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White Paper No. 71

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THE MODIFIED SINGLE TAX PROPOSAL

Now before the people of Toronto.

If the citizens of Toronto adopt the Provisions of the Provincial Act, entitled "The Municipal Tax Exemption Act" on the basis of the petition now before Council,

1. They will, in addition to the income exemptions already existing, exempt annually from taxation 10% of the income assessment, until income pays no taxes.
2. They will exempt annually from taxation 10% of the assessment value of improvements, until buildings are entirely untaxed.
3. They will exempt annually from taxation 10% of the business assessment, until the business tax disappears.
4. They will impose on land, in addition to the taxation it already bears, all taxes taken off all buildings, income and business, so that all general municipal taxation will be imposed on land only, whether it be improved or unimproved land.
5. They will reduce the taxable assessment, but will not thereby reduce the total taxes, although the first incidence of taxation will be changed, so that some now paying taxes may pay more, some less, and some none, and although the average payment per taxpayer may be increased.

In the event of dissatisfaction, as shown by petition and vote of electors, an amendment to the Act provides for a reversal of the exemptions at the annual rate at which they were originally reduced.

Two types of citizens may commit Toronto to a revolutionary change of policy :

1. Those who vote thoughtlessly or as a result of a superficial impression.
2. Those who do not vote but are willing to allow others to decide what taxes they shall pay.

THE MODIFIED SINGLE TAX PROPOSAL

INTRODUCTION

As pointed out in the body of the Report, thorough-going Single Tax has never been tried in Canada. It is in practice a term used loosely to cover various approximations to Henry George's theory of the Single Tax. In the United States, Pittsburg, although frequently referred to as such, is not a Single Tax city in that the City still taxes 50% of improvements. Even if the movement for the entire abolition of the tax on improvements is successful, it will still not be a Single Tax city, as it is part of the larger units of the State and Nation which tax values other than land values. It is extremely doubtful whether a fair test can be given to Single Tax until adopted alike by municipality, province and nation. At present when partial adoption of Single Tax fails, single taxers are prone to deny that the tax which failed was Single Tax. Its opponents insist that it was Single Tax, and that the further a city goes with it, the greater the failure will be. Owing to the absence of proper terms to define the proposals in Toronto, and the approximations made elsewhere to Single Tax, the Bureau, for the sake of brevity, is compelled to use the term Single Tax throughout, but requests its readers to bear in mind the qualifications made elsewhere.

In any event, the chief arguments back of the Toronto proposal are Single Tax arguments. This proposal, if adopted, will be a large step in advance toward Single Tax, and is regarded as one stage in the accomplishment of Single Tax aims.

This Bulletin was prepared for publication in November, 1922. As no referendum was held, the Bulletin was held in abeyance. Some of the information is, therefore, one year older, but is none the less pertinent. An effort was made to obtain numerous expressions of opinion from Western cities, both from single taxers and non-single taxers. That more do not appear herein is due to the fact that many failed to reply, although efforts to obtain definite opinions were kept up until a week ago.

GENERAL QUERIES

a. The exemption from taxation of improvements on land, i.e., buildings, etc., is quite a different matter from exemption of income and business. By exempting the latter we greatly increase, at least in the first instance, the taxes on land, whether occupied or not. As personal property is not taxed in Toronto, if the municipal income tax is abolished, those owning no land, even if possessed of much movable and intangible wealth, will escape direct taxation. Is it not possible that the exemption or partial exemption of improvements might be defensible, while the abolition of income tax on incomes over \$2,000 might be indefensible?

b. As two provinces have already established provincial income taxes, and another is considering it, is there any possibility of the giving up of the municipal income tax making it easier to establish a provincial income tax? If so, should we give up our income tax, previous to an arrangement with the province that the municipalities should get all the proceeds, less the cost of collection? If there were a provincial income tax, on what municipalities would the greater burden fall? Would not a provincial income tax be as subversive of Single Tax principles as a municipal income tax, being paid, as it would be, by the same taxpayers?

QUERIES IN DETAIL.

1. If the by-law passes, who will absorb the taxes lost through exemption of incomes?
2. Who will absorb the taxes lost through exemptions from taxation on business assessment?
3. Who will absorb the taxes lost through the exemption of large buildings used for revenue-producing business purposes?
4. Will the number of taxpayers be reduced or increased?
5. Is it desirable from the standpoint of increased interest in citizenship, that fewer people or more people should contribute to municipal taxation?
6. Is it possible that partial exemption of improvements might be desirable, while total exemption would be undesirable?
7. Is it possible that partial exemption of improvements might be desirable, but that the exemption of income and business might be highly undesirable?
8. Is it possible that instead of gradually abolishing the business tax, it should rather be retained and strengthened by placing it on a more equitable basis from the standpoint of ability to pay?

