

the Henry George News

PUBLISHED BY HENRY GEORGE SCHOOL OF SOCIAL SCIENCE • OCT. 1962

ALBERTA'S HERITAGE LAND VALUE TAXATION

THE decade or so just prior to World War I was the high water mark of liberalism throughout the world and such men as Lloyd George and Winston Churchill in England, Sun Yat Sen in China, Count Leo Tolstoy in Russia, Brand Whitlock, Governor Johnson of Ohio and others in the United States, were actively campaigning for the single tax. In Canada the influence of Henry George's *Progress and Poverty* was also making itself felt. The Dominion government reserved all mineral rights on public land to the Crown, on the theory that natural resources should be retained as a heritage for all Canadians. In fact, the principle of land value taxation was generally accepted from Ontario westward, even when not properly understood, as a device for compelling the colonization companies and other vested interests to get the prairies settled.

It was in Alberta, though, during the regime of the Liberal Provincial government of Premier Arthur Sif-

ton, that this principle, popularly known as the single tax, had its real test. And in Alberta, despite many errors in administration and much opposition from powerful vested interests, politicians and subsidized newspapers, it was a tremendous success.

It has been called the best government of so large an area that the world has seen. Whether or not you agree with that statement will depend, of course, on what you think constitutes good government. If you believe in liberty, fraternity and equality, and hold that the well being of citizens should be the chief aim of government, that governments should adopt policies that insure equal opportunity for all and special privilege for none, you may concur—especially if you realize the prevalence of corruption and inefficiency in most governments.

In 1910 Arthur Sifton resigned the Chief Justiceship of the Alberta Supreme Court to become Premier of the provincial Alberta government. He had been a good lawyer and a

urquhart adams

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a good judge, and he became a good premier.

The Province of Alberta had been carved out of the old Northwest Territories, along with Saskatchewan, in 1905. The tide of liberalism was running strongly and the Liberal party was the dominant party in Alberta, from the time it became a province—all parties, for the time, were agreeable to the idea of the single tax. There had been a considerable measure of land value taxation before 1910, and Sifton's government extended the policy so that, by 1913, a tax on the value of land accounted for almost all the revenue of the province.

A strong principle in favor of the single tax is that land is limited in quantity and therefore men should be allowed to appropriate only what they can use. If they own land which they cannot or do not wish to use, they should not be able to prevent others from using it. By the simple expedient of shifting taxes from improvements on land to the land itself, according to its value, the best use and best improvement of the land will be encouraged.

The theory is reasonable and when it was tried in Alberta it worked, as any valid theory works when put to a fair test. For the single tax is the policy most likely to succeed in getting the land, the capital and the labor into production.

The land value tax was maintained for seven years in Alberta. During those years the foundations for future development were laid. Roads were extended all over the province, the capital buildings still in use in Edmonton, were built, as well as the buildings which still

house most of the University of Alberta, two penitentiaries, several experimental farms, provincially owned telegraph and telephone lines throughout the province—and all were paid for in cash by the tax on land values, without incurring any debt.

The provincial government, however, financed the building of two railroads and mortgaged them to the tune of some \$25,000,000—so technically at least, it became indebted to that extent. In 1929 the lines were sold for enough to retire the debt. That cleared the record. The debt had been self-liquidating. It cost the taxpayer nothing.

All this was accomplished with a widely scattered population of less than half a million people, pioneers all, breaking ground for future development. It is truly a remarkable record. During those years there was universal prosperity which increased as time went on. Towards the end of the seven-year single tax period the wages of common labor were from thirty to fifty per cent higher than wages prevailing on the Pacific Coast of the United States. There was no lack of employment for men able and willing to work. It was a pioneer era—housing was often primitive, but the essentials of good living were abundant. There were few frills, but men, women and children dressed warmly against the cold winters and ate as few people in the world could afford to eat.

Naturally the word got out and men poured into Alberta from all over the globe, attracted by the opportunities for a good life. They knew nothing of governmental policy. Generally speaking, they were land hungry and disposed, as they became prosperous, to speculate in land, knowing from previous experience that it would rise in value with the increasing population. Not

understanding the effect of the single tax, calculated to restrain rising land values; they bought land for a rise. Subdivisions were plotted around towns all over the province and shrewd real estate men reaped a harvest, separating the suckers from their money.

The suckers, naturally, cast about for someone to blame for their bad fortune. It was easy for unscrupulous politicians, supported by venal newspapers, to capitalize on their frustration and stir them up against the government and its policies.

In 1917 Robert Borden, Prime Minister of Canada, invited Sifton to take a post in his cabinet. Borden was a Conservative in a wartime coalition government. Sifton accepted the appointment and resigned his post as Premier of Alberta. His successor sought to appease the opposition by watering down Sifton's single tax policy, and at the close of his first legislative session he reported that little acrimony was voiced in the legislative debates. Nevertheless, at the end of his term, his government was defeated by the newly formed United Farmers party of Alberta. It is curious to note that the U.F.A. distributed, as part of its election propaganda, thousands of copies of Henry George's *Protection or Free Trade*, which advocates the single tax.

But when the party won the election it turned against the single tax

Controversy has often arisen among readers as to whether or not early experiences with the single tax in Western Canada are favorable examples to use in its support. Urquhart Adams, a resident of Peace River, Alberta, has clarified the situation here by showing how the Province still benefits from the fact that a good foundation was laid. This has become so obscured with the passage of time that few realize how much they owe to the little that remains of the land value tax structure.

policy, gave the province 14 years of bad government, and was defeated in 1935 by a newly formed Social Credit government, which still holds power, thanks to very large revenues from Alberta's valuable oil fields. The mineral rights, you may remember, were reserved to the Crown in 1905, reflecting the Georgist philosophy. The large revenues available from the sale of oil rights and royalties, a liquor monopoly, and a few million from the sale of timberberths, have enabled the Social Credit government to acquire and sustain a reputation for financial astuteness that is not deserved, since it depends on no worthwhile achievements. The party has profited by the revenues in a political way, thus it has completed the circle, quite in keeping with modern trends, going from a good beginning to progressively bad government.

Perhaps people get the kind of government they deserve—a kind of ironic justice.

Mr. Robert Clancy,
83 82nd St.,
Jackson Heights, L.I., N.Y.