

## What Happened In Halifax?

BURN'S famous lines

"The best laid plans of mice and men  
Gang aft a-gee"

have received many sad exemplifications in economic history. The two worst harvests in French history followed upon Turgot's attempt to rationalize French taxation and enabled that brilliant minister's enemies to excite the animosity of the masses against their true friend and drive him from power, and thus the last chance of diverting the force of the Revolution into beneficial channels was lost.

Contrasting small things with great, it is difficult to avoid having similar regrets as to what happened in Halifax in the last decade. Up to ten years ago Halifax levied under a system of assessments which grouped land and improvements together under the term Real Estate—a stupidity of which too many communities on this side of the line are still guilty. Apparently, however, enough people in Halifax had become aware of the absurdity of that system, with its concomitant policy of taxing improvements heavily, to bring about a change. The Municipal Assembly decided to value land and improvements separately, and more than this, decided that improvements should be taxed at a fixed rate of 1%, while land should be taxed at whatever rate might be necessary to raise the extra revenue needed. This policy went into effect in 1916. The city budget in that year was under \$900,000.00. The tax on land was \$3.25 per hundred.

The change was received with favor because it was found that the tax bills were reduced for all but those who held land of a value in excess of improvements, in a word it favored earned incomes as against unearned incomes. In 1917, which was the first year in which the new plan could be put in effect, there occurred the great Munitions Explosion, which in addition to disorganizing business imposed great additional burdens on the city. The budget rose to \$1,300,000.00. So the tax rate on land rose to \$5.42 per hundred. In the next two years, the tax rate on land rose to \$8.27 in order to supply the necessary revenue, as the budget by that time had risen to nearly \$2,000,000.00. due to depreciating currency, rise in wages of employes and general high cost of everything. The landholders took advantage of the spectacular rise in the tax rate, which they attributed to the new system solely, and succeeded in getting the Municipal Assembly to restore the old system of assessing Real Estate as a whole.

So far as we know the Single Tax was not an issue in any of the campaigns and so the failure of the experiment, which we hope is only temporary, has not been attributed to the Single Tax.

We think that it will be conceded that had the policy been successful, it would have furnished an interesting demonstration of the effect of changing the emphasis of

taxation. It was inevitable that as long as the assessment is based upon the *selling value of land*, capital value must diminish as the tax rate rises, unless indeed there is a very rapid increment, and any city which adopts the Halifax plan must expect to see the land tax rate rise, for as the rate rises the base must contract, and this will happen, regardless of the actual earning power of the site (if such a term may be properly applied to land). It is also worth noting that there may be a steady rise of tax rate without any increase in actual revenue because the base on which the rate is levied diminishes. In the case of Halifax there was an actual increase of revenue as well as of rate, but even at that, the \$2,000,000.00 budget of 1924 is only about a 12% increase over the \$900,000.00 budget of 1916, if the present depreciated currency be taken into account, and that is not a great increase in a thriving city like Halifax. The net result of it all is that the citizens may well have been scared by a bogey man, who had no real terrors except for the eminently respectable few, who lay tribute on the people of Halifax for the right to live on the land that the "Lord their God" thought He had given them as a free gift to all his children.

## Were The Machine Smashers Right?

WHEN the power-loom and spinning-jenny were first introduced in England, there were riots by the workers engaged in the old hand processes, who feared that many of them would be thrown out of employment because of the greater production by the new methods for making cloth. In some districts the machines were smashed by the rioters, who hoped by destroying the mechanical competitors, to prevent their general adoption. These foolish protests failed, and in a short time it was found that more workers were employed in attending the machines than were engaged in the handwork industries. The cheapening of production greatly increased sales, so that instead of thousands of yards of fabrics, millions were soon being made and sold.

Despite the general agreement that new inventions and discoveries, that make possible a vastly increased output per worker, are highly desirable, the notion that cheapness is injurious to the producers still lingers, and finds expression in quarters where it could not be expected to prevail. Thus, a short time ago Secretary Hoover referred to the destruction of a large part of the American cotton crop by the boll weevil as a factor in promoting prosperity in the Southern States, and his recent advice to the Agricultural Commission, that tariff duties on foreign food products should be increased so as to give higher prices for domestic farm products, embodies the same thought. There may be good reason why the United States should become self-sustaining, so far as all