9. Granted that there is an advantage to the owners of homes and business buildings in the partial or total exemption from taxation of buildings, what advantage would owners of homes and business buildings derive from the exemption of income from taxation?
10. Is it possible that the increasing tendency toward the adoption of the income tax principle is a desirable tendency, and that the abandonment of the tax on income may be reactionary?
11. Even if it be granted that a man owning no land, but owning bonds worth, say \$250,000, bringing in an annual income of say \$15,000, pays taxes indirectly through his rent (perhaps of only one hotel room) and through the element of rent in his other costs of living, is it desirable that he should escape entirely from direct taxation simply because he is not a landowner? Could his indirect taxation possibly amount to as much as his direct taxes would be under the present system, and would they be at all commensurate with the community benefits received by him?
12. How many cities which exempted buildings ten years ago now tax them on the whole or part of their assessed value?
13. Is the present, when we are investing large sums in transportation and improvements, a good time to begin radical experiments in taxation, which may greatly increase the city's tax arrears and affect the city's credit?
14. If we are to experiment, might we not better begin by testing the partial exemption of improvements while retaining the municipal income tax and some form of business tax?
15. If we abolish the municipal income tax, do we render ourselves more liable to the imposition of a provincial income tax such as they have in British Columbia and P.E.I., and will have in Manitoba after January 1st, 1924?
16. If under Single Tax, fully applied, the capital value of land disappears, and if, as is stated by one of its advocates quoted herein, one could not lend money on land, and if, as a corollary, one could not borrow money on land, what would be the effect on the credit of a city which is based largely on the value of the real property owned by its citizens?
17. If a man who had, before the adoption of the Single Tax, invested in land and in a house built upon the land, was forced to sell after the adoption of the tax in a period of stable values, presumably his investment in land would disappear or almost disappear, as it would have little or no value in exchange. If he purchased another house property in Toronto, the loss would be balanced by an equivalent gain. But supposing he did not wish to invest in real estate in Toronto, or that he wished to buy a home in a neighbouring city not under the Single Tax, how would he recoup himself for the loss of his investment in land due to the change in the basis of taxation?
18. Even if the plan of exempting improvements, income and business, is theoretically sound, should Toronto adopt the plan unless it is made provincial and federal in its scope?

19. Does reduction in assessment mean reduction in taxation? If it does, can we abolish taxation by reducing the assessment to nothing?
20. Will the taxation of land values only, favour open spaces, stimulate gardening, and diminish congestion, as some claim, or increase congestion, as others claim?
21. If Western communities are moving away from Single Tax practice, should Eastern cities think twice before deciding to move toward it?
22. Could the City obtain all the real benefits of Single Tax, while avoiding its dangers, by levying at the time of sale a tax on the "unearned increment" in land values, the proceeds being used for such capital purposes as paying for permanent improvements and not for current purposes? Increases in land values are increases in capital values. Should not any portion of such increases appropriated by the City be used for the City's capital purposes?
23. Even if it be granted that the private ownership of land is undesirable, in view of the fact that present owners of land have purchased or otherwise acquired their land under time-honoured legal guarantees, is the appropriation of rental values of land by public taxation (which means, if carried out completely, the appropriation of capital values of land) equitable, unless there be compensation equivalent to the values appropriated by the city?
24. Which is apt to give more relief to the average taxpayer during the next ten years, a shifting of the incidence of taxation or a cutting down of the amount of taxation in proportion to population by effective control of municipal expenditures?
25. Will the adoption of the proposed by-law automatically cancel the advantages enjoyed at present by owners of homes costing \$4,000 or less? The opinion of the City's legal department is that it will. If so, for the first year homes assessed at \$3,500 or less will have to pay more taxes than they do at present in relation to the taxes paid on more expensive buildings—residences, factories, banks, office buildings, etc. In any event, ultimately the relative advantage of homes assessed at \$4,000 or less will be wiped out by the proposed by-law. In 1919 there were 80,953 houses assessed at \$4,000 or less. Of these 64,096 were assessed at \$2,000 or less. The total number of residences was about 100,000. Which policy is right, that adopted by the electors in 1920 of giving partial exemptions of smaller homes and thus giving them a relative advantage over other buildings, or that to be submitted for the action of the electors in 1924, the gradual untaxing of all buildings, business and incomes, and placing all municipal taxation on land values? Or, is neither right? Is it not rather soon to reverse a policy apparently taken with due deliberation?

GENERAL DISCUSSION

A RADICAL DEPARTURE.

The modified Single Tax proposals involve such a radical departure from ordinary methods of local taxation, may make such far-reaching changes in the incidence of taxation, may so increase or diminish the prosperity of the city, and may so influence the city's credit that the Bureau of Municipal Research has collected certain facts which it hopes may assist citizens in making up their minds as to the proposals now before them. In the space of a "White Paper" it is, of course, impossible to state the philosophy of or to give all the facts with regard to Single Tax and the results of various experiments which go under the very loose and inaccurate description of "Single Tax" experiments.

