

**Click here to view
current issues**

on the Chicago Journals website.

Taxation of Land Values in Canada

Author(s): Mabel Newcomer and Ruth Gillette Hutchinson

Source: *Journal of Political Economy*, Vol. 40, No. 3 (Jun., 1932), pp. 366-378

Published by: The University of Chicago Press

Stable URL: <https://www.jstor.org/stable/1824157>

Accessed: 28-12-2022 16:22 UTC

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact support@jstor.org.

Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at <https://about.jstor.org/terms>



JSTOR

The University of Chicago Press is collaborating with JSTOR to digitize, preserve and extend access to *Journal of Political Economy*

TAXATION OF LAND VALUES IN CANADA¹

The taxation of property by the Canadian provinces and municipalities differs in several respects from state and local property taxation in the United States. While there is no marked uniformity among the tax systems of the various provinces, as there is no marked uniformity among the tax systems of the various states, it is still possible to differentiate between the systems in the two countries. In the first place, the provinces themselves have not leaned as heavily on property taxes as have the states, owing largely to the receipt of generous subventions from the Dominion and in some instances to large returns from land sales. In the second place, personal property as such has been more generally exempted from taxation in Canada than in the United States. In the third place, there has been a tendency to place the bulk of the real estate tax burden on land values by exempting improvements partially or wholly and by imposing both unearned increment taxes and special taxes on "wild lands." It is this movement to exempt improvements, at least in part, from taxation, which is considered here.

Discrimination against unimproved land begins with a provincial wild-land tax in British Columbia imposed first in 1873.^{1a} The option of assessing improvements at a lower rate than land for municipal taxation appears in British Columbia in 1891, in Alberta and Saskatchewan (then part of the Northwest Territories) in 1894,² and in Manitoba in 1919.³ Attempts have been made to extend this privilege of exempting improvements (or assessing

¹ Prepared for the Committee on Taxation of the President's Conference on Home Building and Home Ownership.

^{1a} Y. Scheftel, *Taxation of Land Values* (1916), p. 258.

² *Ibid.*, pp. 261-63.

³ Laws of 1919, chaps. 67, 68. Winnipeg had been assessing improvements at 66 $\frac{2}{3}$ per cent of full value under special charter provisions since 1909. In 1914 St. Boniface, by the direction of the council, was underassessing buildings 50 per cent while assessing land at full value. The assessment of buildings was raised in 1930. (R. M. Haig, *Exemption of Improvements from Taxation in Canada and the United States* [1915] and letter from the mayor of St. Boniface, 1931.)

them at a lower rate than land) to the more settled eastern provinces, but such attempts have thus far failed.

The exemption of improvements from local taxes in the western provinces grew steadily for some twenty years, reaching a peak about 1913 or 1914. This was a period of rapid settlement in the region. Building may have been stimulated by the promise of tax exemption; but in any case land values increased in spite of rising land taxes.⁴ The extent of the exemption of improvements in 1914 may be seen in Table I.

The movement was checked by the decline in land values accompanying the business depression of 1913. Except for the Rural Municipalities Act of 1914 in Saskatchewan exempting all improvements in such municipalities, and the exemption of one-third of the value of improvements in towns, villages, and certain cities in Manitoba in 1919, no further provisions for exemptions have been made.⁵

On the contrary, exemptions have been removed. The exemption of all improvements in Edmonton, Alberta, was given up in 1918. Such improvements have since been assessed at 60 per cent. In Calgary in 1919 the rate of assessment for improvements was increased from 25 to 50 per cent. In the other municipalities of Alberta, total exemption of improvements has been replaced by assessment at two-thirds of full value.

In other provinces the following large cities have increased the taxation of improvements as follows: Vancouver changed from total exemption to 25 per cent assessment in 1918 and to 50 per cent assessment in 1919; Victoria changed from total exemption to 33 $\frac{1}{3}$ per cent assessment in 1922 and to 50 per cent assessment later; Moose Jaw has increased the assessment of improvements from 45 per cent to 50 per cent; and Saskatoon has increased such assessments from 25 per cent to 45 per cent.

⁴ See Haig, *op. cit.*, *passim*.

⁵ In 1919 Ontario passed an act permitting partial exemption of dwellings valued at \$4,000 or less, but only Toronto has taken advantage of this thus far. The total exemptions amounted to about 7 per cent of the total assessment in 1930. Consequently this is not an important change. (Laws of 1919, chap. 50; *Annual Report of the Assessment Commissioner of the City of Toronto, 1930*; and correspondence with the city assessment commissioner.)

