are associated with me in the proposed Essay Competition are Sir James Aikens and Sir William Price. For several reasons they do not wish their names made public at this time.

The point you raise as to whether or not the essayists should be divided into two classes is one that has caused us a good deal of thought and we had almost come to the conclusion that if we threw the competition open to all Canadians that the students would feel that they might be in competition with their professors and others who would have so much better opportunities of obtaining information that the students would have no hope of being able to write an essay sufficiently good to secure the first prize and with this discouraging prospect would not take the same interest in the competition as though their particular competition were limited to men of their own class. Personally, I prefer one competition and I would like to see the prizes total not less than \$3000. with the first prize of say \$1500. and if you, in the light of your experience and after reading what I have here written, still believe that we would get the interest of the University students if the competition were open to all Canadians, then we will seriously consider doing this and consolidating the prizes.

The second point you raise in regard to the limiting the essays to 30,000 words is well taken but the reason for fixing that as upper limit is that several publicists who are looking forward to giving the widest publicity to the essays that may secure

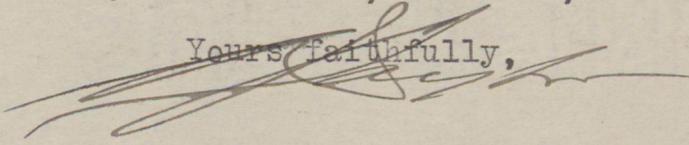
Sir Arthur Currie - 2

the first and second prizes feel that if they are longer than 30,000 words the expense of publishing them might limit their circulation. Perhaps too much weight is being given to this point and personally I see no reason for placing a limit at all to the length of the essays.

The support which you have promised this matter is very much appreciated, particularly as this work on my part is solely a labor of love and has only been undertaken in the belief that some good would come from it and that the competition would meet with the approval of such leaders in education as yourself.

With my best thanks, I remain,

Yours faithfully,



March
Fourteenth
1923.

Alfred J. T. Taylor, Esq.,
1107 Bank of Hamilton Building,
Toronto, Ont.

Dear Mr. Taylor:-

With further reference to your letter of March 7th let me say that I have given earnest thought to the suggestion of offering prizes for essays on "Canada North of 56".

I consider the subject an excellent one and good value ought to result from the information gathered together and presented by the essayists. We at McGill will give the project every encouragement. At the same time I see no reason why the essayists should be divided into two classes - one from the Universities and one from outside. Your main purpose is to obtain a series of valuable contributions to the subject dealt with and the worth of the essays should be judged, I consider, on that fact alone. Certainly the essays must be original, but I do not see any good and sufficient reason for limiting them to thirty thousand words. I know your desire is to force the essayists to condense to the greatest degree, and while the terms of the competition should set forth that that factor will be taken into consideration, I think it would be wrong to set the limit you suggest.

I agree with the dates suggested - April 15th next for the announcement and October 1st, 1924 as the date on which the essays are to be in the hands of the Secretary, whose name and address is to be announced later.

If I were determining the conditions I would be disposed to divide the \$2,000. into three

Alfred J.T.Taylor, Esq. - 2 -

prizes,- one of \$1,200., one of \$600. and the third of \$200. I believe the prize of \$1,200. would be sufficient temptation to secure real valuable work on the subject.

I consider that Mr. Hugh Robert Mill would be acceptable to all as a judge.

With renewed assurance of our willingness to co-operate, I am,

Yours faithfully,

Principal.

March
Ninth
1923.

Alfred J.T. Taylor, Esq.,
1107 Bank of Hamilton Building,
Toronto, Ont.

Dear Mr. Taylor:-

I beg to acknowledge receipt of your
letter of March 7th with enclosures.

I shall endeavour to have my reply at
your office by the time you return from your trip to
the Coast.

Yours faithfully,

Principal.

ALFRED J. T. TAYLOR

A.S.M.E. A.I.E.E.

CONSULTING ENGINEER

TORONTO, CANADA

March 7, 1923.

Sir Arthur Currie,
Principal, McGill University,
Montreal, Quebec.

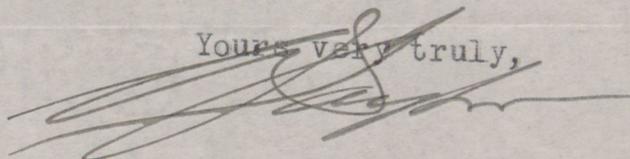
Dear Sir Arthur:-

Under date of February 15th I addressed a letter to Mr. Edward W. Beatty, President of your university and feel that this letter should have been more properly addressed to yourself.