WHAT THE SINGLE TAX MEANS ACCORDING TO THE THEORY OF ITS SUPPORTERS.

Some statements by Henry George, the American apostle of the Single Tax, from his book, "Progress and Poverty":

"Poverty deepens as wealth increases, and wages are forced down while production power grows, because land, which is the source of all wealth and the field of all labour is monopolized. To extirpate poverty, to make wages what justice commands they should be, the full earnings of the labourer, we must, therefore, substitute for the individual ownership of land a common ownership. Nothing else will go to the cause of the evil—in nothing else is there the slightest hope.

"This then is the remedy for unjust and unequal distribution of wealth apparent in modern civilization and for all the evils which flow from it:—

" *We must make land common property.*

"The truth is, and from this truth there can be no escape, that there is and can be no just title to the exclusive possession of the soil, and that private property, in land, is a bald, bare, enormous wrong, like that of chattel slavery.

"Private property in land cannot be justified on the ground of utility . . . it is the great cause to which can be traced the poverty, misery and degradation, the social disease and political weakness which are showing themselves so increasingly amid advancing civilization.

"And by the time the people of any such country as England or the United States are sufficiently aroused to the injustice and disadvantages of individual ownership of land to attempt its nationalization, they will be sufficiently aroused to nationalize it in a much more direct and easy way than by purchase.

"Nor is it right that there should be any concern about the proprietors of land.

"I do not propose either to purchase or to confiscate private property in land. The first (purchase) would be unjust; the second (confiscation) needless. Let the individuals who now hold it still retain, if they want to, possession of what they are pleased to call their land. Let them buy and sell, and bequeath and devise it. *We may safely leave them the shell, if we take the kernel. It is not necessary to confiscate land, it is only necessary to confiscate rent.*"

(The writer would leave a small part of the rent to avoid expense in setting up a new form of administration.)

"We already take some rent in taxation. We only have to make some changes in our modes of taxation to take it all.

"What I, therefore, propose, as the simple yet sovereign remedy which will raise wages, increase the earnings of capital, extirpate pauperism, abolish poverty, give remunerative employment to whoever wishes it, afford free scope to human powers, lessen crimes, elevate morale, and taste, and intelligence, purify government, and carry civilization to yet nobler heights is to *appropriate rent by taxation.*

" . . . We may put the proposition into practical form by proposing . . . to *abolish all taxation save upon land values.*"

(This has been called confiscation of land values by the State as the assumption by the State of the rental values of land means the destruction of capital values.)

Some statements by disciples of Henry George:

By H. F. Ring:

"When fully carried into effect, it (the Single Tax) means the abolition of every form of taxation, and the complete freedom of trade and industry from burdens and restrictions.

"In fact (under the Single Tax) you can't even lend money on land alone, because land alone has no value in the market."

From the "Square Deal," Toronto:

Slogans.

"We claim the earth as the property of the whole people. To the community, the values created by the community for revenue. To the individual, the values created by his own industry, without taxation."

"The Single Tax will confiscate the landlord's (owner of land) unnatural right to the unearned increment and restore to him and all others, their natural right to equal shares in God's bounty."

From proceedings of Oxford Conference, 1923:

"The declaration of the policy of the conference maintains that an annual tax, levied without exemption on the actual market value of all land, at an equal rate per unit of value, in substitution for existing taxes on wages, trade, industry and the improvements, would at once bring about great and beneficial changes in the social and industrial condition of the people. That a complete taxation of land value would provide such public revenue as would render all tariffs and restrictive taxes unnecessary; it would give the world freedom for trade, and remove the main causes of international strife; by making the holding of land unprofitable to the mere owner, and profitable only to the user, it would make it impossible for speculators and monopolists to hold natural opportunities to ransom, and by doing away with the fines and penalties now levied on anyone who in any way added to the general stock of wealth, it would leave to each the full product of his exertion. It was further maintained that the policy, by throwing open the illimitable field of enterprise would solve the labour problem, banish involuntary poverty, make over-production inconceivable until all human wants are satisfied, render labour-saving inventions a blessing to all, and cause such a production and distribution of wealth as would give to all comfort, leisure and participation in the advantages of the progressing civilization."

THE PRACTICAL OPERATION

THE SO-CALLED "SINGLE TAX" IN THE CANADIAN WEST

In popular use, the term "Single Tax" has been applied to any system of municipal taxation which exempts buildings from taxation, whether other forms of municipal taxation are in force or not, and entirely irrespective of how provincial or national revenues are raised. As a matter of fact thorough-going Single Tax has never been tried in Canada. There have been and are local approximations. Whether they have failed because they did not go far enough, whether they have failed only in appearance, or just how far the adoption of Single Tax principles must go before success may be expected, cannot be discussed here. The Single Taxers say apparent failure is due to not going far enough. Their opponents say the principle is unsound. No one seems to know how far a community must go to avoid a failure, particularly taking into account that the Provinces and the Dominion levy on the same taxpayers taxes other than land value taxes.

