

other increase in the value thereof caused by any other expenditure of labor or capital thereon."

The act limits the rate of taxation to "twenty mills on the dollar, exclusive of the debenture rates and local improvement rates."

But owing to a large amount of untaxable lands due to railway and other exemptions in some of the towns and municipalities the twenty mill rate proved too low to provide the necessary revenue. An Act has therefore been passed permitting such towns to levy a tax on business and incomes; but up to the present no news has come to hand as to its application, neither is it likely, as it will hardly be tolerated during the present depression.

(2) A Village Act which ordains that "all village taxes shall be levied equally upon all rateable land in the village according to the assessed value of such land."

(3) A Rural Municipalities Act which made the single land-value tax mandatory in the rural municipalities.

Mr. John Perrie, deputy minister of municipal affairs, is quoted as saying that "there would be a storm" of protest "if any change were made" in the tax system of the rural municipalities.

#### BRITISH COLUMBIA

British Columbia became a Province during the rush of gold seekers from California to the Fraser River fields. Gold had been discovered on the Fraser in 1857 and to preserve order a government had been established in 1858. Vancouver Island, which had been granted to the Hudson's Bay Company in 1849 and was still under the company's domination in 1858, did not join the mainland colony until at the end of the gold rush when a depression had commenced and forced the two colonies to unite. In 1871 British Columbia joined the Canadian federation. Since then the following tax reforms have been enacted.

(1) In 1874 the first step was taken in this Province to exempt improvements entirely from taxation. It was in Nanaimo, the chief coaling station on the Pacific, which is located on the eastern coast of Vancouver Island. This provision was made in a

special charter granted to the town, and it has been continuously in operation up to the present.

(2) A general law of the Province forbids municipalities to tax more than half the value of improvements for local purposes, and permits that they be entirely exempted.<sup>1</sup>

(3) A wild land tax permitting municipalities to tax land "on which there shall be no improvements to the value when assessed of ten dollars per acre."<sup>2</sup> Such land may be taxed not to exceed five per cent. of its assessed value.

(In explanation of the term municipality in British Columbia it may be said that there are two kinds, city and district. More than one-half are city municipalities. It is also well to bear in mind that owing to its size, its comparatively recent settlement, its distance from eastern Canada, and its mountainous character, a large portion of the Province is still unorganized).

Nearly one-half of the city municipalities—fifteen out of thirty-three—have availed themselves of those laws by exempting all improvements from taxation, while the remaining eighteen tax improvements in degrees varying from twenty-five to fifty per cent., and all but four of the district municipalities entirely exempt improvements.

Victoria, the capital of the Province, is beautifully located on the southern part of Vancouver Island, while Vancouver, the largest city in the Province, is almost as charmingly situated on the mainland.

Vancouver, owing to its size, has become most widely known for its Single Tax system. It operates under a charter granted in 1886—the year after the completion of the C. P. R. to the city. This charter is amended each year by the city council on application to the legislative assembly. The tax system of the city is passed upon every year by the council.

The following progressive measures have been taken by Vancouver, viz:

(1) In 1891 an amendment was granted to the city charter which provides for a separate assessment of land and improve-

<sup>1</sup>Citation from Prof. Haig's report, p. 169.

<sup>2</sup>Ibid, p. 170. }

ments and permits the council to "exempt from taxation, wholly or in part, any improvements, erections and other buildings erected on any land within the city, notwithstanding that they may be part of the real estate."<sup>1</sup>

(2) This was taken advantage of by the council in 1895 reducing the assessment on buildings to fifty per cent. of their value.

(3) In 1906 the assessment was reduced to twenty-five per cent.

(4) In 1910 improvements were entirely exempt. (The mayor of the city at that time, Mr. L. D. Taylor, is an ardent advocate, not merely of the "Vancouver System," as it has since been called, but of the full Single Tax as advocated by Henry George).

(5) Successive steps have been taken each year by the city council since 1910 re-enacting the exemption. And this year (1916) the council will ask the legislature to make it permanent. This request passed without a single dissenting voice. (It should, as Mayor Taylor aptly remarks, be sufficient evidence to counteract any reports that Vancouver has suffered because of its Single Tax methods).

