

LAND & LIBERTY

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Here are two simple principles, both of which are self-evident:

I.—That all men have equal rights to the use and enjoyment of the elements provided by Nature.

II.—That each man has an exclusive right to the use and enjoyment of what is produced by his own labour.

There is no conflict between these principles. On the contrary, they are correlative. To secure fully the individual right of property in the produce of labour, we must treat the elements of Nature as common property.—Henry George: "Protection or Free Trade," chapter 26.

LAND VALUE TAXATION IN WESTERN CANADA

The "Tax Arrears" and a Reply to Allegations

The critics and opponents of Land Values Taxation, in their unhappy search for something that may pass in argument, have hit upon the discovery that certain towns in Western Canada have been or are in financial trouble; that they did for a time raise all or most of their revenue from a rate on land value; that they have allowed large sums of uncollected taxes to accumulate, and that they have returned to or adopted the taxation of improvements in addition to rating the value of land. The recently issued Report of the City Treasurer of Birmingham on "Sydney Rating," and a new pamphlet by the Land Union (its first broadside in the new campaign it has undertaken), make free use of this discovery to support convenient conclusions. Edmonton in Alberta, for example, collected in 1916 only \$2,235,126 from its rate on the value of land alone. Its tax arrears at the end of 1916 were \$5,250,257. It has since begun to tax improvements. Vancouver, in British Columbia, for example, collected in 1918 by its land value rate \$3,131,557, and its tax arrears at the end of 1918 were \$5,456,453. In 1919 Vancouver taxed improvements (in addition to taxing land at 100 per cent of its value) to the extent of 25 per cent of their value, and the tax was increased in 1920 by assessing improvements at 50 per cent of their value. And now, we learn, the city is moving for further powers to tax improvements.

How easy to tear these facts away from their relation to other facts, to present only the former and deliberately conceal the latter! How easy to assert that here you have cause and effect; the Taxation of Land Values was tried—it did not produce enough revenue—and it has failed! These allegations have been made before, and it is worth while examining the case in some detail.

Recent municipal finance in Western Canada is but one chapter in the history of extravagant land speculation, that began in 1910 and came to a climax in 1914, the inevitable crash being precipitated by the war. There had been a rapid growth of population and the construction of thousands of miles of railway. Land

values were "boomed" until they were on a purely fictitious basis. That inflation had certain inevitable results. Sir James Aitken, the Lieutenant-Governor of Manitoba, declared in Winnipeg on December 18th, 1917, that there were 100,000,000 acres of good arable land in Canada in private ownership, of which only one-third was being used for productive purposes. In Western Canada, according to the Report published in 1918 by Mr. Thomas Adams, Town Planning Advisor of the Canadian Commission of Conservation, there were 30,000,000 acres of idle land, a great part contiguous to the railways, and of good quality. All this land was held out of use for a further rise in price awaiting the increased population which never came. Meanwhile, the towns and cities indulged in the gamble in urban land, and the fever overcame responsible town councils as well as private operators in the real estate market. A tremendous burden of debt was assumed by nearly all the municipalities in the constant push to raise values still higher by spending public money on extravagant and prodigal undertakings, which in turn helped to advertise the vacant lots of the land speculators.

If we consult the Canada Year Book for 1918, we may see how heavily mortgaged some of these mushroom towns are, and how much of the revenue, now "difficult" to collect, must be paid away in interest upon debt, contracted for unwise and wasteful expenditure. The assessed land value, where we are able to state it, may be compared with the debt and the rate-revenue; and the relation of one to the others should be borne in mind during the rest of the story we have to tell. *The return to or the adoption of the taxation of improvements is not due to economic necessity, but to the political influence of the land-jobbers and to the speculative borrowing of the municipalities themselves.*

	Total Liabilities	Assessed Land Value, 1919	Rate-Revenue Levied, 1919
Vancouver ..	\$41,669,196	\$132,648,415	\$3,637,863
Regina ..	11,994,992	31,180,120	1,380,675
Calgary ..	27,613,496	52,592,549	3,310,541
Edmonton (1917)	29,455,226	—	3,188,641

In 1917, Dr. Robert Murray Haig submitted an official Report to the Saskatchewan Government on "Taxation in the Urban Municipalities," and the following paragraphs are illuminating:—

When taxes have been in arrears six months the realty against which the taxes are charged is advertised to be sold, the sale taking place in the fall of the year. Unless redeemed within two years from the date of sale, application for title to the realty can be made by the purchasers of the tax sale certificates. The first group of tax sales under this law was held in 1915, and the second in 1916.