A summary of real estate taxes in the western provinces at the present time is given in Table II. It is apparent from this that, while the provinces have modified considerably during the past

TABLE I
MUNICIPAL TAXATION OF IMPROVEMENTS, 1914^a

Province	Governmental Unit to Which Tax Applies	Base of Tax	Improvements Exempted	Rate of Assessment on Improvements Not Exempt	Year in Which Rate of Assessment or Total Exemption Was First in Force
Alberta	Edmonton	Land	All	.....	1905
	Calgary	Real estate	.....	25	1912
	Municipalities other than cities	Land	All ^b	.....	1912
British Columbia	All municipalities	Real estate	All may be exempted	50	1892
Manitoba	Winnipeg	Real estate	.....	66 $\frac{2}{3}$	1909
	All municipalities except Winnipeg and St. Boniface	Real estate	All farm improvements: 50% local industry improvements	100	1902
Saskatchewan	Regina	Real estate	.....	30	1912
	Moose Jaw	Real estate	.....	45	1913
	Saskatoon	Real estate	.....	25	1913
	Rural municipalities and improvement districts	Land	All	.....	1914
	Villages and towns	Real estate	All may be exempted	60	1908

^a Compiled from R. M. Haig, *Exemption of Improvements from Taxation in Canada and the United States* (1915). Since this time the tendency to exempt improvements has declined. The one notable exception to this is the exemption of one-third of the value of improvements in certain municipalities in Manitoba in 1919.

^b In some cases optional.

fifteen years their policy of exempting improvements from local taxation, they have by no means abandoned it. Land still bears the brunt of the real estate tax burden, and unimproved land is frequently taxed at a higher rate than improved land.

After thorough study of the Canadian situation in 1915, Professor Haig, of Columbia University, reached the following conclusions as to the land-value tax: It is a tax which may be put into effect under certain favorable circumstances, notably at a time when the value of real estate is rising rapidly as a result of the opening and developing of a new country. The effects depend largely on local conditions. Conditions are not favorable if the exemption raises the tax rate on land or decreases the tax base.⁶

The abandonment of the policy of entire exemption of improvements was considered in Alberta at this time. Public opinion, however, was so strongly in favor of exemptions that nothing was done until tax arrears put the cities into serious financial straits. Then, in 1917 and 1918, special commissions, both provincial and municipal, were appointed to study the situation and make recommendations for relief in Alberta and in other western provinces.

The conditions revealed in these studies were quite general throughout the four provinces. They are vividly described by the Manitoba Assessment and Tax Commission of 1919. After a brief statement on the development of the movement, it says:

All went well until 1912, when prosperity began to wane, and the chilling frosts of monetary stringency began to be felt. Then taxation again became a burning question. Land values had commenced to depreciate and collapse, thus imperilling the solvency of municipalities which had taken the leap in the dark. Real estate values, formerly considered an appreciating asset, shrank with alarming rapidity and became to the owner an increasingly burdensome liability. Taxes, based on extravagantly inflated assessments, ceased to be met.⁷

The extent of these fiscal difficulties for the eight cities with more than 20,000 population is shown in Table III. The decreasing tax base was due to the shrinkage in land values rather than to the decrease in the value of improvements. Land values decreased 56 per cent in Victoria between 1915 and 1922, whereas improvements decreased only 5 per cent in value during the same period. In Vancouver land values decreased 16 per cent between 1914 and 1924, and the value of improvements increased 8 per

⁶ Haig, *op. cit.*, pp. 277-80.

⁷ *Report of the Assessment and Taxation Commission, Manitoba, 1919*, p. 19.

