

The Magic of Single Tax

Phenomenal Success of Vancouver's "Experiment"-
Startling Comparisons- Latest Statistics

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[Reprinted from British Columbia Magazine, April, 1911]

THERE is a degree of reluctance - one might almost say an aversion - in the minds of all of us to a tax on our own industry - on something particularly the product of our own ingenuity and resourcefulness. An ever-bountiful Providence endowed Mother Earth with a plenitude of all that was necessary for the sustenance, comfort, and use of mankind. Some of Nature's gifts have, by virtue of man's enterprise, been utilized to an extent hardly dreamed of a century, or even half a century, ago, until now there is scarcely a mineral, product, or natural resource that is not serving some great or useful purpose for the development and enrichment of the various nations of the earth.

Many people sincerely believe that the energy of man should not be taxed, contending that the natural resources of a country from which may be obtained riches without material assistance from man, or as a natural sequence of events, should bear the burden of taxation. This doctrine - as even the most cursory study of causation will reveal - is one of the principles of that great free-thinker and economist, Henry George, who did so much to promulgate the single-tax idea.

The first city approaching metropolitan proportions that has essayed, even in a moderate degree, to bring into operation the single-tax principle of exempting improvements from taxation is Vancouver. This city, with a population now of considerably more than 110,000, and an area of approximately thirteen square miles, exclusive of waterways and its large natural park, has been attracting the attention of cities, governing bodies, publicity organizations and economists almost the world over, and the Press of the American continent has evinced keen interest in

what was at first termed "the Vancouver experiment," but which has now been conclusively proved a decidedly successful innovation.

It may be mentioned en passant that single tax was one of the planks in the platform of the successful candidate for mayor in the civic elections of 1910, Mr. L. D. Taylor, and he was re-elected again this year upon a similar platform.

That the step has been attended with distinct and unqualified success is an indisputable fact in the face of the comparative figures of the building permits, both in number and value, issued during the year 1910, the year preceding, and previous years, the aggregate for 1910 breaking all previous records in that respect.

Of course, there were some people who doubted the wisdom of the single tax. They had an unbounded faith in the future of Vancouver, and believed that the onward march of progress could not be retarded by any influences, but at the same time did not quite grasp the true significance of the principle. After over a year of successful operation, however, the fact has become apparent even to the most skeptical that the building industries have received a tremendous impetus through the abolition of the tax on improvements.

The character of whole streets has been changed by the enormous amount of building that has been projected and completed during the past twelve months; huge office buildings now pierce the skyline, where formerly the land was unoccupied; blocks which, though not old - the city has been in existence less than a quarter of a century - were not bringing in sufficient income in the estimation of the owners, have been demolished and replaced by imposing and better revenue-producing structures; many apartment houses have been erected all over the city, and a much better type of residence has been built in consequence of the encouragement in the way of a tax on vacant land, and no tax on improvements. A tax on vacant land - that is what the exemption of improvements from taxation really means!

This year the city council decided to continue the single-tax system, and found that they could do this without raising the tax rate of twenty mills net on the dollar, or the assessment; and furthermore, they do not anticipate having to do so for many years if the increase in the "unearned increment" goes on at the same rapid rate that

it has done during the past five years.

Dozens of letters have been received by the mayor asking what success has attended the adoption of the single tax and enquiring whether special legislation had to be secured to enable the city council to exempt improvements upon the land within the city. As this is a point upon which even some of the people who live in Vancouver may not be clear, it will, perhaps, be as well to state that authorization for partial or total exemption of improvements from taxation was given the city in its Special Act of Incorporation, and the city council, therefore, can decide for the current year whether a certain proportion or the whole of the improvements shall be free from taxation. Judging from the success that attended the adoption of the single-tax principle last year, a success which is being evidenced again this year in a phenomenal degree, there is a strong probability that it will be continued.

It is interesting to note how, commencing in 1895, the various city councils of Vancouver became aware of the importance of encouraging builders by reducing the tax on improvements. From that year until 1905 fifty per cent, of the value of buildings was levied, this being reduced to 25 per cent, in 1906, and continued up to the time the civic authorities decided to eliminate the tax entirely.