I am taking the liberty now of sending you a copy so that you at your convenience may give it the attention you think it deserves, for I am anxious to have answers from all the Canadian universities at an early date in order that arrangements may be completed so that the essay competition may be announced by April 15th.

I am obliged to leave for Vancouver next Monday evening, and will be absent from Toronto until April 5th, but if in the meantime you have an opportunity of reading over the attached correspondence and giving me the benefit of your advice, I shall appreciate it very much.

Yours very truly,



1107 Bank of Hamilton Building.

To: Dean Adams

What do you think of this.

Arthur

COPY.

Dear Sir,

Certain public-spirited Canadians, in order to stimulate an interest in that portion of Canada lying north of 56⁰, have provided a fund of \$2,000 which it is suggested be expended in prizes for the best essays on this subject contributed by Canadians in competition under the suggested terms set forth in the attached draft.

It is thought that the competitors should be divided into two classes, one class limited to students enrolled in Canadian universities, the second class to admit all other Canadians, each class to be awarded prizes totalling \$1,000., to be divided into a first prize of \$600., a second prize of \$250, third prize \$100, and a fourth prize of \$50.

Before definitely announcing such a competition we desire to have the views of the principals of our leading Canadian universities, first, on the broad issue as to whether they would welcome such a competition, and give it their sympathetic support, and, secondly, on the questions set forth in the attached questionnaire, and their suggestions as to any modifications or additions in the terms of the competition that would make it more effective. I am addressing you, therefore, in the hope that you will find time to give this matter your attention, and will write to me in due course on this subject.

I attach hereto a general statement covering what seems to us to be the issue as to the Canadian North, a draft of the suggested terms of the competition, and a questionnaire.

It is our wish that the subject of this letter be treated as confidential in the meantime, and we will appreciate very much your early consideration of what is here presented so that no undue time may be lost. I shall be glad to give you any further particulars you may wish, and I will look forward to the pleasure of hearing from you soon.

Yours faithfully,

WHAT SEEMS TO US TO BE THE ISSUE AS TO THE
CANADIAN NORTH.

From the most ancient times it has been the belief of Southern people that lands to the north were inhospitable, difficult to cultivate, or wholly worthless. The climate was supposed to render permanently wretched those who dwelt in these unfavored countries. At one time this wretchedness due to climate was supposed to extend in Europe as far south as the Alps. There are many still who maintain that the tropical climates are the only pleasant ones, but it has at least been established that populous and prosperous communities can be maintained much farther north than the Alps, as for instance, London, New York, Moscow and Winnipeg. But although the "frozen desert of the Far North" has been getting gradually smaller, it still embraces in the public mind territories of a total area equal to that of all of North America north of Mexico. Roughly this means two hundred to three hundred thousand square miles in Alaska, one and a half million to two million square miles in Canada (including the islands to the North of Canada) and two or four million square miles in northern Europe and northern Asia.

It is of manifest importance for the world in general, and of particular importance to Alaska, Canada, and Siberia to determine as soon as possible what part of our belief about these frontiers is in the nature of inherited prejudice and what part is really justified by the conditions as they exist. The second problem is to consider how to deal with these inhospitable conditions that do exist. This second problem is in the nature of that which many nations are facing with regard to deserts - admitting that there are deserts, we have set ourselves to studying how they may be subjugated. Similarly admitting that part of the cold and other inhospitable qualities of the North are something beyond imagination, we consider if we can directly or indirectly circumvent these hostile forces.

In general there are with regard to the North two views, the traditional one held by most scholars and supported by nearly all written authority, and the new view. That nearly all written authority is on one side need not discourage those who hold the other view, for written authority has always been against every new view. It is essentially absurd to try to judge any new thesis on the basis of recorded opinion. Five hundred years ago practically every one was against the view that the earth was round, and still the roundness view was in its nature bound eventually to prevail. Fifty or seventy-five years ago nearly all opinion was against the glacial theory, and still the glacial theory has made its way. The same may be said of organic evolution, and germ theory of disease, and in general of nearly all the advances in knowledge of recent times.

