

CANADA'S TAX BURDENS

Evidence Submitted to Royal Commission

A ROYAL COMMISSION on Dominion Provincial Relations, set up by the Canadian Government, under chairmanship of the Hon Newton W. Rowell, is considering among other things the tax system of the federal, provincial and municipal governments. The Brief presented to this Commission by the Single Tax Association of Canada has now been published by the Association (71, Bloor Street East, Toronto; price 25 cents). It is a convincing and clear cut statement of the ill-effects of present taxation methods and the remedy.

Out of \$425,500,000 of federal taxation no less than \$310,500,000 is commodity or indirect taxation.

Customs duties account for \$90,000,000, but it is pointed out that importers' and retailers' profits on the tax advanced take far more out of the pockets of consumers than reaches the treasury. "Besides enhancing the cost of imported goods, customs duties afford occasion for domestic producers, when closely organized, to raise prices, further checking demand and reducing employment . . . Customs duties impose a further economic loss by inducing the production in Canada of goods which can be produced to better advantage elsewhere, and at the same time preventing the production in Canada of goods which can be produced to better advantage here. Thus the people of Canada are at the same time deprived of part of the advantages which other countries possess in the way of natural resources, special skill or large scale production, but of which Canadians might avail themselves through trade; and also of part of the advantages inherent in their own natural resources and special ability. Customs duties constitute a violation of ethical principle, in that they arbitrarily deprive a citizen, who is legitimately possessed of goods of some kind, of his natural right of exchanging them for goods in the possession of a citizen of another country."

Excise duties, which account for \$47,500,000 of federal revenue are also shown to impose upon the consumer a heavier burden than the sum which reaches the treasury, to raise the cost of living and lessen employment.

The sales tax accounts for no less than \$131,000,000 of the federal revenue and "has in recent years become the greatest single source of income to the Dominion Treasury." "The tax is an exceptionally vexatious one. It entails great hardship on the poorest citizens, not exempting even those on relief and raises the cost of relief."

The Brief then examines provincial taxation, taking the province of Ontario as an example. No less than 32 per cent of the revenue is obtained by taxes on motor transport, petrol, etc. Highway construction has been enhancing land values. "The motorists pay and the landholders get the benefit." Another 19 per cent is obtained from fees, licences and taxes on business. Less than 5 per cent of the revenue of the province comes from natural resources.

In the field of municipal taxation the position is somewhat better. In the Western Provinces a considerable portion of local taxation is levied on land values. In the East the position is not so good. In 30 cities and towns of Ontario, including Toronto, 11 per cent of the local revenue comes from business taxes, 55 per cent from taxes on improvements, and 34 per cent from land values. The taxes upon business are open to serious objection. The taxes on buildings "are of the same intrinsic nature as taxes on other

commodities" and they have become extremely onerous and "in Ontario are more severe than was the intention of the framers of the Assessment Act. This Act provides that land, buildings, and improvements shall each be assessed at fair selling value. But in practice buildings on the whole are grossly over-assessed. The land . . . is generally assessed at but a fraction (in many cases a very small fraction) of its actual value." In support of the latter contention an analysis is made of a large number of town assessments showing large and unwarrantable deviations from the standard which might be expected. The Brief offers practical and constructive suggestions for improving the method of assessing land values.

The Brief contains a thorough explanation of the nature and the beneficial effects of land value taxation, supported by quotations from leading economists. It summarizes the steps which have been taken to apply this principle in Australia, New Zealand, Africa, Denmark, the United States and the Western Provinces of Canada, and the benefits which have been obtained; and in passing quotes for reference material derived from the publications of the United Committee and the International Union, particularly the International Conference papers and the "Land Value Taxation in Practice" appendix to Mr Verinder's book *Land and Freedom*. It shows the bearing of the reform upon unemployment, low wages, slums and agriculture. It shows the effects which it would have in a city such as Toronto, based on the known facts relating to the value of land in various parts of the city. Finally it shows that the annual value of land would be sufficient to meet all needed governmental expenditure.

Altogether this is a workmanlike and effective exposition of the case upon which the members of the Single Tax Association of Canada deserve the highest congratulations. * * *

The *Square Deal*, the resumption of which last October has been so welcome (address: 71, Bloor Street, Toronto, and yearly subscription: 50 cents or 2s. 6d.) has many interesting features in its latest number—particularly the report by Miss Margaret E. Bateman on social conditions and the land question in Denmark based upon the studies she made when visiting that country last summer. The Association made effective use of, in its brief to the Royal Commission on Dominion Provincial Relations, the information she provided.

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