

INTERNATIONAL NEWS

CANADA

Municipal Single Tax in Milk River

By J. B. ELLERT

The original site of the Village of Milk River—owned by the "Alberta Railway and Irrigation Company," was subdivided by the Company in the year 1909. Since that year three further subdivisions owned by the Company and its successors—the "Canadian Pacific Railway Company," have been added to the original site. In the year 1912 the community became a corporate body known as the "Village of Milk River."

In the years prior to 1912 public revenue was collected from the subdivision by the Provincial Government, and was raised solely by taxation of land values. However, following incorporation and the resultant need for greatly increased public revenue the usual agitation for the assessment and taxation of improvements made its appearance, and, of course, as improvements increased, the agitation for assessment of these newly-produced values became still more pronounced. I believe you will agree that the story thus far constitutes a recital of the history of taxation in practically every political unit throughout the civilized world. But at this point the Village of Milk River leaves the well-beaten path—here, in this small community, the agitation to which I have referred did not accomplish its accustomed tragic end.

That this Village refrained from falling into the error of taxing private property while allowing individuals to appropriate the publicly-caused rent of land; is due to the efforts of an ardent disciple of Henry George, who established his home at Milk River in the year 1910. I refer to Mr Fred Pease—a man well-known in Single Tax circles throughout the length and breadth of the North American Continent. Coming into a community which was at the time entering upon the process of political organization, Mr Pease saw his opportunity to strike a blow for the principles of economic freedom. Labouring ably and patiently he has gathered about him a group of supporters who are willing and, I believe, able to maintain and continue the progress which has been made.

In so far as Village Authority extends, Milk River is on a strictly Single Tax basis. Excepting only the negligible matter of a nuisance tax on dogs, every dollar which is received into the Village Treasury is derived from ground rent. Unfortunately, however, improvements are assessed and levied upon for Public School purposes. Our School District includes territory which is not situated within the territorial limits of the Village, and for this reason Village authority does not extend to the collection or method of collection of revenues necessary for the maintenance of our School system. Because of the existence of this tax collecting authority which is beyond the jurisdiction of the Village, and because also of other factors such as Dominion and Provincial Government Sales Tax, Income Tax, etc., it is difficult if not impossible for the Village to arrive at the Single Tax climax of appropriation of *all* economic rent. The policy, however, of collecting economic rent has been carried to a point where it has become unprofitable for anyone to hold land out of use in anticipation of increment in its value. The result is that practically all unimproved land has been acquired by the Village under tax recovery proceedings, and is readily available by lease, or purchase for a nominal sum, to those wishing to use it.

No difficulty has been experienced in raising revenue sufficient for the needs of the Village. The small loss in revenue occasioned by the abandonment of unimproved land by speculative holders, is more than offset by the additional use to which land has been put. In this connection labouring men have found it possible to build small homes rather than pay high rents; farmers in the surrounding districts have been attracted by cheap land and have built homes in the Village for winter residence, and business men have refused to pay high rents demanded for use of business premises, because they are able to secure

favourable sites on which to build without having to pay capitalized ground rent to a landlord. No, our difficulty is not in raising sufficient revenue—rather is our problem one of being able to expend the revenue which we find it necessary to collect in order to prevent speculative holding of land.

Due to the fact that the town of Milk River is out of debt, having met all expenses, and having a large share of revenue on hand, one of our ratepayers circulated a petition to have the taxes reduced to one-half of its present amount. A majority of the ratepayers signed this petition and it was presented to the Council at the ratepayers' annual meeting. While discussing the matter a great opportunity arose for the Georgeists to show up the old special privilege class that we find all over in every village, town and city; namely, those who really have the ability to pay taxes on the valuable sites they use.

It was explained to the petitioners, and they did then plainly see that the small ratepayers who are always in the majority and who are using less valuable lands would only save (by cutting the rate in half) from one to five dollars a year compared to the fewer ratepayers owning the more valuable sites who would save from \$25 to \$150 a year, which makes up more than one-half of all revenues received annually. Further explanation proved to them that the one-half of revenue saved (by cutting in half the full amount) would deprive many of the labourmen of an opportunity they always had, to earn not only the amount of their taxes but from \$25 to \$75 more, while working on public improvements. They did then plainly see that the class of people who own the most valuable sites are the very class of people they were going to favour by reducing the taxes.