The new view as to the North is in general that half or three quarters of the disagreeable features of the North we believe in are imaginary and that a considerable part of the remainder can be dealt with. A hundred years ago our world seemed to be a large one with unbounded room for expansion. Nowadays with wireless, flying, caterpillar tractors and other devices, the world is becoming a small place and it is difficult to see in what direction we may expand. In fact, there seem to be only two areas - one the polar regions, and the other the tropics.

In the tropics the problem is in general to overcome bacterial diseases and other deterrents to health and comfort. We are conquering these diseases slowly and a considerable expansion of our civilization into the tropics will doubtless result. But the tropical lands are already densely inhabited by one sort or another of indigenous population. We can crowd into the tropics then only as a superior race to exploit the resource (and in some cases the inhabitants). In the North the situation is fundamentally different in that if there are resources they can be exploited without the necessary conquest of any further diseases and without the exploitations of a dense aboriginal population. The Eskimos and northern Indians in Canada, for instance, were never numerous and now they are fewer than ever, because of imported contagious diseases. In Greenland every Eskimo is already partly white and it will not be many years until the same may be said of every Eskimo in Alaska. A considerable number of Canadian Eskimos are still pure-blooded, but we can already see how they will disappear in a way similar to that of the Greenlanders and Alaskans. And if they do not disappear, we are committed to a policy of civilizing them, so that there is nothing to restrain us from developing the North if it appears to have potentialities.

The old view has many spokesmen, even among the present day explorers, but there are a few dissenting voices, even from the past. It is of great importance to Canada to determine the rights and the wrongs of the various arguments, for upon that determination should rest the policy of the Government, and the policy of corporations and individuals with regard to the development of fully half of Canada. If Canada conforms to the old view she can have no great future in terms of population or wealth, for wealth and population must depend mainly upon geographic conditions. On the other hand, if the new view is correct that the habitable area of Canada is greater than that of the United States, even should it prove that the northern half of Canada can never support half as many or a quarter as many people to the square mile as southern Manitoba or southern Ontario, the importance of northern Canada still remain colossal. It is true at present in the United States that most of the big cities are north of Mason and Dixie's line. It does not follow from this that the country south of the Mason and Dixon line is not tremendously valuable. It may prove that Canada will have across its middle some similar line so that the northern half of Canada may always be inferior in population to the south half, somewhat as the southern half of the United States is now

inferior in population to the northern half. But as we have said, there is no reason why a country of the character of the northern half should not be considered to be of tremendous importance nevertheless.

Entirely apart from economic consequences, it is important to know what sort of place the polar regions are, just as the roundness of the earth is an enlightening intellectual concept entirely apart from its practical application.

Draft of suggested terms of an Essay
Competition, subject to modifications
that may be suggested by the Principals
of the Canadian Universities.

Clause 1 - It is proposed that two Essay Competitions be announced simultaneously throughout Canada on April 15th 1923, one competition to be limited to the students enrolled in Canadian Universities, the other competition to be open to all other Canadians.

Clause 2 - The object of the competition is to awaken in Canadians an interest in Northern Canada.

Clause 3 - The subject of the Essay is Northern Canada, north of 56° of latitude - the nature of its lands, seas, climate, animals, birds, fish and flowers. Its history, its present and future value for colonization, production of food and other wealth, and the best means to be taken for its development.

Clause 4 - The essays are to be original and not over thirty thousand words in length. There are to be type-written on one side only on foolscap white paper with a two inch clear margin. They may be illustrated or not, as the writer desires. The competition shall close on October 1st 1924, on which date all essays are to be in the hands of the secretary, whose name and address will be announced later.

Clause 5 - Judges - The Board of Judges shall consist of either three or five nationally prominent men who will be selected upon the recommendations made by the Principals of Canadian Universities. The Judges' decision shall be final and shall be announced on or before December 20th 1924.

Clause 6 - Prizes - Each competition shall have cash prizes totalling \$1,000 divided into - First prize \$600, second prize \$250., third prize \$100, and fourth prize \$50.

Questionnaire in regard to the Essay Competition.