In connection with the question of "unearned increment" a glance at the annual report of the city shows how remarkable has been the increase in land values in Vancouver.

For instance, the first assessment estimated the value of realty in the city at \$2,456,842. Ten years later it had been raised to \$13,000,869. Twenty years later \$38,346,335 was the city assessor's valuation of property in Vancouver, and the latest returns show an estimate of \$98,720,345 after the sitting of the Court of Revision.

From the city statistics for 1895 - the year the city council commenced to partially exempt improvements by levying a tax on only half the value of buildings - we find that improvements were assessed at \$4,317,660. In 1905, after this system had been in operation ten years, improvements were assessed at \$11,804,250. However, in 1906 the council gave another stimulus to the building industries by reducing the tax on improvements to 25 per cent., and then each year up to the time the

improvement tax was eliminated a decided increase was noted, the figures for 1906 being \$14,087,640; 1907, \$16,381,475; 1908, \$20,127,035; 1909, \$24,405,210; and at the end of the year 1909, \$29,644,720.

Now compare the difference in the increase of improvements since the single-tax idea was adopted in its entirety. After the system had been in operation less than twelve months the value of building was increased to \$37,858,660, a truly remarkable demonstration of the building activity during the year 1910, with a single tax encouraging owners of vacant lots to make their investments revenue producing.

Of course in this connection one must take into consideration the other contributory causes which have attended the growth and development of the city; but there is no doubt that one of the greatest determining influences has been the encouragement to builders and capitalists in the shape of freedom from taxation on the result of their enterprise, instead of, as formerly, a tax on their industry.

When the tax on improvements was reduced to 25 per cent, in 1906, an increase of two mills on the dollar was made, and this rate of 20 mills has been in vogue up to the present period, the city council deciding recently that sufficient revenue would be derived without raising the tax rate.

Many of the enquirers who have written to the mayor requesting information about the Vancouver system of taxation could not understand the distinction made in British Columbia between civic and provincial taxes. Personal and income taxes and a poll tax are collected by the government, a return in some measure being made to the city in the shape of grants for schools, parks and other special purposes. Pavements, cement sidewalks and improvements of a similar nature are carried on under the initiative local improvement principle, property-owners paying the major portion of the cost and the city paying for street intersections, etc.

Although Vancouver is barely twenty-five years old, and therefore quite a youngster by comparison with the established cities of Eastern Canada and the prairie provinces, she attained last year the enviable distinction of figuring in the fourth place in the building records for the whole of the Dominion. Toronto, with a population three times as large, having issued \$21,127,783 worth of building permits for twelve months; Montreal, with a population of over 450,000, permits to the tune

of \$15,815,859; and Winnipeg, the prairie metropolis, permits estimated at \$15,106,450; while Vancouver followed close on the prairie city's heels with a total of permits of \$13,150,365. The vast total outshone all her previous achievements for building activity.

This year Vancouver building permits almost warrant the prediction that she will pass both Winnipeg and Montreal in the race for honors, the figures for the month of January showing that this city had the largest increase in the number and value of permits of all the cities of Canada - an advance of 100 per cent over those issued for a similar period in 1910.

Suddenly - almost dramatically - Vancouver has come to the front, and it would be exceedingly difficult to determine the immense amount of publicity the city has received through eliminating the tax on buildings. Far away in England, where the question of "unearned increment" has been a live issue during the past few years, Vancouver is becoming known to thousands as the city on the Canadian Pacific coast enterprising enough to adopt the single-tax idea in its entirety.

Joseph Fels, the millionaire single-tax exponent, who has organized a fund for the promulgation of the doctrines of Henry George, and has himself spent huge sums in disseminating the gospel of that great philosopher and free-thinker, speaks with great enthusiasm of the admirable object lesson Vancouver affords - a practical example of what can be accomplished when man is not taxed for his industry and resourcefulness.

More could be easily written of the far-reaching and stimulating effects of single tax on a city's growth and development - in fact, the subject is almost inexhaustible - and it is the earnest belief of the writer that the above brief account, dealing only with a few phases of the question of taxing the "unearned increment" will convince the most incredulous that single tax in Vancouver has encouraged and brought about an unprecedented amount of activity and benefited all classes from the wealthiest capitalist to the humblest home-builder.