

David Tough, *The Terrific Engine: Income Taxation and the Modernization of Canadian Political Imaginary*. Vancouver, BC: [University of British Columbia Press](#), 2018. xii + 185pp., figures, notes, bibliography, index. Cloth; ISBN 978-0-7748-3677-7, Cdn \$89.95, Paper; ISBN 978-0-7748-3678-4, Cdn \$32.95, PDF; ISBN 978-0-7748-3679-1, Cdn \$32.95, EPUB; ISBN 978-0-7748-3680-7, Cdn \$32.95, Kindle; ISBN 978-0-7748-3681-4, Cdn \$32.95.

In *The Terrific Engine: Income Taxation and the Modernization of the Canadian Political Imaginary*, David Tough takes the reader through the evolution of federal taxation in Canada from the end of the nineteenth century up until 1945. Its earliest iteration was a set of tariffs imposed on goods favoured by wealthy industry tycoons whose interests were most prominently featured in dominion politics. It was one of the few revenue sources for the young dominion government and was, in many ways, a policy bobbing on a sea of old British patriotic sentiment. The First World War imposed new fiscal responsibilities on Canada which required a change in its approach to revenue collection. In 1916, the House of Commons passed a bill imposing a centralized direct tax on income, a first for Canadians who had previously only experienced provincial or municipal equivalents. Once implemented, federal income tax never disappeared. It remained part of societal discourse during the 1920s and 1930s when an early economic boom was followed by a devastating bust. Economic irregularities between the provinces caused by competitive markets were met with a clamour for higher federal spending. Canadians saw it as government's responsibility to remedy provincial economic disparities through social spending, a practice which required increased revenue. The Rowell-Sirois Commission inquired into how this could be achieved and concluded that a direct tax on income was the optimal solution. It inspired the dominion government's total takeover of Canada's taxation authority by the start of the Second World War, a move that revolutionized state revenue collection. A direct tax on income reached more Canadians than ever before which normalized it in fiscal life. By the end of the war, the government drawing revenue from the incomes of all Canadians had become an accepted fact and has contributed to the survival of practice to this day.

Throughout this story, Tough brings to our attention the politics surrounding the federal income tax issue. The debates between and within provinces, economic classes, workers from various sectors and political parties are all brought to the forefront of the narrative. His argument is that it is these political conflicts over federal taxation that modernized Canadian political culture through the creation of a coherent left-right political spectrum. Stances on tax levels determined where a party would fall along the spectrum in the public eye, and hence who would vote them. Policy rhetoric focused on the degree to which the state would intervene in the redistribution of wealth and away from British nationalist discourse that had defined politics in the early days of the dominion. Higher income taxation and increased spending were appropriated by the left, whereas lower taxation and reduced spending became the purview of the right. Presented as such, the development of income tax in Canada to replace the original tariff system is just as much a story of state fiscal innovation as it is one about the development of a capitalist democracy where a plurality of views on the economy found a political voice and were incorporated into government rhetoric.

With respect to thematically bridging the taxation and political modernization narratives, the book is unquestionably successful. The tax narrative is the unwavering focal point of each chapter with debates surrounding the utility of Canadians' incomes taking centre stage. This is

most masterfully done in the second chapter where the issue of taxing income to fund mobilization in the First World War is made inseparable from class divides surrounding conscription debates: drawing income from the wealthy was a way to prove to the rest of Canada that the rich were having their wealth conscripted, and thus making a visible contribution to the war effort.

The book leaves the reader with some important critiques of historical concepts. Its premise suggests that political modernization is the trickle-down of democratic sensibilities within a society where what is up for debate is not the character of government in a democratic versus authoritarian sense, but how democracy will represent a complete spectrum of societal interests. This notion is prominent throughout and encourages thoughtful reflection on how political modernization is defined. The narrative suggests that a government can influence the disparities of capitalism as there is some historical precedent for the phenomenon in the Canadian context. In the current political climate could this happen today or in the future? Finally, and I think most importantly, it brings to light how our conceptions of government, economy and space are intertwined. We begin the narrative with the tariff, a financial levy dictated by physical space whereas we conclude with income tax on citizens, one assigned by political subscription. The political imaginary presented is a projection of how far a society envisions its economic reach, an integral question to the historical evaluation of globalization and its politics.

Tough's *Terrific Engine* is a well-engineered book on the history of the economics and politics of income taxation in Canada. It is a thoughtful narrative account that balances the economic, the political and cultural very well. The thesis and analytical execution are very convincing: one gets a real sense of the taxation debate and how the political establishment adapted to engage it. The book's main point, that the idea of drawing wealth from the income of Canadians was a contentious subject that forced political parties to change what stances they took to remain politically relevant, is made persuasively through a presentation of the multiple positions taken towards it. As public opinion on the subject grew increasingly diverse, more parties emerged to represent the stance of a particular social group or class increasing the cultural reach of democracy in the country. Leaving the reader with some thoughtful lines of inquiry for both past and future, it is a great introductory text to the historical development of Canada's tax structure and how this process was fraught with political tensions that accentuated the democratic features of the country throughout the mid-twentieth century.

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