-
1. Do you approve of, and will your University lend its enthusiastic support to the suggested competition.
 2. Are the drafted terms satisfactory, or in what way should they be modified or extended.
 3. Is the limit of length of 30,000 words suggested by us too long or too short, and by how much?
 4. Is the proposed date of announcement of April 15th 1923 satisfactory?
 5. Is the date of October 1st 1924 suggested for the close of the competition satisfactory?
 6. Should we have three or five judges?
 7. Please nominate in confidence five men who you believe would be suitable as judges, and, if convenient, give us their addresses. Please keep in mind the fact that we shall probably be obliged to make our selection from gentlemen who are not connected with universities whose students may be competing.
 8. Would Mr. Hugh Robert Mill, the eminent British Geographer, if he should consent to act, be acceptable to you as one of the judges?
 9. Do you consider the prizes to be awarded are sufficiently large to stimulate an active interest in the competition?
-

600 00

March
Thirteenth
1923.

Dear Mr. Beatty:-

I am returning herewith Mr. Taylor's letter to you as requested.

The character of the competition is, in my opinion, all right, but I do not agree with the limit of thirty thousand words. It seems to me that if Mr. Taylor expects a man to give study to the problem and produce something really worth while it may not be done in thirty thousand words. Also, I cannot see the reason for setting aside \$1,000 as prizes to University students and the other \$1,000. as prizes to outsiders. I am saying to Mr. Taylor that I think it would be better to divide the \$2,000. into three prizes, one of \$1,200., one of \$600., and one of \$200.. If he does this I believe he would get something worth while.

Yours faithfully,

Principal.

E. W. Beatty, Esq., B.A., K.C.,
Chancellor of McGill University,
Montreal.



February 26th, 1923.

My dear Sir Arthur:

The enclosed letter reached me a few days ago and apparently was addressed to me in error.

It is possible, of course, that a similar communication may have been addressed to you, in which event I shall be glad if you will return the enclosed to me.

Yours very truly

A handwritten signature in dark ink, appearing to read "James D. G. Stewart", with a long horizontal line underneath.

Sir Arthur Currie, K.C.B., LL.D.,
Principal,
McGill University,
M o n t r e a l.

DOCKET ENDS:

TAYLOR, A. J. T.

Dr. D.W.Taylor,

University of Alabama

McGill 1914.

Surveying professor there

called July 3, to pay his respects

TELEPHONE
UPTOWN 4400.

F.W-T.

594 PINE AVENUE W.,
MONTREAL.

Thirtieth
July
1924

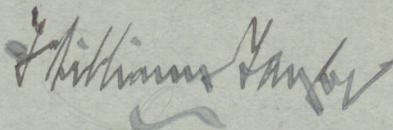
My dear General,

I find on looking into the matter that the highest point for Sterling Cables in New York since June 1923 was $4.58\frac{1}{4}$.

I also ascertain with sorrow that your London balance was transferred on the 30th April 1923 at or about 4.72, as against 4.81 the highest point of the previous month.

The opinion of no living man has been of the slightest value in forecasting the course of Sterling Exchange for the last several years, and that is what I have always told innumerable enquirers including yourself. Eh ?

Yours sincerely,



General Sir Arthur Currie, G.C.M.G., K.C.B.,
McGill University,
Montreal, P.Q.

PRINCIPAL AND VICE-CHANCELLOR

A. E. MORGAN

MCGILL UNIVERSITY

MONTREAL

3rd February 1937

Dear Sir,

Thank you for your letter of the 30th
January. The book to which you are kind enough to
refer me sounds very interesting and I shall look
forward to reading it. I find that we have a
copy in the Library here.

Yours sincerely,

James J. Taylor, Esq.,
1628 Sherbrooke St. W.,
MONTREAL. QUE.

Confidential

Montreal -

Jan. 30 - 37

A. E. Morgan Esq.

Principal - McGill University -
Montreal -

Dear Sir: I am a Canadian, Scots descent -
born Halifax N.S. - not young - a Civil Engineer
Very familiar with Canada - history and Country.
Particularly Winnipeg East. Am Independent Conservative,
Protestant - neither Mason nor Orangeman - Have
many English speaking R.C. friends, and respect
both them and their religion -

Am familiar recent "unpleasantness" McGill
Students & those Univ. Montreal re-reception Spanish
Delegates here - noted and approved your pronouncements
this matter. -

I have before me "Gazette" 27th inst. Editorial
"McGill and Current History" - also "Gazette" this date.
The French Press "The McGill Daily's Article" from
Le Devoir

I never fail to read your addresses,
and may I say Sir that in my opinion Canada is
fortunate in having you just where you are -

You can read the French Press of this Province
and in arriving at an understanding of what they
are driving at - or rather what their Clergy are
driving at - you are not dependent (like the

2

most of us) on the meagre crumbs of translation
doled out by the "Gazette" and "Star" - both of
which papers have for years been "soft peddling"
what is called (and properly called) the menace
to Canada of the French-Canadian hierarchy.

