

We may leave the well-meaning town-planners to settle with the country-planners, merely recommending to both a study of the law of economic rent and its application under conditions of freedom from land monopoly. One gem shines forth from Prof. Reilly's plan. He says: "Clearly speculation in land and building will have to be stopped". He does not say how this is to be done, leaving it no doubt to the economists. American readers may be sure that British land valuers will make the fullest use of this growing receptiveness of the public mind for the Georgean message, which is in itself a result of persistent advocacy over many years.

The Town Planning Committee, like other reform groups, recommends the expenditure of public money in payment to landowners for permission to reconstruct a devastated Britain. Not only do they thus create obstacles to their own schemes by causing inflated hopes and inflated values; they also bring discredit on all reconstruction efforts which begin by taking further large sums from the already overburdened taxpayers. Let the landowners begin to restore to the community the values created by the community which are registered in land-values and we shall then have the essential ground plan for all reconstruction.

It was not a Georgeist, but the Financial Editor of the *Manchester Guardian* who wrote: "Far more poverty and hardship could easily be caused by false economic policies after the war than by the war itself". A bold thing to say, and only those who know their Henry George can judge how true it is that, awful as are the afflictions of war, they do not surpass the social miseries and tragedies caused, generation after generation, by the perpetuation of the private monopoly of land. Britain may yet lead the way in lifting this entail of suffering.

Canada's Wartime Economy

By HERBERT T. OWENS

WHEN Canada entered the war, the government declared for a pay-as-you-go policy as far as possible, with the result that federal taxation is much higher than formerly. The average man feels it particularly in the National Defense tax on wages. Single persons earning from \$600 to \$1200 per year pay 2%, and 3% over \$1200. A married person is exempt up to \$1200, but pays 2% if the income exceeds \$1200 per annum, with an allowance of \$8 for each dependent child. The regular income tax has been extended to take in still lower paid groups. For example, before the war, incomes under \$2000 a year for married men were exempt, but the lowest limit now is \$1500. On single incomes, the exemption has been lowered from \$1000 to \$750. Some articles which had formerly been exempt from Federal sales tax were made liable to this tax. Despite all the extra taxes, however, resort has had to be

made to loans, and several large loans have been over-subscribed.

Strenuous efforts are being made to bring into effect a better economic order in Western Canada. It is recognized now that soil was devoted to wheat growing which should never have been so used. Under government auspices, crested wheat grass, originally imported from Russia, is being sown on a large scale. Its deep roots hold the soil and prevent drifting. Settlers are being removed from submarginal lands to better land farther north in Saskatchewan, and nearly 2,000,000 acres have been returned to state ownership in the Prairie Farm Rehabilitation Scheme, and these tracts are being used for grazing purposes. Users pay a rental per head of cattle grazed. Extensive irrigation projects are a part of this huge reclamation scheme.

A number of controls have been put into effect as war measures. A new experience for Canadians is foreign exchange control. Canada's purchases from the United States for war purposes are so huge that the balance of trade has run the Canadian dollar down to a value of 89c in American currency. In other words, we have to provide \$1.10 Canadian money to pay for every American dollar's worth that we buy. Trade for other than war munitions and such things as citrus fruits is discouraged. Only Canadians travelling on official business can get funds wherewith to travel in the United States.

Another feature of wartime economy is rent control. The sudden influx of workers into centers like Ottawa, Halifax, Parry Sound, Vancouver, etc., caused rents to skyrocket, and rent profiteering was rampant. This situation was met by the appointment of a Rent Controller, and the pegging of rents as of January 1940. Rental courts have been sitting in numerous centers and their proceedings have enlivened the pages of the newspapers. In Ottawa, at every sitting of the rentals court, landlords and tenants each have a representative on the tribunal, the third member being a judge. It would appear that these courts are not sticking to the letter of the regulation—the decisions seem to be establishing a fair rental—although in the main there is a close adherence to the spirit of the control. The government's announcement of rent control aroused the ire of the Property Owners' Associations, the president of one of the leading groups denouncing the move as "totalitarian control over the destinies of the land-owning people of Canada." The same individual asserted that he didn't believe in any government body trying to exploit the landlord. That runs true to caste.

THE FEUDAL SYSTEM ABOLISHED IN QUEBEC

Once more a Canadian government has shown kindness of the hard cash variety to landlords, such as the British government has shown to the owners of coal mines. By a payment of \$3,200,000 to some 245 seigniories by the government of the Province of Quebec, 60,000 French Canadian

farmers are freed hereafter from the obligation to pay rent to the descendants of the seigneurs who received immense grants of land during the French regime in Canada. The savings to the habitants* will be some \$180,000 a year.