Some extracts from Western letters and reports:

From a letter from Mr. Christopher J. Yorath, A.M.E.I.C., A.M.I.C.E., City Commissioner, Edmonton, Alta.:

September 18th, 1922.

"I cannot for a moment understand how anyone can advocate the Single Tax after the experience which all the cities in Western Canada have had by adopting this tax a few years ago. When this tax was introduced in Western Canada it was hailed with enthusiasm by the Single Taxers and no statement was made of any sort that the tax was introduced under unfavourable circumstances. Now that it has been proved that this system of taxation is a complete failure, the Single Taxers argue that it was not properly introduced and imposed. Practically all the financial difficulties of Western Municipalities can be traced to this form of taxation."

From an official report by Mr. Yorath:

"Practically all the cities in Western Canada adopted the system of endeavouring to raise the greater part of their revenue from a tax on land alone. In some cities the assessment on improvements was reduced to a minimum, and in a few instances was entirely eliminated. The nearer a city went towards the adoption of the Single Tax the greater are its financial difficulties to-day, and its arrears of taxes are proportionately higher than in other cities.

"The arguments in favour of its adoption were:

- "(a) That it was the simplest method of raising revenue;
- "(b) That it would induce owners of land to develop their property;
- "(c) That it was the only fair and just method of taxation because the value of the land is entirely due to the presence and expenditure of the people.

"What are the actual results?

- "(a) It has proven to be the most difficult method of raising revenue and is largely responsible for arrears of taxes.
- "(b) It did induce owners to develop their property, so much so that property was developed beyond the normal demand, with the result that increased taxation has been incurred, excessive capital expenditures have been made, and the supposed benefits of the tax have acted like a boomerang against the owner.

"(c) It did not prevent the speculation in land as, while it was in operation, Western Canada was passing through the greatest land speculation in its history. In fact, it stimulated speculation as, through the supposed advantage of inducing the owner to develop his property, an unhealthy prosperity was created.

"(d) It has resulted in the confiscation by taxation of a large amount of property. This may be considered a good argument by the Single Taxers in favour of the tax, but they do not say, if the tax is to be continued, where the city will obtain its revenue.

If instead of adopting the Single Tax, municipalities in Western Canada had adopted an unearned increment tax, and used the proceeds for financing capital expenditures, there is very little doubt that few, if any, of the cities would have outstanding debts at the present time.

"While the Single Tax may be the chief cause for the present financial difficulties of western cities, it is not the only cause, for the two following causes were also contributory:—

"(a) The lack of town planning and the development of the community in a haphazard, spasmodic manner to suit the wishes of real estate speculators.

"(b) The lack of continuity and experience in administration."

In a publication of August, 1923, Mr. Yorath gives the following figures of property to which the City of Edmonton has acquired or is about to acquire title as the result of 1918, 1920 and 1921 tax sales, after allowing for those which have been subsequently redeemed:—

	No. of Lots	Acres
Outer Zone	24,324	295.56
Inner Zone	17,296	74.25
TOTAL	41,620	369.81

Total number of lots in the City..... 110,000

That is, instead of paying their taxes in cash, many paid for them in property which, therefore, ceased to pay taxes.

It is not true that the tremendous holdings of the City in its own area is due solely to the operation of the Single Tax. It is admitted by practically all parties that it is due largely to real estate speculative development which enlarged the City's area beyond all reason, and to the consequent topheavy local improvement programme. At the same time the exemption of improvements undoubtedly hastened the giving up of property to the City which thereby acquired frozen assets of doubtful value in the near future, while at the same time it saw the number of ratepayers shrink from 31,000 in 1920 to 22,500 in 1923. The amount of taxes per taxpayer rose in the same period from \$132 to \$149, although the total tax levy decreased by \$700,000.

Mr. Yorath writes in this connection:—

"A system of taxation which endeavours to obtain revenue to finance current expenditure from sources which are non-revenue-producing, i.e., vacant land, if there is no ready sale for same, is bound to end in failure, which it has done throughout Western Canada. If the principle that the community should receive a part of the benefit received by the owner from increased values which it creates is adopted, and it most certainly should, then the collection of that increment in value should be made when the property produces revenue by a sale. It is the height of folly, if

land is to be the main source of revenue, to confiscate it by taxation, a process which is gradually coming to a climax throughout the West, an outcome, as Professor Eby states, 'for which no preparation has been made.'"

The tax arrears, as of December 31st, 1922, were \$3,152,085.48. The amount against lands sold to the City, less reserve against uncollected taxes, was \$4,592,552.00.

