

New Westminster: A Case History

By ALEXANDER HAMILTON

New Westminster, British Columbia, stands on the north bank of the Fraser River, twenty miles above the point where that stream flows into the Gulf of Georgia, an arm of the Pacific sheltered by Vancouver Island. Here, twenty-eight years ago, the influence of Henry George made itself felt in the establishment of a new system of taxation. From that day, continuing through the present, there have been no taxes on improvements; only a substantial tax on land values calculated to absorb a good part of the economic rent.

What has been the result of this practical experiment with George's theory? New Westminster, now a prosperous city of 20,000, and the third largest port of Canada, answers this question in terms of physical gains visual to even casual observers.

There are few mansions in New Westminster, but if this is a shortcoming it is more than made up for in the lack of slums. Though known as a working-man's town, the residences seem to be more of a middle class type, spick and span and of moderate size. The streets are well-paved with boulevards in the center and trees, shrubs and flowers in profusion. There is an unmistakable air of comfort and well-being throughout the city, making it easy to believe that you will find in it more happiness and contentment to the acre than anywhere else in Canada between Halifax and Victoria.

This is no accidental situation; but the result of the twenty-eight year old policy of exempting buildings from taxation and eliminating land speculation through a land value levy. A high tax on land value lowered the price of lots and put them within the reach of more people. The absence of taxation on improvements proved the equivalent of decreasing the price of buildings for the occupants, whether owners or tenants. Another marked tendency of this policy is that it enables people to live closer to the city's cen-

ter, making the community more compact and leaving vacant lots mainly on the outskirts, which is the natural condition. As a result, among other advantages of this proper use of land in a community, there is a great saving of time and money in the delivery of all sorts of commodities.

In 1935 Mayor F. J. Hume summed up the results of New Westminster's experiment as he saw them at the time. He wrote in an article:

"The single tax discouraged vacant land speculation and assisted manufacturers. This city is believed to have the largest percentage of individually - owned, unmortgaged homes of any city on the continent. It now has the largest invested capital per person of any city in the Dominion of Canada, and this capital investment is not inflated speculative land value, but rather in factories, machinery, stores and goods . . .

"Population and industry have boomed, but land speculation has been buried. It is now unprofitable for real estate dealers to withhold sites from prospective buyers. The average citizen is now loud in his praise of the existing single tax system, which reduces the cost of land and does not penalize improvements . . .

"The single tax has made it easy for the business man and producer to establish themselves. I feel the single tax has also had a tendency to reduce unemployment crises and the seasonal slump in this city. As the manufacturer and merchant do not have to carry in their overhead expense the dead weight of a large investment on high-priced land, nor do they have to maintain taxes on their buildings, machinery and equipment. Hence the factories and mercantile houses of New Westminster have been able to keep operating when in other cities a number have had to partially or completely close down . . .

"The existing industries over the period of 23 years have been able

to provide their employees with comparatively steady work. The financial condition of New Westminster also bears inspection and will be found to compare favorably with other cities in Canada and the United States for low per capita tax figures, and has one of the highest percentages of tax collections.

"The real estate dealers in New Westminster have played the roll of home builders rather than land gamblers. Abolition of taxes on labor products has assisted in inducing a normal community development and a thoroughly diffused prosperity as well as a widely felt sense of economic security and freedom."

Mr. Hume is still mayor and the favorable conditions of which he wrote five years ago still obtain.

A few statistical details may be of interest to the reader: Taxable land value assessment in New Westminster totals \$7,987,124 which, at the rate of 70 mills on the dollar, yields a revenue of \$559,098 (1940 figures). Water and light are provided at a profit to the community of about \$140,000, while removal of garbage is charged at less than actual cost. License fees, dog, poll and other taxes of this nature are similar to corresponding levies in other cities.

New Westminster is by no means a comprehensive experiment in Georgism: its taxation policies are confined to its own locality as, of course, the community is restricted in its powers to extend them. Federal excise taxes, tariffs, etc. of necessity have their effect on the economic situation and to an extent nullify the advantages of a local effort to establish a society free from taxes on production.

However, New Westminster is well satisfied with the results of its nearly three decades of experimentation with the single tax. True, it has its community problems, but cities that penalize progress and promote land speculation have worse problems and more of them.