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Elsbeth In Taxland, or Through the Change Purse: An Appreciation

P.E. BRYDEN

Abstract

This reflection on E. A. Heaman's Tax, Order, and Good Government: A New Political History of Canada, 1867-1917 *suggests that the innovative "taxationist" interpretation of Canada the author offers bears some striking similarities to other upside-down worlds. Like Alice's Wonderland, Bryden shows that this new view of Canada has all manner of interesting characters, new ways of looking at old subjects, and new vantage points from which to observe the familiar.*

Résumé

Cette réflexion sur Tax, Order, and Good Government: A New Political History of Canada, 1867-1917 *d'E. A. Heaman, suggère que l'interprétation « taxationiste » novatrice du Canada que l'auteur propose présente des similitudes frappantes avec d'autres mondes inversés. Comme dans le pays des merveilles d'Alice, Bryden montre que cette nouvelle vision du Canada comporte toutes sortes de personnages intéressants, de nouvelles façons d'aborder des anciens sujets et de nouveaux points de vue pour observer ce qui est familier.*

When this book arrived, I could not reconcile the cover image — not that the picture mattered, as it was the title that lured me. *Tax, Order, and Good Government*, the title played on the British North America Act, and then even more intoxicatingly, *A New Political History of Canada*. How exciting! And it was big, and I have a frequently-admitted weakness for big books — both ones that are long and hefty, as this one is, but also ones that are confident and revisionist all while being smart and generous at the same time, more qualities that this book also has. But still the cover image made little sense to my eyes — some coins in a red square. I had no idea what that was supposed to represent. In fact, it was Elsbeth Heaman herself who cleared up the mystery for me, some months after I had bought the book. In passing, she mentioned a coin purse. I looked again and indeed, like an Escher drawing, the cover reconfigured itself as a top down view into a clip-top coin purse. Or perhaps an entry into an alternative universe,

beckoning readers into the slightly familiar yet entirely new world of a taxationist interpretation of Canadian history. And so I followed Elsbeth through the change purse into Taxland.

Like Alice before us in her journey through the looking glass, the trip through the change purse leads to a place with all the familiar "quite common and uninteresting"[1] pieces that have populated the traditional narrative of Canadian history for decades — events like Confederation and the National Policy and the Riel resistance and Canadian-American relations and women's suffrage and great men and elections and all that is familiar to those of us immersed in Canadian history, and all that is dismissed as "boring" to those who aren't. But on closer inspection — and *Tax, Order and Good Government* is nothing if not a "closer inspection" — we see that while the people and places might be the same, "all the rest was as different as possible."[2]

To appreciate the extent to which the world through the change purse is new, it's useful to remember the old world. The familiar interpretation of Canada's first fifty years has certain themes. Some authors have emphasized some threads more than others, but elements of these lines of inquiry are mainstays in all overviews of Canada's first half century after Confederation. Land and language have played instrumental roles, whether through the Creightonian lens of the empire of the St. Lawrence, its obverse in settler colonialism and cultural genocide, or its corollary in the compact theory of Confederation. The acquisition, protection, depopulation, and theft of land — from sea to sea to sea — has figured prominently in decades worth of narratives of Canada between 1867 and 1917. So too has the story of cultural or linguistic accommodation, assimilation, eradication, and elimination, whether of the French/English or the Indigenous/European variety. To understand early post-Confederation Canada, so the story goes, one has to understand the allure of land and the warp and woof of culture.

But like Alice's Wonderland or her world through the looking glass, things are not always as they seem. Indeed, after running very fast for a very long time with the Red Queen — or was it perhaps with Donald Creighton? — Alice/Elsbeth…

> …looked round her in great surprise. 'Why I do believe we've been under this tree the whole time! Everything is just as it was.' 'Of course it is,' said the Queen. 'What would you have it?' 'Well, in *our* country,' said Alice, still panting a little, 'you'd generally get to somewhere else — if you ran very fast for a long time as we've been doing.' 'A slow sort

> of court!' said the Queen. 'Now, *here*, you see, it takes all the running *you* can do, to keep in the same place.'[3]

In Elsbeth's Taxland, land and culture are certainly still apparent, but they are not the starting point of understanding the structure and evolution of post-Confederation Canada. To really dive into an understanding of what was being attempted in the BNA Act, and how it ultimately needed to change as circumstances changed, Heaman assures us that understanding land and culture is not sufficient. Understanding money, and especially understanding what was valued, how it was assessed, and how it was taxed, leads into land and language, but it also leads into poverty and inequality and ultimately to the very heart of the Canada-project. Just as Wonderland's off-kilter perspective is more than just nonsense and has offered more than a century of insights into math and physics and contemporary politics, Heaman's tax history is not merely a rewriting of Harvey Perry's 60-year old classic *Taxes, Tariffs, & Subsidies*, but rather an upending of a whole bookcase full of works on Canada's first half-century.[4] To be clear — this is not your father's tax history.