Toronto has had periods when land was relatively hard to sell. Tax arrears are not entirely unknown, as is shown by the following figures:—

Year	Tax Arrears Total	Per Capita
1920	\$3,751,248	\$ 7.31
1921	4,796,991	9.19
1922	5,836,204	11.03

Thus, in spite of efficient tax collection machinery, per capita tax arrears in Toronto increased over 50% in two years. This is only one of the symptoms of business depression. In such a period will the placing of all municipal taxation on land values tend to increase or decrease tax arrears, to increase or decrease municipal holdings in non-taxpaying land, to increase or decrease the number of taxpayers and the average payment of taxes per taxpayer? What effect on the number of taxpayers, the amount of tax arrears and the amount of non-taxpaying land held by the City will the adoption of Modified Single Tax proposals have?

From Mayor W. Marchant, Victoria, B.C.:

September 19th, 1922.

"I have your letter of September 12th, in which you ask for my opinion as to how the Single Tax worked in Victoria and what the state of public opinion is at the present time in regard to the matter.

"Let me first premise this letter, by saying—to describe Victoria as a Single Tax city, is altogether a misnomer.

"Eleven years ago the citizens voted to abolish taxes levied upon improvements upon land, and this state of things continued until this year. It was not a declaration in favour of the abolition of other civic forms of taxation, such as license fees, poll tax, road tax, and various fees which were more or less of the nature of taxation. You are aware probably that there has always been a personal property tax collected in Victoria, as also an income tax, but these taxes have been collected by the Provincial Government and applied to such use as they may see fit. In later years there has been a variety of other taxes imposed by the Provincial Government, part of which, such as amusement taxes and motor taxes, have been, in part, divided amongst the Municipalities; hence to describe Victoria as a Single Tax city, is to use considerable latitude of expression.

"Public opinion is somewhat divided upon the question of taxing improvements. Speaking for myself, I am an unhesitating opponent of the taxation of improvements, and in favour of the taxes upon land values only. I have no doubt whatever that the majority opinion in this city on this question would be largely the same, if expressed upon this one issue only.

"I note what you say with interest, that the Government of Ontario has passed a law allowing a gradual reduction of taxes on Income, Business, and Improvement, and I would be greatly obliged if you could obtain for me a copy of this Statute, as it would appear to be a step in the right direction.

"It was, however, certain that a great increase of taxation must be made, and it is but fair to say that such increase would have been very great upon vacant lands only, hence one or two members of the City Council, who might otherwise have voted in favour of non-taxation of improvements, felt that the burden would be better adjusted if spread to a certain extent upon improvements, as well as upon land.

"During the boom years, there had been an orgy of expenditure. Wanton extravagance, combined with the speculative tendencies of the great majority of citizens, caused the most unnecessary public works to be undertaken, and as these improvements were carried out under the Local Improvement plan, under which, varying portions of the expenditure—from 50 to 100%—were levied upon abutting properties, it has resulted in a large quantity of very valuable property being abandoned by the owners because they were unable to pay the assessments levied upon them. As a further result of this orgy of expenditure, the City of Victoria will have to float deficiency bonds of about \$3,500,000 in the years 1923 and 1924.

"You will see, therefore, that the principle of Single Tax is hardly at stake. The argument is—additional taxation must be imposed—let us get the money whence, and how, we can—and the line of least resistance and one over which the City Council had power, was to place a tax upon improvements."

From Report of Dr. Adam Shortt, on the Financial Condition of the City of Victoria, 1922:—

"Applying to the financial conditions of Victoria these fundamental and even elementary economic principles based on extensive experience, we may observe, that land alone, however permanent it may be as a physical basis for all wealth, and however certain to return to an active market value at recurring periods of general expansion, is the most unreliable basis for the chief annual revenue of the City.

"Broadly, the general result is that, apart from the wealthy element of the community who own the expensive residences and the larger and more costly business premises in the heart of the City, the great majority of those who benefit from the Single Tax are those who have the least stake in the City and the least permanent interest in either its present financial embarrassment or future prospects under the return of better conditions."

The writer summarizes:—

"This illustrates several points—first, it is additional proof that the land tax does not reach the speculator. Second, that it does reach in a very drastic form both his victims and the ordinary citizen with a garden or some air spaces around his home. Third, that land value as the sole or chief basis for taxation is most unreliable and inequitable in operation.

"The statement, therefore, that the community contributes to land a steady value which may be realized in the form of an annual rental value, and which is available for taxation, is entirely erroneous. If such were actually the case, the millions of assessed value of land which the City of Victoria now holds as the result of tax sales, would enable the City to obtain the whole of the rental value contributed by the community, and thus prove very profitable to the City. As a simple matter of fact, however, these enormous and increasing holdings yield practically nothing to the City. Such net rental returns as the City does derive from the millions of assessed value held by it amounts to about \$3,000, and is entirely derived from the rent of improvements on the land taken over by the City; although, as a matter of principle, the City has no claim on these since improvements have been entirely exempt from taxation."

