

SOCIAL CREDIT IN BRITISH COLUMBIA

A Premier is Taken to Task

Since 1952 British Columbia has been governed by a Social Credit administration. Extravagant and inaccurate claims on its behalf were made recently by Premier William Bennett when he addressed a meeting celebrating its third anniversary.

According to the October issue of the *U.S.A. Social Creditor* (supplement to *Money, Banks and Taxes*, Oakland, California), Mr. Bennett "'pulled no punches' in revealing the facts. British Columbia's debt has been reduced approximately \$43 million since the Social Credit government assumed office. He predicted that the Province would be free of debt in a very few years. He said the government's policy of debt reduction saves millions of dollars in interest, now used for more social measures, better highways and other essential services.

"The Premier pointed to drastic reduction of consumer's taxes, removal of a large portion of dreaded sales taxes, as well as registration fees on automobiles being reduced by 90 per cent (formerly \$10 and now only \$1 per year.)

"He told his audience that 'as much money has been spent on roads in the past four years with contracts costing 25 per cent less per unit measure as the previous government spent in 21 years.' Further, 'not one single dollar has been borrowed of the \$40 million which has gone into roads nor for the nine million in public buildings' . . . 'Let us then go forward with confidence, with a greater spirit of tolerance and goodwill to still greater victories for our Social Credit movement and greater prosperity for all our citizens,' concluded Premier Bennett."

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Authoritative rebuttal of these contentions comes from Mr. Harry Hollins, a vice-president of the International Union resident in British Columbia, to whom we sent this material for verification and comment, and from Mr. P. A. Gibbs, a Liberal Member of the Legislative Assembly in that Province, who has kindly consented to publication of his observations. Mr. Hollins writes:—

The climate being equable on the coast here, British Columbia is the logical place of retirement for those people who have spent working days in the more rigorous climate of Alberta. There has been a spate of such to Victoria of late years including many ex-politicians from the Alberta Social Credit Government and department heads. They formed a league here, but it was not taken seriously until a few years ago.

Our previous B.C. government was a coalition of Liberals and Tories which had been formed to oppose the menace of a powerful socialist opposition (C.C.F.). This coalition got into disrepute, each party blaming the other and they split. The present Premier (Bennett) was a rival for Tory leadership. He left the party and joined the S.C.s who were preparing to contest the election of the Liberals, who were the largest group in coalition. He said he knew nothing of Social Credit theories, but would study them, and as he had had parliamentary experience they made him leader. The S.C.s got in on a protest vote. I doubt if there are two in the whole bunch who know what Social Credit means. But what's in a name?

The Social Crediters evade the issue, saying that it is only at the Dominion level that their doctrines can be applied. That is true, of course, as the provinces have no jurisdiction over such things as currency, banking or international matters. (But they have everything to say about land and resources.) To get into power at Ottawa, however, the provinces must

first be captured and that is their excuse for calling themselves Social Creditors.

Under the plea of securing for the people their proper share of the natural resources, the Social Crediters have increased taxation of forest products, i.e., lumbering industries pay heavily on the amount of timber cut, which, of course, goes on the cost of the product and is passed on to the building industry and other industries using it, and ultimately on to the consumer. If they are priced out of the export market and have to sell at a loss, it is recovered from the domestic consumer, who has no redress. But, of course, Tory and so-called Liberal governments do likewise. Much of the virgin forests are owned by syndicates who charge enormously for them to logging interests. These syndicates, which are often foreign, pay no profits tax. Their enormous profits are considered "capital increases." But their demands are capital outlays by the logging concerns and since they call for profits they are so passed on to consumers. As soon as production starts, the government begins its cold-war on the consumers, by a stumpage tax.

The British Columbia Social Credit government has decided to put an annual tax on machinery used in industry (which could even include office typewriters, I am told), claiming that it is only fair to the farmer who has to pay on his equipment and improvements.

They have increased the purchase tax from 3 per cent to 5 per cent, the extra 2 per cent being ostensibly to take over the cost of hospital insurance, which hitherto was a contributory scheme. This tax is a retail impost, and is paid on most things except food and children's clothes. Big industries pay the tax on the big installations of machinery (which, of course, they pass on). The tax is paid on every motor car purchased, whether new or secondhand, and may be paid several times during the life of the car.

Another ruse, copied from the Social Credit government in Alberta, is to make municipalities do the borrowing for capital outlays, like school building, which the government guarantees. Thus it does not appear on their records as a debt owing by them.

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Mr. Hollins sent the *U.S.A. Social Creditor* article to his Liberal representative in the Provincial Parliament, Mr. P. A. Gibbs, who by profession is a chartered accountant. Mr. Gibbs replied in the following terms:—

The Provincial Net Debt has been reduced \$43 million in the space of four years by virtue of Sinking Funds provided by the taxpayers to meet redemption of Debt, most of such Sinking Funds having been appropriated from Revenues by the predecessor government. But this Debt reduction is more than offset by the following Debt incurred at 31st March, 1954: School Construction \$23.27 million and Loans to P.G.E. Railway of \$62.87 million as at the same date.

During the year 1955, authorisations for borrowing were as follows: P.G.E. Railway, \$60 million; Toll Highways and Bridges, \$50 million; School Construction, \$20 million. I have excluded the B.C. Power Commission borrowings of some \$50 million for the reason that the Commission is self-sustaining and Debt is being repaid from Consumer Rates. The other borrowings are presently repayable from Provincial Tax Revenues.