TABLE II
PROVINCIAL AND LOCAL REAL ESTATE TAXES IN WESTERN CANADA, 1931

Province	Governmental Unit to Which Tax Applies	Name of Tax	Base of Tax	Rate of Assessment	Rate of Tax	Year in Which Present Rate of Tax or Assessment Was First in Force	Exemption	Legal Citations
Alberta	Province	Unearned increment	Increase in land value between transfers	100	5%	1913	Farm under 640 acres	1922, chap. 32
		Wild land	Land value	100	1%	1914	Farm; grazing; holdings one-fourth under cultivation; land in cities, towns and villages	1922, chap. 31
		Timber	Timber acreage	.....	3¢ per acre	1923	.....	1922, chap. 35
		School district	Land value	100	Fixed annually	.....	Land outside organized school district	1923, chap. 5
		Educational	Land value outside organized school districts	100	0.3% ^a	1921	.....	1931, chap. 33
		Supplementary revenue	Land value in municipalities	100	0.2%	1920	Grazing lands	1922, chap. 40
	Edmonton ^b	Real estate	Land value	100	Fixed annually	1918	.....	Special charter provisions
	Calgary ^b	Real estate	Improvements	60	Fixed annually	1919	.....	Special charter provisions
	Towns, villages, improvement districts, and rural municipalities	Real estate	Land value	50	Fixed annually ^d	1927 ^e	Buildings in rural municipalities outside of hamlets	1926, chap. 41
			Improvements	100	Fixed annually ^d			1927, chaps. 53-55
			Improvements	66½-100 ^e				1929, chap. 43

^a Land under grazing permits taxed ¼ cent per acre since 1926.
^b Charters in all cities determine tax provision.
^c Limited to 66½% in improvement districts and rural municipalities.
^d Limited to 2% in rural municipalities.
^e Rural municipalities 1926.

TABLE II—Continued

British Columbia	Province	Real estate	Value of land and improvements	100	Farm land $\frac{1}{2}\%$ Wild land $\frac{3}{8}\%$ Worked coal mines 1% Unworked coal mines 2% Timber land $1\frac{1}{2}\%$ Other real estate 1% Fixed annually, maximum 2% [†]	1922 1930 1896 1928 1925 1922 1892	Real estate in municipalities, farm improvements up to \$1500, buildings, homestead entries	1924, chap. 254 1925, chap. 54 1926-27, chap. 71 1928, chap. 47 1930, chap. 30
Manitoba	Cities, townships, districts Province	Real estate Unoccupied land	Land value Improvements Land value	100 50 [†] 100	$\frac{1}{2}\%$; 20¢ per acre maximum	1918	Land in city, town, or village; homestead or grazing land; land unfit for cultivation or land one-fourth under cultivation	1924, chaps. 179, 183 1918, chap. 99 1921, chap. 81 1924, chap. 73 1931, chap. 54
		Supplementary revenue	Real estate value in municipalities and school districts in unorganized territory	100	0.2%	1920		1918, chap. 65 1919, chap. 102 1920, chap. 129
	Winnipeg [‡]	Public school	Same as above	100	Fixed annually			1913, chap. 165 1929, chap. 34
	Cities, towns, villages, and rural municipalities	Real estate Property	Land value Improvements Land value Improvements	100 66 [‡] 100 66 [‡] [‡]	Fixed annually Fixed annually Fixed annually	1909 1919	Farm improvements	Special Character provisions 1913, chaps. 133, 134 1915, chap. 43 1917, chap. 59 1919, chaps. 67, 68 1920, chap. 84 1921, chap. 87 1923, chap. 62 1929, chap. 68

† Maximum.

‡ Wild land, 5%.

§ Data for 1928.

¶ Charter provision.

‡ Excluding Winnipeg and St. Boniface, which are governed by charter provisions.

‡ Improvements for local industry may be assessed at 50%. Other building in rural municipalities not specifically excepted at 100%.

TABLE II—Continued

Province	Governmental Unit to Which Tax Applies	Name of Tax	Base of Tax	Rate of Assessment	Rate of Tax	Year in Which Present Rate of Tax or Assessment Was First in Force	Exemption	Legal Citations	
Saskatchewan	Province	Public revenue	Land value and acreage	100	Cities and villages 0.2%	1917	1920, chap. 29 1931, chap. 12 1927, chap. 5	
					Rural municipalities 0.15%	1917			
					Local improvement districts 1¢ per acre	1927			
			Supplementary revenue	Land acreage	Grazing land ½¢ per acre	1917	Land in towns, cities, and school districts	1920, chap. 28
						Grazing land ¼¢ per acre	1920		
						Other land 1¢ per acre	1917		
	Cities, towns, villages, and rural municipalities	Real estate	Land acreage Land value	100	1¢ per acre	1917	Homestead: land unfit for cultivation, and small holdings partly under cultivation; land in cities, towns, and villages	1931, chap. 14 1928, chap. 10
						1 7/8%	1917		
						Fixed annually ^m	1908		
						3 3/4¢ per acre	1920		
Improvement district	Land	Land acreage	100 ^m 00	1920, chaps. 86-89 1921-22, chap. 39 1925-26, chap. 21 1927, chaps. 24, 26 1928, chaps. 8, 26 1929, chap. 90 1927, chap. 27	
							