Slipping through the change purse, we arrive in a familiar Canada: George Brown and John A. Macdonald circle around each other, the problems of an unhappily united province of Canada dominating discussions of potential new political arrangements, even a new nationality. But just as Alice discovered, things are not as they seem. Where we had been led to believe that the political deadlock of the 1860s in the Canadas had linguistic or cultural roots, Heaman shows us that there was really something much more tangible at work. This was, she shows, a tax revolt, not an argument about rep by pop or a legislative stalemate over expansion into the west. The world as we were given to understand shifts a little when we view it though the change purse. To rebuild a new political history of Canada, Heaman must start from the ground up, looking past the rhetoric of the Confederation debates to the deeper origins of discontent. In the Canadas, Heaman begins with the tariff of 1859, made necessary because of British North America's inability to spin revenue out of the railway boom from which Americans had benefited. It was primarily a revenue tariff, but one that generated more revenue from Upper Canada because the relatively more prosperous population bought relatively more imported goods, and therefore paid more taxes; these revenues, from George Brown's largely baseless perspective, ended up being

spent disproportionately in Lower Canada. Like Humpty Dumpty, who argued that "when *I* use as word … it means just what I choose it to mean — neither more nor less,"[5] when Brown pressed for a new political arrangement based on "rep by pop," what he really wanted was more power for the propertied classes. What Brown really wanted was "rep by prop pop" as Heaman shows.[6]

The Confederation agreement became a successful tool for writing poverty out of federal jurisdiction, creating instead a powerful opportunity for patronage and, as a result, party-building. And the BNA Act did all of this through taxation: federalism allowed for a national government that no longer bore the pre-Confederation social costs of schools and asylums and prisons, and only needed to provide for economic prosperity; the tariff did this in part by protecting domestic manufacturing, which in turn gave the federal government — actually, the Conservative Party — the opportunity to manage patronage for mutual benefit.

Having sprung from tax disputes, and having been designed with tax potential — and avoidance — in mind, this new world through the change purse finds taxes everywhere. They're there in Nova Scotia's attempt to get out of Confederation before the ink was dry, which Heaman shows was in fact an opposition to fiscal imperialism. Rooted in a desire to get at Maritime wealth, which in the 1860s was substantial although would not remain so for long, Confederation was presented as a tax grab by antis like Joseph Howe. Poverty in Nova Scotia, Macdonald claimed, was "accidental"[7] but it was enough to wrest better terms from the federal government and ensure that poverty remained "politically irrelevant in Canada a little longer."[8]

The Macdonalds and Browns and Howes are all stock figures in Confederation-era Canadian history, but through the change purse they take on different qualities; there, their words have different meanings, their visions aspire to different ends. It is certainly "curiouser and curiouser," but it will only get more so. In British Columbia, our fearless guide introduces us to some less-common characters; it is on the west coast, in fact, that we come face to face with a Canadian jabberwock, familiar in certain quarters but definitely not a main player in the political histories of yore. "Beware the jabberwock, my boy; the jaws that bite, the claws that catch," read Alice; in Taxland, there is a different sort of threat. Racial distinctions animated British Columbians' concerns about who could and who would pay taxes, and belief that neither the Indigenous population, nor the immigrant Chinese

population, were pulling their tax weight, led to fear-mongering. In a letter to the Premier in 1877, for example, one resident outlined the situation in the Fraser River Valley: "There are at least 250 Chinamen in my district … who are determined if possible to avoid paying taxes of any kind and to accomplish this they will leave there [sic] claims for days when they know the tax collector is coming …. The Whites are wild about it and are anxious to have legislation on the matter."[9] This was a threat that British Columbians seemed anxious to have slain, like the jabberwock, and they too sought a solution in the riddles of language — not poetry, in Taxland, but legislation. The British Columbia legislature legitimized its capacity to "bring in revenue, uphold public order, and sustain equality" by "scapegoating the Chinese." Thus, by basing "legislation in a rhetoric of fiscal fairness," the BC government justified "the extraordinary racialization of public discourse in the 1870s," even as the "specious logic of fairness … became ever more divorced from the banal reality of assessment and payment."[10] The twists and turns of British Columbia's arguments are untangled masterfully in Heaman's hands, illustrating the extraordinary degree to which British Columbia's early state rested on a marginalization — both culturally and fiscally — of its non-White population. The willingness of government to tax the poor is astonishing, but convincing; the legislative manœuvres reminiscent of the Jabberwocky, which Alice maintained "seems to fill my head with ideas — only I don't exactly know what they are! However, *somebody* killed *something*: that's clear."[11] In Taxland, the victims were the poorest and most marginalized, the perpetrators those who held the fiscal weapons.