It was easy now to show the difference between Capitalism and Landlordism, that it is the landlord and not the capitalist who has an unearned income, that must be taken by all the ratepayers and labourmen who have and always do create the land value.

A week later an election was held for a new council man. The first candidate upheld the present amount and the other resolved to cut the present amount in half. The result was three to one in favour of the former.

So there is at least now one town in which the people will not have their revenue lowered, since they see that the land value can be used to all of the people's advantage, and that by taking the land value is the only way that the whole people can have a just right to the earth, that is, the land value for all the people. Although individually we cannot all use the same valuable sites, but can collect the site values and in this way divide it up to the whole community in the way of public improvements, police and fire protection, etc. There is no other way to obtain an equal right to this earth. There is no other way that the whole people in a community can deal justly with one another. In this way land values become public property, and the land private possession for individuals whosoever want to use it.

It must not be supposed that the progress of the Single Tax movement in Milk River has been all clear sailing. On the contrary, the story of the Single Tax here is the history of a relentless struggle, we have faced and still face the most bitter opposition. In so far as landowners resident in the Village are concerned, this opposition has to a great extent disappeared, but there is abundant evidence that large vested interests throughout the Province are very much opposed to what they are pleased to call our policy of confiscation of land. Successive Provincial Governments, too, have clearly indicated their lack of sympathy toward our policy. Some years ago the Canadian Pacific Railway Company, then the owners of practically all unimproved land in the Village, engaged us in litigation in connection with our policy of "confiscation," fortunately, however, we were able to successfully defend our policy. During the year 1927 the Provincial Legislature enacted legislation compelling Villages to assess improvements at two-thirds of their actual value and to levy on that assessment at the same rate as the levy on land values. This

legislation, of course, completely upset our policy of raising revenue exclusively from land values. Alone and unaided this Village fought for an amendment to the legislation, permitting Villages to decide for themselves whether or not improvements would be assessed and taxes, and after two years of unremitting effort the Village succeeded in securing the enactment of the desired amendment and promptly returned to the policy of raising all revenue from a tax on land values exclusive of improvements.

During the two-year period just referred to, land values in the Village rose rapidly and practically all unimproved land was acquired by a few speculators, who hoped to make a handsome profit from the normal growth of the Village and the resultant demand for land. But with the return to Single Tax following the enactment of Provincial Legislation again permitting the Village to exempt improvements, their hopes vanished and they were compelled to allow their holdings to revert to the Village. As before stated, the loss in revenue from those unimproved lands is insignificant when compared to the advantages which are to be derived by the whole people from the increased accessibility to land for business purposes and home building.

In conclusion, it may be pointed out that the Village is in sound financial condition, having no indebtedness whatever, and carrying over at the end of each fiscal year a surplus of approximately the amount of the current year's tax levy. Public improvements and services compare quite favourably with those of any Village of its approximate size in the Province, and, because of the general absence of speculative holding of land, the development of the Village has been orderly and compact which makes for economy and efficiency in the carrying out of public improvements.

(This paper was read at the International Conference, London, 1936.)

Open Letter to Finance Minister

During the closing days of last session at Ottawa the Single Tax Association of Canada (Mr J. H. L. Patterson, president), sent an open letter to the Hon. Charles A. Dunning urging the repeal of the Sales Tax and advocating Land Value Taxation instead. The letter was mailed to all Senators and Members. It mentioned that the federal government budgeted for an income of 80 million dollars from the Sales Tax, and when this enters into costs, even at the moderate mark-up of 20 per cent, it will take 96 millions from the taxpayers in order to put 80 millions in the treasury. The letter estimated the approximate land value assessment for all of Canada at \$4,600,000,000. A tax on that sum at 2 per cent. would yield \$92,000,000. It was suggested that the already existing municipal machinery of assessment and collection be used to collect this Land Value Tax, and that the municipalities should be remunerated for this service at 3 per cent of the amount collected, which would help out municipal finances as well. The letter was educational propaganda for a future federal budget, and it is hoped that follow-up work along this line will be done before another federal budget is brought down.