^m Cities, towns, and villages may assess improvements at less than Rate not to exceed 2% in villages; 1% in rural municipalities.

cent. In Calgary land values shrank 45 per cent in the four years 1914-18. The value of improvements rose 9 per cent during the

TABLE III^a
ASSESSMENTS, LEVIES, AND ARREARS IN CITIES OF 20,000 POPULATION
OR OVER IN WESTERN PROVINCES

	Year	Popula- tion	Rate of Assess- ment of Improve- ments	Assessed Value of Land be- fore Ex- emptions (in Thou- sands of Dollars)	Total Net Asses- sed Valua- tion of Land and Build- ings Taxed (in Thou- sands of Dollars)	Tax Rate (without Discount for Prompt Pay- ment)	Tax Levy (in Thou- sands of Dollars)	Tax Arrears Out- standing (in Thou- sands of Dollars)
Alberta:								
Edmonton.....	1914	52,000	0	209,065	191,284	17.5	3,770	2,360
	1917	53,846 ^b	0	100,917	100,197	26.5	3,189	6,157
	1918	60,000	60	76,833	92,405	30.0	3,655	6,775
	1930	77,557	60	36,942 ^c	65,687	47.5	4,075	1,084
Calgary.....	1914	90,324	25	119,892	134,886	20.75	d	527 ^e
	1918	70,000	25	65,728	78,473	32.00	d	4,540 ^d
	1919	75,000	50	77,943	88,153	35.25	d	d
	1930	85,000	50	d	64,180	46.00	3,889	706
British Columbia:								
Vancouver.....	1914	106,110	0	150,466	150,466	24.2 ^f	4,183	1,864
	1917	102,550	0	139,923	139,923	26.4 ^f	4,348	5,043
	1918	109,250	25	132,910	158,909	26.4 ^f	4,660	5,456
	1919	123,050	50	132,245	168,645	26.4 ^f	4,991	3,216
	1930 ^g	242,629	50	167,403	258,036	43.82	11,956	2,285
Victoria.....	1914	55,000 ⁱ	0	89,152	89,152	22.35	1,886	261
	1918	55,000 ⁱ	0	45,968	45,968	24.99	1,247	3,429
	1922	38,727 ^b	33 $\frac{1}{2}$	38,873	47,863	32.06	1,639	1,318
	1930	59,000	50	24,967	56,747	36.40	d	498 ^{ej}
Manitoba:								
Winnipeg.....	1914	203,255	66	199,083	236,638	14.80	5,816	1,432
	1917	182,848	66	162,863	212,026	17.00	5,953	3,214
	1922	199,129	66	144,074	196,389	30.50	10,071	5,205
	1930	209,286	66	113,059	192,237	33.5	10,771	4,166
Saskatchewan:								
Regina.....	1914	50,000	30	68,403	59,185	13.00	875	d
	1922	40,000	30	41,963	43,927	41.00	1,785	500
	1929	52,000	30	23,487	44,285	41.00	2,040	308
Moose Jaw.....	1914	18,000	45	44,038	43,142	17.55	712	d
	1917	19,000	45	20,038	26,344	27.70	764	619
	1925	20,498	50	12,347	22,325	47.40	1,156	921
	1929	20,250	50	10,209	21,129	48.70	1,123	335
Saskatoon.....	1913	12,000	25	54,461	51,997	18.00	1,223	25
	1917	25,000	25	34,254	26,327	21.00	920	288
	1925	27,540	45	18,133	29,004	43.60	1,396	670
	1929	40,000	45	17,304	31,988	42.40	1,527	297

^a Data from Haig and municipal reports. Years are chosen for outstanding charges in arrears, tax levy, population, or rate of assessment.

^b 1916. ^c 1929. ^d Not available. ^e 1913.

^f Estimated from rates discounted for immediate payment.

^g In 1929 boundaries extended to include South Vancouver and Grey Point.

^h 1921.

ⁱ Estimated population for greater Victoria.

^j Partly estimated.

same period. Land values in Winnipeg decreased 28 per cent between 1914 and 1922. Improvement values increased 16 per cent. In Moose Jaw land decreased in value 35 per cent and improvements increased in value 35 per cent between 1914 and 1925. These illustrations are sufficient to demonstrate that land values are a much less dependable tax base than improvements. The periods given are those during which the shrinkage of land values was greatest. In contrast to the experience of the western cities, it is interesting to note that in Toronto land values increased steadily during this period. The value of improvements in Toronto increased even more rapidly, rising from a little more than one-third of the total assessment in 1914 to something more than half in 1927.