The Quebec Legislature decided on this step at its last session, and so ended a matter which has been contentious for over a century. When the French came to Canada they transplanted the feudal system to New France. Most of the lands bordering the St. Lawrence were granted to seigneurs on condition that they perform military service, bring in settlers, and pay a "quint" to the Crown when the seignery changed hands. The settlers paid a small rental (*cens et rentes*), payable in cash or kind; they had to work for the seigneur about three days a year; and to pay a sum (*lods et ventes*) when the seignory changed owners.

There was not much objection to the seigniorial system until the United Empire Loyalists flocked into Canada from the United States after the Revolutionary War. The British authorities then in control gave the newcomers land grants in free socage, with no rent to pay, and the French habitants felt that they were being rooked in comparison. The coming of the Loyalists also raised seigniorial land values. Resentment simmered as the system began to pinch. An Act of 1825 gave tenants the privilege of commuting tenures where there was mutual agreement as to terms. However, not much change resulted, and one of the causes of the 1837 rebellion was grievances over landownership.

The habitant could also be levied on, be it noted, for tithes by the Church, a right which was freely exercised. In 1854, the Seigniorial Tenures Abolition Act was passed, freeing the habitants from all their obligations except a fixed rent (*rente constituée*), and they could get possession of their land by commuting the rentals in a lump sum payment at 6 per cent. However, very few of the habitants took advantage of the commutation privilege, with the result that the government of Premier Godbout recently brought in the legislation under which the Province of Quebec comes to the rescue of the cultivators and buys out the rights of the seigniorial system at an average figure of \$13,060. Georgeists could have shown a better way.

THE ROWELL-SIROIS COMMISSION

Possibly the most momentous matter now before the Canadian people is contained in the recommendations of the Royal Commission on Dominion-Provincial Relations, called for short by the names of its Chairmen—the Rowell-Sirois Commission. The federal government convened a conference of federal and provincial ministers to deal with them, and sittings began in Ottawa on January 14th. In convening the conference, the Prime Minister, Mr. Mackenzie King, intimated that his government thought highly of the recommendations of the Commission.

There is one recommendation made by the Commission which has serious economic implications, and that is the following: "The Dominion, while retaining its unlimited taxing powers, would recognize an obligation to respect the remaining revenue sources of the provinces." The adoption of the foregoing means that the federal authority would make a gentleman's agreement with the provinces whereby it will refrain from levying a federal tax on land values. This would be a needless inhibition. The Dominion should not bind its future. Both our sister Dominions of New Zealand and Australia now include a national land tax in their budgets. Also, had the budget proposals of David Lloyd George and Phillip Snowden gone into effect, Great Britain today would have been financing, in part at least, on a national land value tax. The Sirois Commission's proposal quoted above is a serious defect in its work, and shows lack of familiarity both with basic taxation principles and with what other parts of the British Commonwealth are doing.

Coming to provincial sources of revenue, the Commission apparently sees no economic objection in continuing to tax gasoline gallonage, looking upon this as a natural and normal source of income, and anticipates that it will yield more and more as years go by and highways are improved. It does not recognize or advocate that the abutting land values on provincial highways should be taxed instead of the users of gasoline; and by its silence on that point tacitly assumes that the private appropriation of publicly produced values is in the natural order.

In dealing with municipal sources of revenue, the Commission finds that "real estate" is taxed too highly, and recommends that the burden on property owners be lightened—but not by taking taxes off improvements, a practice of which the Commission never seems to have heard. The report even ignores the practice in Western Canada of exempting improvements in whole or in part. The silence of the Commission on this point reveals either its ignorance or its bias. The orgies of land speculation are ignored in the historical survey, except in the following matter-of-fact footnote: "Defaults by derelict towns resulting from miscalculation as to the economic future have, of course, occurred in many regions throughout Canadian history." Booms, depression and unemployment are regarded as part of the scheme of things. Unemployment is visualized by the Commission as a "permanent factor," to be mitigated as far as possible by unemployment insurance, which has just gone into effect in Canada; also by construction of public works and other more or less makeshift provisions.

In pointing out the evils of our taxation system, the Commission has done a fairly good piece of work; but its recommendations do not touch upon, and will not solve, the economic ills from which the Dominion suffers. The task remains for Georgeists to point out the importance of their reform.

*Habitants is the name given to the cultivators or farmers who are descendants of the French regime.