Tax Arrears and Tax Defaulters in British Columbia

Mr Alexander Hamilton, resident in Victoria, B.C., writes:—

"The area of Victoria is $7\frac{1}{2}$ square miles. On an average there are about five lots to an acre. The number of lots that have reverted to the municipality for non-payment of the taxes (assessed on land values) is at present about 5,000. The owner of a lot has a specified time to redeem his property after it has reverted to the city or has been sold for back taxes. But of late there has been little in the way of redemptions and the number of reverted lots is steadily increasing. In boom days, money was borrowed to grade, pave, wire and pipe practically the whole area whereas less than a third of it was built upon. Taxation was high but prices asked were higher. Newcomers were coaxed and wheedled into investing in vacant lots being assured of high prices and in truth many did sell at a big increase. Others however

hung on for 40 or more years and at last quit paying taxes and the lots reverted to the city. The Aldermen are mostly 'realtors' as they are called here, or at least have had their business training in real estate offices. The problem for them is how to get the lots back on the tax-list without reducing the selling value of the adjoining lots. Of course, natural law has beaten them although they can't realize it. We keep hammering at them to lease the lots and get the little that they can at present; and, on the return of prosperity, the city will get the whole rental value no matter how high it may soar. But that doesn't suit their purpose. They are out for commissions on sales and speculators' profits. They are compelled to keep the assessment higher than the real value in order to raise enough revenue to pay interest on their high bonded debt.

"As for the Province, a statement was issued from the parliament buildings some time ago that for sixty years only one pre-emption of land in every four (160 acres each) had held good, three out of every four had fallen to the Government. Speculators bought up more than six million acres of agricultural land some years ago and two millions of that reverted for non-payment of taxes. We have, according to experts, 21 to 22 million acres of such land in the Province but less than half a million has been scratched by a plough."

[Subject to the fact that the methods in Western Canada, for compelling payment of the land value tax or of resuming the land on behalf of the community if taxes go into arrear, could be improved or made less dilatory, it is clear that the land value tax has done much to break up the land monopoly in that part of the world. But if the British system of rating and taxation were in force over there, under which vacant land, no matter how valuable, is completely exempt from taxation, the land speculators need never disgorge but could permanently hold the land against the newcomer. Western Canada provides eloquent testimony to what land value taxation, properly administered, can do to smash artificial prices and release the people from the stranglehold of the land monopoly—*Editor Land & Liberty.*]

UNITED STATES Henry George Congress

The Eleventh Annual Henry George Congress was held at the Netherlands Plaza Hotel in Cincinnati, Ohio, on the three days, 12th to 14th November, under the Chairmanship of Rabbi Michael Aaronsohn of Cincinnati. Nine sessions covered a variety of subjects: Educational Programme—The Henry George School of Social Science; The Single Tax, the Simple and Sovereign Remedy; Practical Pedagogy; The Practical Application of the Principles of Henry George; World Peace and Economic Freedom; Organization; Legislative Progress and Plans. Leaders in this programme came from New York, Pennsylvania, Illinois, Ohio, Virginia and Moline. At the dinner concluding the Congress, Mr E. F. Alexander acted as toastmaster, and the speakers were Hon. Marvin C. Harrison, Mrs Anna George de Mille, Hon. Peter Witt and the Rev. Herbert S. Bigelow.

CHARLES O'CONNOR HENNESSY

The Congress honoured a great memory in the following Resolution: "We note with profound sorrow the passing of Charles O'Connor Hennessy. For over 50 years in the intervals of an active life as Editor, Banker and Member of the New Jersey Legislature he found time to devote to the cause he had espoused in the early 'eighties. In the departure of this devoted spirit we recognise how great is our loss. To the very last his resonant voice rang with a message to the world from the London International Conference for Land Value Taxation and Free Trade. To his surviving son, Frank Hancock Hennessy, and the more distant relatives of the family, the Henry George Congress offers its most sincere condolence."

A memorial meeting for Mr Hennessy is being held on 11th December at the headquarters of the Henry George School of Social Science, 211 W. 79th Street, New York City.

(Many letters in addition to those printed last month have been received at *Land & Liberty* offices, particularly