With the decrease in the tax base, the tax rates rose. While prices of real estate were falling, the owners were unable or unwilling to pay the increasing taxes, and arrears were allowed to accumulate. In the city of Edmonton arrears outstanding increased from \$2,360,000 in 1914 to \$6,775,760 in 1918, and the tax rate rose from 17.5 mills to 30 mills per dollar of assessed valuation. Calgary showed an increase in tax arrears from \$527,544 in 1913 to \$4,539,718 in 1918, probably caused in part by the decrease in population from more than 90,000 in 1914 to 70,000 in 1918. Vancouver arrears grew to more than \$5,000,000 as population and assessed value decreased. In Victoria the assessed value had fallen by 1918 to 50 per cent of the 1914 value and arrears increased from about \$250,000 to nearly \$3,500,000. Tax arrears in 1918 in Victoria amounted to nearly three times the tax levy for that year. The difficulties were general throughout British Columbia. Mr. R. Baird, inspector of municipalities, reported that in 1917 the municipalities of the province collected a revenue of \$10,700,000, out of which they had to set aside more than \$9,000,000 to meet "uncontrollable" expenditures, such as sinking funds and bond interest, which left about a million and a half for ordinary expenses.⁸ The situation in Winnipeg was never as serious as in the far-western cities. Winnipeg has taxed buildings and improvements at 66 $\frac{2}{3}$ per cent of their full value throughout the

⁸ *Report of the Assessment and Taxation Commission, Manitoba, 1919*, p. 133.

period. Even so, the depression left Winnipeg with relatively high tax arrears, and there was agitation for a still broader tax base. One Winnipeg taxpayer characterized the tax on property and the right to sell for arrears as "camouflaged confiscation."⁹

Reporting on the situation in Saskatchewan in 1917, Professor Haig pointed out the fact that during the boom, when land assessments had been high and rates low, few objections had been made to the high assessments because they justified the speculator in his claims as to the value of his land. In the depression he refused to pay the tax. In answer to the possible objection that this would be true regardless of the type of tax used, Professor Haig's findings on the cities of Saskatchewan are of interest.

. . . . Such data as are available tend to show that land values form the least stable portion of the tax bases, and that those cities which have depended upon land most heavily are those which have had the greatest difficulty in collecting taxes. . . . Taking, for example, the cities of Saskatchewan, it is found that the order in which they stand with regard to success in making collections promptly is almost exactly the reverse of the order in which they stand in regard to their dependence upon land as a source of revenue.¹⁰

These conclusions are amply confirmed by the experience of these cities in later years.

The dissatisfaction in various commission reports reflects a rather general change of attitude throughout Canada. The enthusiasm for exemption of improvements has diminished, not only among real estate brokers but also among other taxpayers and tax officials. The usual criticism against land value taxation is that it has been a fiscal rather than a social failure,¹¹ and the reform advocated is a broader tax base. The Manitoba Assessment and Taxation Commission advocated taxation according to ability rather than to benefit. The members of the commission regarded as unstable a revenue system based largely on land taxes,

⁹ Mr. Arthur M. Fraser, president of the Winnipeg Taxpayers' Association, *Readers' Forum* (Winnipeg), November 15, 1926.

¹⁰ R. M. Haig, "Limited Single Tax," *National Tax Association Proceedings*, November, 1917, p. 377.

¹¹ There has been some criticism, however, of the social effects of the exemption of improvements. For instance, C. J. Yorath, city commissioner of Edmonton, states that it led to overdevelopment of property and failed to prevent land speculation. *Report of the Committee on Taxation of the City of Toronto re Single Tax, 1923*.

and also cited instances of the unwise use of large revenues obtained during the boom period. They particularly stressed the undue extension of city boundaries and the overdevelopment of public utilities.¹²

The situation clearly called for relief. Temporary relief was afforded in various ways. Edmonton issued short-term debentures to cover part of the arrears. In Regina the banks advanced money, and in South Vancouver a provincial administrator was appointed to straighten out the finances of the city. It soon became evident that more permanent relief in the way of the enforcement of collection, and through the revision of the tax base, was necessary.