It is more than high-time for plain speaking
I now come to my reason for writing you this
letter - In my opinion, no correct judgment
can be arrived at of exactly what this menace
means to Canada without including, in the
reading and study of Canada's history a book
intitlled "The Tragedy of Quebec" - 1967 3rd Edition -
by the late Robert Sellar - Liberal and Protestant -
founder, owner and Editor "The Newington Gleason"
Newington P. Q. - (which is still published
by his son - Adam L. Sellar)

This paper was Independent Liberal, and
stood for what was best in Canadian Liberalism -
"The Tragedy of Quebec" is the history of the
shrewdly connived at Expulsion of the Protestant
farmers from the Eastern Townships of Quebec -
and their replacement by French Canadians.
and in dealing with that period Sellar also
takes up the question of what that particular
movement - and the persons who made it - means
to all of Canada -

Sellar studied and knew of what he wrote.

For years he lived right with it - He feared
no man - He truckled to no Party or Interest -
He was British and heved to the line -
He feared God, honoured the King, and stood, aloof
in a weary land -

That book is on the Index - It is out of
print - I have a copy which I will be glad to
lend you - ~~if you prefer~~ - I saw a copy a few
days ago in Canadiana section, second hand
book shop (of which there are three) on Bleury -
west side - between St Catherine and Craig -
price \$1.⁰⁰

Sir, I appreciate your position - You
may not care to acknowledge this letter -
That will give me no offense whatever but -
I hope that you will accept my assurance
that the matter will be in strict Confidence

I remain Sir

respectfully

James J. Taylor,

1628. Sherbrooke, W.

Montreal

DOCKET STARTS:

TAYLOR, MARGARET

* * *

Help Yourself To Backbone

A LECTURER in the Faculty of Medicine at McGill University stated recently that small quantities of beer were apt to prove extremely beneficial to the health. He even went so far as to put himself on record as saying that one can manufacture more spinal fluid through drinking one bottle of beer than by eating plentifully of other foods for weeks. He claimed that in many cases of spinal complications, the first thing that medical authorities did was to give the patient a quantity of beer. The spinal fluid thus produced was often suf-

November Twenty-first

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ficiently curative to conquer the ailment. “All of which explains,” remarked our informant a trifle ruefully, “why it is that college students so frequently have powerful backs.”

* * *

FRANCES WILLARD W. C. T. U.
WESTMOUNT, QUE.

515 Roslyn Ave.
Dec. 21st/31

Sir Arthur Currie,
McGill University.

Dear Sir,

In the letter sent to you
by the Frances Willard W. C. T. U. last
Saturday, I failed to enclose the
clipping from "The Montrealer".

Would you please give this
matter your attention.

Yours sincerely
(Mrs.) Margaret P. Taylor,
Corres. Sec.

December 22, 1931.

Mrs. Margaret Taylor,
515 Roslyn Avenue,
Westmount.

Dear Mrs. Taylor,

I am this morning in receipt of your letter of December 21st with the clipping enclosed.

You ask me to give the matter my attention. I really don't know what to do. If a professor of McGill chooses to have a joke about beer and backbone, I don't think that I would bother about it very much. Furthermore, we have nearly 175 lecturers in Medicine and it is rather too much to ask that I should enquire of all these men whether they really said what is reported in this paper, The Montrealer. I am afraid I cannot undertake it. Then, too, it is a scientific fact that there is a certain food value in beer, although, like so many other things, it should be taken with great moderation. You will agree with me that that remark applies to a great many other so-called foods. As a matter, of fact, I never drink it myself.

Yours faithfully,

Principal

FRANCES WILLARD W. C. T. U.
WESTMOUNT, QUE.

515 Roslyn Ave.
Westmount
Dec 18th/31.

Sir Arthur Curie
Principal of McGill University,-

Dear Sir,-

At the monthly meeting of
the Frances Willard W. C. T. U. held in
Dominion Douglas Church on Nov. 25th
this article (attached) published
in "The Montrealer" of Nov 21st was
brought to our attention.