The Sales Tax was actually increased in 1953 by Mr. Bennett's Government from 3 per cent to 5 per cent. Mr. Bennett would like to overlook that fact and say that

the extra 2 per cent was for Hospitalisation Service, but assuredly it cannot be construed as a "drastic removal of dreaded Sales Tax."

It is true that concessions were made by raising the exemption allowance on meals and children's wearing apparel (under pressure from the Opposition), nevertheless the Sales Tax yield has been increased 70 per cent by statutory tax, viz:

1953-54	S.S. Tax yield	\$34,269,238
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1954-55	S.S. Tax yield (est'd)	...	\$57,000,000
1955-56	S.S. Tax yield (est'd)	...	\$58,750,000

Mr. Bennett apparently also overlooked the imposition of 10 per cent Tax on Logging Profits, 10 per cent Tax on Mining Profits, 1 per cent Tax on Forest Lands, and the imposed assessment of Machinery and Fixtures at 75 per cent of value to enable taxation for Municipal School operation.

INTERNATIONAL UNION NOTES AND NEWS

ANOTHER GAIN IN NEW ZEALAND

Another small town in New Zealand has adopted the rating of land values. The news reaches us in a letter dated November 30 from Mr. G. M. Fowlds, of Auckland. He writes: "We had another rating win recently at Pukekohe, a town of 4,000 or 5,000 people forty miles south of Auckland." We await further details.

Hitherto rates have been levied on the capital value (of land and buildings and improvements). The New Zealand local authorities handbook for 1952-53, gives the population as 4,060. At the 1952 valuation capital value was returned at £3,441,935, and unimproved value at £915,665. The rate on the capital value has been 2.59d. In 1952 a rate of 9.16d. in the £ would have been required to secure the same revenue.

DUTCH REFORMERS POINT TO WELLINGTON

Ons Erfdeel (Our Heritage) the monthly journal of the Dutch Union for Justice and Freedom, which is affiliated to our International Union, is now in its twentieth year of publication. The December, 1955, issue is exceptionally interesting and instructive with its seven-page illustrated article on the operation of Land-Value Rating in Wellington, New Zealand, in which photographs of eleven representative properties are reproduced. The text explains that to-day in Wellington, as in the majority of the local authorities throughout New Zealand, the local rates are levied on the value of the land alone, the buildings on any site being completely exempt. The figures for each of the properties chosen for illustration are given, these being derived from the then latest periodic valuation and showing in each case the site value and the building value. It is made clear what would happen if Wellington was foolish enough (that which is most unlikely) to abandon the land-value rating system and revert to the old system which taxed land and buildings together as a composite subject. The result would be to increase the rate burden where building value is comparatively high in relation to site value and to give relief where that relationship is comparatively low. Those landholders benefiting most from such a taxshift are those who hold valuable land without putting it to any use at all (Improvement would be penalised and neglect rewarded). Thus both positively, and in reverse, by those comparisons, putting theory to the test, as it were, in a sufficiently equipped labor-

atory, the economic wisdom not to say the social justice of deriving public revenue from the rent of land, with effect that industry be correspondingly freed from taxation, is amply proved.

The article is contributed by Mr. J. J. Pot, the source material being that compiled by Mr. H. Bronson Cowan, who was engaged for four years (1941-45), upon an investigation, and on the spot, into the operation of land-value taxation in New Zealand and Australia. The book reporting that exhaustive research is yet to be published: but the part of it relating to Wellington, with the many photographs Mr. Cowan took and replete with his statistical data, was bound in special folio and (to the number of copies necessary) was given in evidence by the United Committee to the "Simes" Committee of enquiry into site-value rating. A copy (at present unfortunately the only spare one) of that document was on exhibit at the International Conference, on seeing which Mr. Pot was determined that its main lesson should be carried into Holland by reproducing as many of the photographs and translating as much of the text as *Ons Erfdeel* could afford to publish. It is thanks to his enterprise and to the extra financial support given as well by other members of the Dutch Union (for electro-blocks are not inexpensive) that the good purpose was achieved.

To those of our readers who understand Dutch we warmly commend the journal *Ons Erfdeel* (publishers' address "St. Annaparochie," Holland) whose editor is Mr. A. Sevenster. The annual postal subscription, three guilders, is the equivalent of *six shillings* which can be remitted to the publishers through LAND & LIBERTY offices.

GROWING STRENGTH OF FRENCH MOVEMENT

The annual general meeting of members of the French League for Land-Value Taxation, held on November 26 in the Musée Social in Paris was very encouraging. Eighty persons attended, the veteran M. Daudé-Bancel presiding. Among those present were M. Belilos, of Alexandria, Egypt, and M. Dami, of Switzerland, a leader of the co-operative movement in that country. The morning session was devoted to reports on the League's activities during the past twelve months. In the afternoon M. Toubeau, a vice-president of the International Union for Land-Value Taxation and Free Trade, led a discussion on a paper presented by him on the alienation of the country's natural resources during the revolution of 1789. A full report of the meeting is to appear in *Terre et Liberté*, of which, to meet the demand, no fewer than 6,000 copies will be printed. The growing influence of this journal is especially gratifying.

PROPAGANDA IN CAPE PROVINCE

Idutywa receives scant notice in the reference books. It is a small Cape Province township of less than one thousand population in the very rich Transkei farming district of the same name, about ninety miles from East London on the

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