Although there were laws providing for the sale of land for arrears of taxes, cities hesitated to enforce these laws lest the land revert to them for lack of outside bidders. Tax sales were finally held in many cities. Although it often meant substituting real estate for tax arrears in the cities' books, it seems to have had a wholesome effect on many taxpayers.¹³ The reduction of tax arrears in Vancouver from a high point of \$5,500,000 in 1918 to \$2,000,000 in 1930 is an example of the effectiveness of tax sales. In this city in 1925, 627 of the 839 lots offered for sale were purchased by the city.¹⁴ As late as 1930, 502 lots were purchased by the city and only 157 by private individuals.¹⁵

The extent of the reduction of arrears outstanding in the eight largest cities of the provinces has been shown in Table III. All of the provincial laws give permission to sell land when taxes are a year in arrears, but they vary as to the period allowed for redemption.

In order to encourage payment of arrears, relief acts were passed by both the provinces and the municipalities to allow a moratorium on back taxes. For example, Victoria passed a relief act in 1919 by which back taxes could be funded at 7 per cent.

¹² *Report of the Assessment and Taxation Commission, Manitoba, 1919*, pp. 43, 118, 182.

¹³ *Annual Report of Municipal Affairs, Saskatchewan, 1917-18*, pp. 17-18.

¹⁴ *Report of the City of Vancouver, 1925*.

¹⁵ *Report of the City of Vancouver, 1930*.

This debt was to be paid off in ten annual instalments along with the current taxes on the property.¹⁶ This plan did stimulate payment of taxes and helped to relieve the financial difficulties of Victoria by restoring to taxation land which had not been a source of revenue for some time. The provinces of Alberta and Manitoba also passed relief measures. Alberta's is similar to the act passed by the city of Victoria and is much more thoroughgoing in its efforts at readjustment than the Manitoba relief act, which only provides for exemption from penalties.

The second and more permanent type of relief was a revision of the tax base. This was a step which roused sufficient popular opposition to be used only in serious cases or only to a limited extent. In South Vancouver, after an issue of treasury notes in 1917, it was necessary for the city to default in meeting its obligations. An administrator was appointed by the government to administer the affairs of the city, and he finally announced: "After careful investigation of the financial situation, I find it absolutely necessary to depart from the straight tax on land, drastic though it be."¹⁷ Of the eight cities for which data have been obtained, six have raised the rate of assessment on buildings and other improvements, as noted above. The largest increase was that of Edmonton from complete exemption to a 60 per cent assessment. Winnipeg and Regina have maintained the same rate of assessment throughout the period considered, but have at no time shown such serious tax arrears as Victoria, Edmonton, and Vancouver.

That the partial exemption of improvements has not proved a complete failure is evidenced by the fact that improvements in all cases are still given at least a $33\frac{1}{3}$ per cent differential in Western Canada. In view of the rising land values of the past few years, there seems to be no reason to believe that these differentials will be reduced further. That the desire for social reform in landholding is still strong in those provinces cannot be doubted, if we consider also the other provincial legislation penalizing the wild or unoccupied lands. Each province has a higher tax on wild or un-

¹⁶ *Report of the Assessment and Taxation Commission, Manitoba, 1919*, pp. 138-39.

¹⁷ *Report of the Committee on Taxation of the City of Toronto re Single Tax, 1923*, p. 51.

occupied land than on other land. This is for the purpose of encouraging the use of this land. In Alberta there is both a wild-land tax and an unearned-increment tax on land. Both of these, as well as the wild-land tax in Saskatchewan, exempt small holdings, thereby encouraging the breaking-up of large estates. These taxes are of fiscal, as well as social, importance, however; and when high rates threaten confiscation, as in the case of the British Columbia tax, these rates are reduced.

It is significant that under the more static economic conditions prevailing in the eastern provinces, exemption of improvements from taxation has never gained any real foothold. Nevertheless, the experiment being carried on in Western Canada has successfully passed through an extremely critical period. Tax arrears are being steadily reduced. The result has been achieved by a compromise, and the improvements once wholly or almost wholly exempt are now assessed at higher percentages of their full value. Also, the real estate tax has been more generally supported by business and income taxes. It is apparent, however, that if the amount of the exemption is flexible and if, further, too much dependence is not placed on the one tax, a limited exemption of improvements is feasible and possibly useful in achieving certain social ends.

MABEL NEWCOMER
RUTH GILLETTE HUTCHINSON

VASSAR COLLEGE