Now we are open minded enough
to know that this article, published
in a magazine (which we believe
leans towards Ligueur interests) may
or may not be given as the Professor
gave it; but would you be good

FRANCES WILLARD W. C. T. U.
WESTMOUNT, QUE.

enough to look into this matter and
let us know; For -

Our Union feel that the one effective
source of combating Intemperance is
found in the educating of our young
people against using Alcoholic Beverages.
and are we as mothers of these young
men and women attending McGill
University to allow such detrimental
statements to go unnoticed?

We as a Temperance Union utter
our protest and ask that you as our
esteemed Principal of McGill give this
matter your careful consideration.

Yours sincerely
(Mrs.) Margaret P. Taylor.
(Conv. Sec.)

December 19th, 1931.

Mrs. Margaret P. Taylor,
515 Roslyn Avenue,
WESTMOUNT, P.Q.

Dear Mrs. Taylor:-

This morning's mail brought your letter of the 18th and makes reference to an article published in the Montrealer of November 21st. I am sorry, but although you speak of the article as attached it was not enclosed in your letter. I am afraid that I never read the Montrealer, but, if you forward it to me, I shall see what it concerns and decide whether it is worthy of any notice or not.

With all good wishes,

Yours faithfully,

Principal.

FRANCES WILLARD W. C. T. U.
WESTMOUNT, QUE.

Imperavel

no reply

515 Roslyn Ave.
Westmount,
Jan 18th 1932.

Sir Arthur Currie,
Principal of McGill University,
Montreal.

Dear Sir,

The Ladies of the Frances
Willard W.C.T.U were indeed disappointed
in your attitude towards ~~our~~ letter of
Dec 17th

Still we feel that you as Principal
of McGill are able to exert an influence
even with the medical Professors
who choose to carelessly influence
our youth in the taking of alcohol
in any form. Many a "joke" may
yield bitter results.

We feel that your definite
stand against the use of Alcoholic

FRANCES WILLARD W. C. T. U.
WESTMOUNT, QUE.

Beverages at any of the social functions of the Gill would reap a rich reward, not only for our splendid youth who attend but to your own self.

This we trust is not too much to ask of you.

Yours sincerely
(Mrs.) Margaret P. Taylor
Cons. Sec.

no answer
L.M.M.

DOCKET ENDS:
TAYLOR, MARGARET



TELEPHONE MARQUETTE 7331

R. N. Taylor & Company, Limited
Prescription Opticians

1122 ST. CATHERINE ST. WEST.

Montreal,
CANADA

January 25, 1936.

SPECTACLES AND EYEGLASSES
AUTO GOGGLES
LORGNETTES
THERMOMETERS AND BAROMETERS
OPERA AND FIELD GLASSES ETC.

Mr. D. Murray.
Secretary to
Principal A. E. Morgan,
McGill University,
Montreal,

Dear Sir:

AS requested in yours of the 23rd inst, we
enclose herewith a copy of Mrs. Morgan's prescription
by Dr. Byers.

Yours very truly,

R. N. TAYLOR & CO. LIMITED.

per *S.M.G.*

Enclos.

47, FITZWILLIAM SQUARE,
DUBLIN.

March 25. 1925.

My dear Sir Arthur

Many thanks for your letter of 2nd inst.
and yours. The Provost told me at
"Commencement" on Saturday last that he
has that morning received an
invitation from Dr. Armstrong for
the day of Monday or Tuesday 12 or 13th
May - I really forget which - and that he

has already replied & accepted. I am most
grateful to you for your kindness.

I shall expect to have a party of 800 with
Armstrong next August - and am sorry
I can't have the opportunity of including
you on a more ample my invitation
at home. Please remember me to
Lady Currie & joined by my wife in
kindest regards to you both

Believe me
Yours very truly
William Taylor

DOCKET STARTS:
FIRST PAGE MISSING

that service, with the result that his boats can never pay and he is making it harder for the C.P.R. to survive.

As I said, your analysis is most interesting, and I should be glad to be favoured with the report of any further comments you make on this question, or any other.

I hope you are well. Please remember me kindly to Mrs. Griesbach if she is in Ottawa with you, and look me up if you should come to Montreal.

Ever yours faithfully,

DOCKET ENDS:
FIRST PAGE MISSING