From A. C. Flummerfelt, Victoria, B.C.:—

Sept. 21st, 1922.

"I am just in receipt of yours of the 12th inst., and carefully note the contents, and in reply the unfortunate experience of Victoria in the application of the principle of Single Tax, obliges me to conclude, that land is not a sound basis for exclusive taxation for the reason that it lacks continued ability to pay, and inequality in treatment of the tax.

"The Civic Income Tax is not an experiment, though very advanced, and there are signs amongst that portion of the community who have to pay such tax, that after all, it may be the wiser method. Should such prove capable of adoption, unless exemptions are greatly reduced, the spending of taxes will still be left, to a greater degree, for those who do not pay them, and will continue to a greater degree extravagant and unsafe."

From Mayor Charles E. Tisdall, Vancouver, B.C.:—

Sept. 18th, 1922.

"I . . . would say that it is not strictly correct to state that Vancouver at any time adopted the Single Tax system, although for a number of years there was in force what was considered a close approach to Henry George's idea. The circumstances are as follows:—From 1895 to 1905 improvements were taxed at 50% of their assessed value. In 1906, this was further reduced to a tax of but 25%, and in 1910 all improvements were made entirely exempt from taxation. The latter conditions prevailed until 1919, when all improvements were taxed at 25% of their face value, this being increased in 1920 to 50%, which still continues, with every likelihood of doing so for some time to come.

"The story of the necessity of again resorting to a tax on improvements is briefly that, Vancouver, in common with every other city in Western Canada and the States of the Pacific North West, was forced to readjust itself to the situation existent after the boom period of nearly eleven years ago.

"Large amounts were required by the City for the installation of sewers, streets, etc., with the result that interest and sinking fund charges grew to such an extent that the tax rate rapidly forged ahead and particularly during the war period, became exceedingly oppressive upon the holders of vacant property who, owing to the prevailing conditions, were not justified in attempting to improve the same. It was recognized that improved property led to additional civic burdens in connection with fire, police, lighting charges, etc., and as revenue was being derived from improved property that did not apply to vacant holdings it was considered that improvements should bear some portion, at least, of this added expenditure—hence the charge. I might say that public opinion in Vancouver is not at all in favour of Single Tax."

Extracts from pamphlet entitled "The Single Tax Failure in Vancouver," by F. C. Wade, K.C., 6th January, 1914:—

"All we have to do with here is a system which exempts buildings from taxation and places the civic taxation on the land. This, we are told, is not only an equitable system of taxation, but one peculiarly favourable to the poorer man, and those less able to carry its common burden . . .

"One of the great advantages claimed for the exemption of 'improvements' is that it ensures a compact city. This is evidently the view of the building inspector. 'The most prominent feature in connection with the building returns of Vancouver,' he says, 'is shown when the area covered is compared with other cities. From returns at hand I find per square mile of area, Vancouver leads every city on the continent of America.' This is his proud boast. It is in order now for some one to point with approval to the huddled condition of London before the fire, or to hold up the most crowded quarters of Canton as a model to the world. This alone should condemn the system. That it has the effect claimed for it, no one can deny. The taxes on gardens, lawns and open spaces are prohibitory. Everything must be built up. Every open gap must be closed. We must have a compact city. Rather than expand our area let us build 200 feet in the air and immure our wives and children in apartment blocks and deprive them as far as possible of every beautiful and healthful natural surrounding

"It is only a question of time until there will be a general upheaval in Vancouver against this system of artificial and forced assessments of small property owners and householders to avoid taxing the million-dollar skyscrapers and apartment blocks, and against the foolish faddists who never cease in their endeavour to warp the mind of the labouring man into believing that this sort of thing is for his benefit. 'Single Tax,' as we have it in Vancouver, is a boon to the rich and a burden on the shoulders of the poor. Besides being oppressive and unjust, it is useless for the purposes it is said to serve. It is high time to wipe out 'Single Tax' and return to honest methods."

From the Report of the Manitoba Assessment and Taxation Commission:—

"We quote the following in support of our view that the so-called Single Tax theory is a veritable will-o'-the-wisp, and lacking the essentials for practical use in any scheme of taxation. Professor Seligman says:—

"I have studied the Single Tax from different points of view. It is defective fiscally, politically, morally and economically. It is inelastic and would intensify the inequalities resulting from unjust assessments; that although itself proposed chiefly from social considerations, it would prevent the taxing power for other social purposes and would divorce the interests of the people from those of the government; it would offend against the canons of universality and equality of taxation, and would seriously exaggerate the difference between profits from land and profits from other sources; and finally, it would be entirely inadequate in poor communities, and in the large urban centres it would exempt large sections of the population without bringing any substantial relief to the poorer classes."