Although land values furnish the largest portion of the city revenue, it is well to add, some is drawn from other sources, such as "police court fines, percentages of street car earnings, liquor licenses, rental of street ends on water front, and sundry licenses such as theaters, second-hand stores and such businesses as require police provision." This yields a total revenue of approximately \$300,000. The balance of its revenue, amounting to \$3,200,000, is raised from the land value tax.

Since the adoption of these measures Vancouver has enjoyed a constantly increasing material prosperity up to the present depression. The depression of 1908 left it unscathed. But no Single Taxer will expect such a small application of that principle to prevent a depression at some period or other.<sup>2</sup>

The building industry is generally used as a gauge in estimating the comparative growth and prosperity of cities. It shows in

<sup>1</sup>Professor Haig's report page 187.

<sup>2</sup>In his report for the Taxation Commission of New York, Professor Haig exaggerates this depression.

the case of Vancouver a development most phenomenal. From a total cost of buildings erected in the year 1902 amounting to \$833,607 they continued to increase annually until in 1912 buildings were erected to the amount of \$19,374,542. So great was the rush of population to the city that the builders found difficulty in filling the demand for houses, and as a result, rents became exorbitant.

The interesting fact is recorded in the *Western Canada Contractor*, 1912, that a reward of \$100 was offered by advertisement in the *Vancouver World*, September 27, 1911: "For information that would place the advertiser in possession of a dwelling which he was willing to lease if necessary for a term of years." This surely is "a unique distinction," as the writer states. Houses were occupied before the plaster had dried in them; suites and tenements were tenanted before the buildings were completed. Buildings only a few years old were scrapped to make room for larger and better ones.

Such was the excess of the demand over the supply in 1911, while the people were flocking to the city from all directions—eastern Canada, the Prairies, Puget Sound Points and California. That condition could not be expected to continue for long, ere the supply overtook the demand, with a resulting fall in rents. Yet even at the present time rents are still half as high as they were in the abnormal season of 1912. This is high when compared with cities in the East.

Victoria has followed Vancouver's example and abolished all taxation on improvements. It has been done by a gradual process of lowering the assessment or the tax rate alternately, or both at once. The process commenced in 1891, when the rate on land was 15 mills on the dollar while the improvements were only taxed half that rate, or  $7\frac{1}{2}$  mills. In 1911, taxes on improvements were entirely abolished.

The industrial effect of this exemption may be judged from a statement which appeared in the *Daily Colonist*, of Victoria, on February 26, 1913, to the effect that "the workingmen of Victoria are all strong advocates of the exemption of improvements from taxation."

The Provincial Government, too, has subscribed to and practically adopted the principles of natural taxation.

#### CONCLUSION

From the preceding sketch of the growth of the movement of land and land value taxation in western Canada the following conclusions seem to be warranted.

(1) It commenced with the control of the early colonists over their governments (which had formerly been monopolized by an official class).

(2) It was based on the principle of the right of the governments to determine the source or sources from which they secured their revenue, and which is one of the basic principles of British freedom.

(3) It was introduced through the economic necessity of releasing the land for new settlers and the demand for improvements by the earlier ones (as evidenced by the "wild land" or "surtaxes" which commenced in the East and have been copied in most of the western Provinces).

(4) It has been developed partly through the satisfaction with which it has worked, partly through its own momentum, partly through the growth of democratic thought and the spread of public ownership—and of theoretical Single Tax doctrines.

(5) As an essential factor, along with the free homestead lands, in bringing about the settlement of Western Canada it must be placed in the front rank.

(6) It has emancipated the building industry in the cities to the extent that it has been applied.

(7) It has made land speculation and idle-land holding more difficult.

(8) It tided the cities of Vancouver and Edmonton over the industrial depression of 1908.

(9) It is regarded with favor by the majority of all producers of wealth whether employers or employees and particularly by tax officials.

(10) It has simplified the assessment and the collection of taxes.—P. M. C.