In the case of no city did private purchasers appear at the sale in sufficient force to absorb even as much as one-half of the offering and the large quantities of tax sale certificates which, as a result, fell into the hands of the cities, are for the most part still held by them.

Consider the changed position of a man of limited resources who had purchased a vacant lot as a speculation. Taxes, if he took them into account at all, he thought of as a bothersome but insignificant type of fee which he had to pay to the public treasury for the privilege of speculating. Receiving no returns from the land it was necessary for him, of course, to draw upon his income from other sources to pay his taxes, but the prize for which he was playing was normally so large in comparison with this fee as to render it of slight importance. Nevertheless this speculator is placed in a peculiarly weak position by the depression, for at the same time when the prize for which he is playing diminishes in value, the fee or tax for the privilege of continuing his speculation increases in amount. Moreover, it is often more difficult for him to secure the money with which to pay his fee. These factors combine in many cases to make the proposition so unattractive that the speculator abandons it as a "bad bet." This is

exactly what has happened in so many cases in the municipalities of Saskatchewan. If a speculator chooses no longer to carry his land, there is no way of compelling him to do so. . . .

There is no legal obstacle to higher tax rates, but there is an insurmountable economic obstacle, in that such a course would in all probability result in the surrender of more land for taxes rather than in an increase of revenue. No relief, but instead sudden and complete disaster, would probably follow any attempt to realise immediately upon the lands which are being surrendered to the municipalities for taxes. To offer them in large quantities for the amount of the charges against them means that the city itself establishes a price for realty at a small fraction of the values which it seeks to maintain on its assessment rolls as true market values. . . .

In Regina practically all its arrears, which are substantial, have been already spent, that is, loans have been secured from the bank in anticipation of collections, and the money paid out from the treasury. The bank, therefore, is in a position to dictate to some extent the policy of the city in regard to its uncollected taxes, and to any property the city may acquire by the tax sale process.

The Saskatoon arrears appear for the most part in the form of deferred payments to sinking and depreciation funds, although a substantial sum, secured by arrears, is due to the bank. The arrears are a staggering problem in Prince Albert, where the loan from the bank approximates \$450,000, and almost a trifling one in North Battleford, where the bank debt is only about \$40,000. Swift Current, with a note at the bank of about \$150,000, secured by arrears, has a situation more urgent than several of the other cities.

It is easily understood from these statements that "tax arrears" are part of a definite policy to maintain the assessed values of land, and set them against the liabilities and the obligations of the municipalities.

It is significant that in Vancouver, where the debt is \$41,669,196 and the tax arrears are \$5,456,453, there have been no tax sales. *The Vancouver City Council has apparently not taken steps to collect the arrears by proceeding as it could do against the defaulters, and obliging them if they cannot pay to surrender their land.* The land value rate has not, in fact, been levied in these cases. The interests of the speculators have coincided with the municipal scheme of trying to finance the city through a period of depression on the basis of real estate valuations which have no existence in fact.

Mr. Louis D. Taylor, ex-Mayor of Vancouver, gives a description of events in South Vancouver, which further disposes of the alleged "failure of the Single Tax." Writing in the LOS ANGELES TIMES of January 15th, 1920, Mr. Taylor declares:—

South Vancouver troubles started with the collapse of the real estate boom, which reached its apex in 1914. To understand the situation, one must consider that the Municipality of South Vancouver covers 14½ square miles, and being adjacent to Vancouver City to the south, it was, from 1907 to 1914, subject to the greatest land speculation ever seen in British Columbia. Before 1907 it had a very small population. The population to-day is in the neighbourhood of 25,000, and is composed mostly of the labouring class, who own their own homes. During boom days, real estate speculators bought acreage, subdivided it into mostly 25 and 33 feet lots. In order to make these lots accessible, roads had to be built, side-walks laid, water and sewer systems constructed, trunk line streets paved, and all this at the expense of the municipality. The consequence of this unreasonable real estate boom was, when it collapsed in 1914, that thousands and thousands of lots were in the hands of speculators who had made only the first or second payment. They had purchased these lots on a basis of a city with a million population, and in 1914 found that with the declaration of war and the condition of the money market, they could not sell their property or make further payments. Thus they did not attempt to pay taxes.