"Our investigation of the principles involved in the Single Tax theory has convinced us that it is impossible to value land without having regard to the buildings. When land is thus singled out for taxation we cannot possibly follow the argument, except in the light of the Single Tax theorists, that to destroy private property in land is good policy from an economic viewpoint

"Moreover, a rate on building values is a fair one. If there were no buildings there would be no necessity for municipal activities whatsoever. It is the improvements upon land that call activities into being. Buildings are producers of rent, wealth, a proof of ability to pay. The man living in a mansion should pay more than the man inhabiting a cottage, and it would be a gross injustice to rate them equally, as would be the case if their land was of the same value. It is the person who pays, not the thing."

"In the words of Dr. C. C. Plehn, Professor of Finance in the University of California:—

"'Instead of being a bold, bare enormous wrong,' as Henry George depicts it, the institution of private property in land has proven itself to be a very wholesome institution, stimulating thrift and industry, and giving the great mass of the people and to industry and commerce generally that safety and security which is essential to the pursuit and achievement of the highest general welfare."

"'As a system of taxation the Single Tax is unjust, for it fails to conform to the canon of equal taxation, that is, that all should contribute to the support of government in proportion to ability to pay. It taxes individuals only in proportion to the amount of land that they own. It taxes the poor man's land and exempts the rich man's personal property, mansions, skyscrapers and factories. It is not based on income or any other good measure of ability to pay. It exempts nearly all monopolies and trusts. It discriminates against the small home owners, mostly the working man.'"

The present tendency in British Columbia regarding the exemption of improvements is shown by the following table:—

Municipalities Exempting Improvements:

	Year
37 out of 63	1919
33 out of 62	1920
27 out of 61	1921
25 out of 61	1922

The report of the Inspector of Municipalities, June 15, 1922, contains the following statement:—

"In connection with the assessment figures, it is shown that among the cities there are ten which still exempt improvements entirely from taxation, as compared with eighteen in the year 1915; and among the districts there are now fifteen which exempt improvements as compared with twenty in 1915."

THE PITTSBURGH PLAN.

A pamphlet issued by the Allied Boards of Trade of Allegheny County states this to be the "most progressive system of taxation in America," that "it produces the revenue," and that it "stimulates business." The Pittsburgh Plan is not Single Tax, as it provides for gradual reduction of the rate of tax on buildings until it is reduced to 50% of that on land. It is, therefore, closely akin to the system now existing in Vancouver and other Western cities.

Mr. J. R. Park, Executive Secretary of the Allied Boards of Trade of Allegheny County, in a letter, writes:—

"This plan has received the approval of practically all the civic and trade bodies of the City, and we propose to secure the extension of this principle of reducing the taxes on improvements until buildings will be practically exempt from Municipal taxation.

"While the effect has been to stabilize land values more or less, the price of lots has been greatly increased, and the building program, now underway, is the greatest we have ever known."

It is to be noted that similar results are said to have followed the initiation of the so-called Single Tax experiment in Vancouver and Victoria.

The State law in force in Pittsburgh locally referred to as the "Graded Tax Law" was enacted in 1913, and has aroused the greatest interest. It provides that "the municipal millage on buildings, as compared with that on land, shall be reduced 10% for the years 1914 and 1915, and an additional 10% each third year thereafter until the millage on buildings shall be 50% of that charged on land."

It is to be noted that similar reductions are not provided on income and business, as apparently, Pittsburgh was not previously authorized by the State to impose these taxes.

Mr. H. W. ———, of Pittsburgh, is quoted by the Toronto "Square Deal" as writing, "The d—— thing works here." Will it work equally well in Toronto, which has the Municipal Income and Business taxes, in addition to real estate taxes?

NEW ZEALAND.

According to the New Zealand Year Book, the State does not tax improvements but does tax land values. It is apparently a graded tax

levied to break up large holdings. In 1918-1919 New Zealand had tax revenues as follows:—

Customs	£4,104,016
Land	1,512,693
Income	6,219,336
Death	869,371
Others	1,096,227

Out of a population of 1,170,946, there were in New Zealand in 1918, 51,275 taxpayers on land and 37,949 on income. Evidently the Dominion itself is not a Single Tax country.

The Bureau is informed that several cities in New Zealand, including Wellington, are, more or less, Single Tax cities. A complete list of city and rural municipalities which approximate the Single Tax is not available.

The New Zealand Year Book gives the following revenue figures for local governments in 1917-1918:—

Rates:—

General	£1,791,028
Special and separate.....	883,513
Licenses, fees, rents and other sources	3,034,894
Government of Dominion.....	248,855
Total revenue	5,958,290

AUSTRALIA.