One of the most insightful and, indeed, original contributions (although even acknowledging its originality is a sad statement on the vast amount of territory that has been ignored in the past) of *Tax, Order, and Good Government* comes with a change in perspective. In what was surely the result of the appearance somewhere along the line of a bottle "with the words 'DRINK ME' beautifully printed in large letters," Elsbeth in Taxland "was now only 10 inches high, and her face brightened up at the thought that she was now the right size for going through that little door into that lovely garden"[12] of Montreal municipal politics. So few scholars, and particularly few who aim for a reconsideration of Canadian political history, have bothered to go through that door, casting their gazes at the provincial or national fields, and ignoring the layer of political action that most affected individuals, where most of the battles were fought. And where, apparently, important tax shifts

began to manifest. But none of this has been visible to the historians' eye until the gaze is shrunk to the municipal level.

In Montreal, water taxes animated the public in informative ways, for the poor were taxed disproportionately to business. But even in nineteenth-century Montreal, this was hard to see, obscured by the priests and the patricians in whose interest the inequities were tilted. Tilted, that is, until the arrival of Jules Helbronner, a member of the Knights of Labor as well as the Royal Commission on the Relations of Labour and Capital. Heaman uses Helbronner as her guide to the meanings and significance of municipal debates, ably demonstrating that, while finding an *objective* measure of either wealth or poverty was impossible — and had been used as a bar to municipal tax reform for decades — Helbronner's insistence that "a relative measure of poverty was more than adequate for political purposes," and his determination to lay bare the *relative* extent of poverty through his questioning at the Royal Commission hearings, opened the door to eventually "address and redress poverty."[13]

Helbronner is one of the many memorable characters we meet in *Tax, Order, and Good Government*, and he illustrates one of the many ways in which Taxland is a lot like Wonderland. The world is full of fascinating, amusing, infuriating characters, like Frank McKelcan, the spokesman for the Ontario Municipal Association, with his dogged insistence on the ability to assess both corporate and individual property; and economist Edwin Seligman, whose historical grounding of marginal utility theory did much to shift the conversation away from taxation of tangible property toward the more equitable income tax.[14] Each of these characters, and the hundreds of others that get a voice in Taxland, are part of the process of moving Canada toward the implementation of income tax in 1917 — the end point for Heaman's study. It is a crooked road, to be sure, but with the wartime introduction of a modest income tax, it was clear that the "fiscal landscape was changed." Although the federal government may have spent the first half-century dancing with big business — or locked in an endless chess game that could surely only end with heads being offed — wartime, combined with the previous fifty years of tax arguments, revolts, and avoidance, necessitated change. "Now," as Heaman points out, "the Canadian federal government would also scrutinize and negotiate property directly and pose as the champion of the people."[15]

Tax, Order, and Good Government is a book about taxes, and it tells the important and largely untold tale of Canada's early engagement

with one of the principal acts of statecraft. But its significance extends far beyond an analysis of taxation and will, I expect, provoke the same kind of reassessment and reconsideration as *Through the Looking Glass* has for more than the last century. And Heaman's book will do so not because it is nonsense that needs a constant debate about what the words mean — although it *is* dense, and multiple readings are sure to produce further appreciations — but because it is transformative. It forces us to see the past differently. Consider the National Policy: what is there possibly left to know about the National Policy, that career-defining Macdonaldian tariff that established the conditions for manufacturing and infrastructure, set the peripheries against the centre, gave justification for the forced removal of Indigenous People across Canada, and yet simultaneously established an elusive electoral and policy goal for succeeding governments? Historians have been writing about it since the nineteenth century. And yet its appearance in this new world of Taxland is different. Here, to understand the National Policy *as a tax*, which Heaman reminds us has not been its usual frame of analysis, we are also introduced to new analyses of intergovernmental relations and patronage, the role of consumerism, science, spectacle, and education in public policy, the ways in which women compelled fiscal choices, how social gospel fit into the conversation and, ultimately, how the National Policy can be understood as a tax coup.

So this is not a book about taxes, but a book about Canada. And this Canada is messy, cacophonous, upside down, and inside out, and not really like anything we have seen before. When we go through the change purse we really do find a new political history of Canada.

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