In 1910, the National Government of Australia adopted a tax on the unimproved value of land. It is not, however, from the standpoint of national government, a Single Tax country. The latest Year Book available to the Bureau gives the national taxation as follows:—

Customs	£13,705,220
Excise	7,869,339
Land Tax	2,110,306
Probate	1,441,818
Income	12,848,124
Entertainment	557,911
War Time Profits.....	2,569,013
War Postage	745,962

The Australian States have also adopted taxes on the unimproved value of land. The Year Book shows for 1919-1920 the following aggregate State revenues:—

Probate, Succession and other Stamp Duties	£5,435,081
Land Tax	1,056,775
Income	6,605,130
Licenses	581,087
Other Taxation	613,560

The Year Book indicates that the proceeds from the income tax increased rapidly between 1915-1916 and 1919-1920.

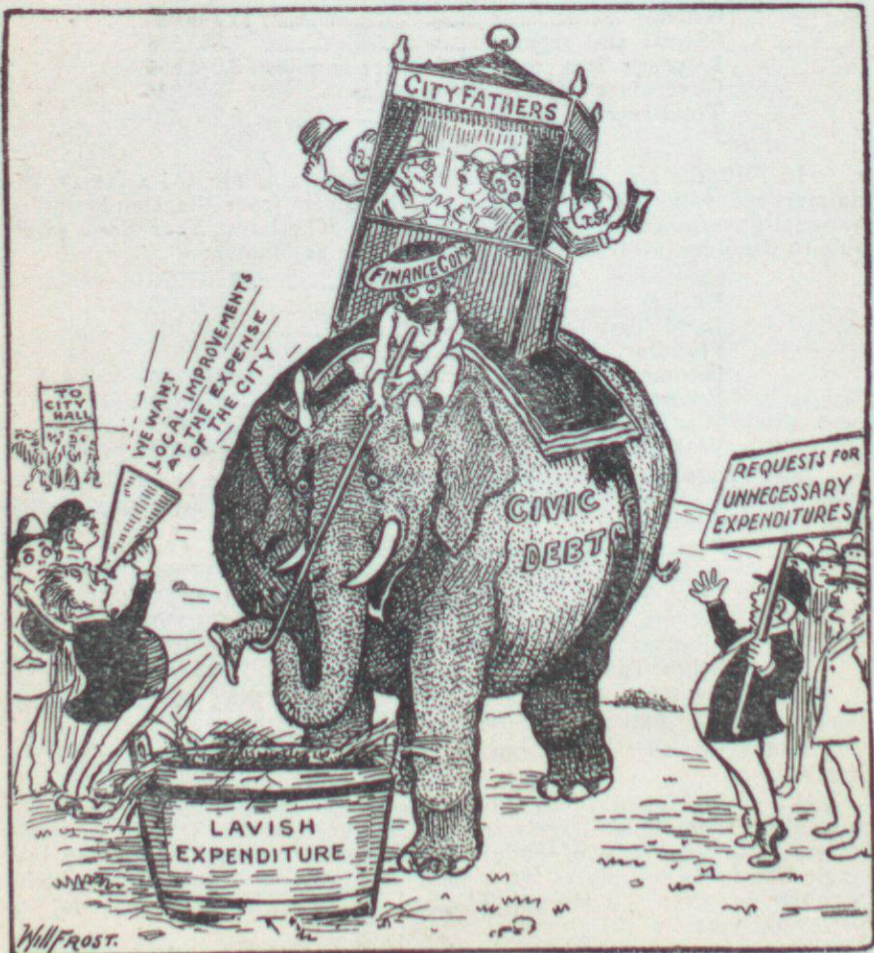
The States as a whole can, therefore, hardly be called Single Tax States.

We are informed, though not officially, that the Single Tax, at least in modified form, holds largely in smaller municipalities, at least in some States. The large city of Sydney, New South Wales, has adopted the Single Tax in its entirety as far as municipal taxation is concerned, which, of course, is as far as it can go. The Sydney system has been in operation for several years.

The land of Camberra, the projected capital of Australia, can not be sold "in order that all future values will thus be conserved for the people" ("The Liberator," July 31st, 1923).

SHIFTING THE BURDEN OF TAXATION WILL NOT LESSEN IT.

Since the cartoon below was first published, December 12, 1918, there has undoubtedly been great improvement in the control of civic expenditures in Toronto. The per capita expenditure out of taxation and revenue other than taxation, but affecting its amount, increased by \$6.20 in the five-year period ending 1921. Since that year it has declined \$3.62 (est.)* Until, however, the City has centralized price-getting, standardized budget procedure, established more effective control over the capital expenditure of "outside" Boards, brought about greater co-ordination in the control of current expenditures by the City and "outside" Boards, and thoroughly reorganized the City's civil service, it can not be claimed with reason that there is not still great room for improvement. Per capita taxation, although it has increased but 11 cents this year, has, in fact, increased every year save one since 1905. In view of this fact, which is more important to the average taxpayer, a decrease in the amount of expenditure out of taxation or a shifting of the incidence of taxation?



"The Elephant ate all night, the Elephant ate all day,
Do what we would to furnish him food,
The cry was still 'More Hay.'"

*P. 10, Annual Financial Report of the Commissioner of Finance, 1922.