Again, there were mortgage companies which had advanced money to the parties who had originally subdivided large tracts. It was difficult to push foreclosure proceedings to a successful issue on account of the Moratorium Act. Therefore,

taxes were allowed to accumulate. The Canadian Pacific Railway Company holds thousands of acres in the municipality. They, together with other large interests, succeeded in persuading the Commissioner to tax improvements, thus getting their assessments reduced and the rate lowered. The appointment of a Commissioner was made without the consent of the residents of South Vancouver, who had a duly elected mayor and council. It was the result of a political play by the party in power. They saw a chance of standing well with the large mortgage and loan companies by making this move, supplemented by a promise to tax improvements and lessen the assessments on ground values. Ninety per cent of the residents of South Vancouver immediately formed themselves into a protective association, and went on record as opposed to the taxation of improvements.

Every municipality in British Columbia, together with the Provincial Government, had a falling off of its revenue from 1913 to 1918. NOT EVERY municipality exempted improvements. Those that taxed improvements were hit as hard as those that did not. Upon the signing of the Armistice in 1918 the affairs of all cities and municipalities in British Columbia began to mend, and in another year will have become normal.

The South Vancouver Protective Association, composed of residents who own their homes, are almost to a unit in favour of the exemption of improvements from taxation, realizing, as they do, that they are now paying the piper, for the benefit of non-resident vacant lot owners, all of whom initiated the various extravagant improvements during boom days, all of whom could vote on money by-laws, and who planned the campaign in much the same manner as do political parties, having headquarters in Vancouver, with committees to see that every owner of a lot in South Vancouver was taken to the polls. It was the vote of these outsiders that legalized the money by-laws for improvement, that should not have been undertaken for years; the consequence being, that when they could not dispose of their holdings, they began to campaign to place the burden of taxation on the residents of the district. Large mortgage companies loaded up with these agreements of sale, and the large holding companies devised the scheme of not paying their taxes, and thus force the municipal government to seek aid from the outside. As soon as the Commissioner began to tax improvements, these corporations began to pay up their arrears, and money began to come into the municipal coffers.

We content ourselves with one more quotation. Lieut.-Colonel William Grassie, in a special article on the "Real Estate Situation," contributed to the MANCHESTER GUARDIAN, Canada Number, June 15th, 1920, says:—

A great wave of real estate speculation set in about 1910, which continued without interruption till the summer of 1913, when the apex was reached. . . . Even if the war had not intervened the day of financial reckoning could not have been postponed. The war merely precipitated matters and confronted Canada with realities. . . . In the spring of 1917 it was generally admitted that the zero mark had been reached, and since that date there has been steady improvement, until to-day property revenues are nearly back to their pre-war level. Holders of vacant city and town property were in an even worse position than owners of revenue-bearing properties. Taxes were high and had to be paid, and many owners of such property were forced to sacrifice their holdings. As late as the spring of 1919 one could buy for cash choice sites for as low as from one-fifth to one-tenth of the price paid in 1913. But now, surveying the situation in 1920, few can deny that the process of liquidation has not been beneficial, and that in the real estate situation there is now an inherent soundness which was hitherto absent.

The Taxation of Land Values, *where it was enforced*, effected its purpose. The speculation in land was checked, penalised and disrupted. Some municipalities did not courageously deal with those owners of vacant lots who defaulted, but they did apply the law in some degree, and with sufficient weight to make the holding of idle land a profitless business—and "few can deny that the process of liquidation has been beneficial."

A. W. M.

DEMONSTRATION OF PROTEST AGAINST THE BUDGET

CENTRAL HALL, WESTMINSTER, 9th JUNE, 1920

Resolution adopted:—

This meeting protests against all taxes which penalize production, interfere with exchange and increase the cost of living; and condemns the Government for not taking advantage of the Budget of the year to levy a direct tax on the value of all land in place of the unsound and ill-conceived land value duties now to be repealed, and in substitution for the heavy burdens imposed on the earnings of industry and the food of the people.

A Public Demonstration, under the auspices of the United Committee and the English League for the Taxation of Land Values, was held in the Large Central Hall, Westminster, on June 9th. The object of the Demonstration was to protest against the Budget and the Omission of a Tax on the Value of All Land. Nearly 800 people were present.

The proceedings began at 7.45 p.m., and were preceded by an organ recital, rendered by Mr. J. A. Meale, F.R.C.O.

Mr. P. Wilson Raffan, M.P., presided, and was supported on the platform by Messrs. Jas. Dundas White, LL.D., ex-M.P.; H. G. Chancellor, ex-M.P.; James Sexton, M.P.; Andrew Maclaren, Prospective Labour Candidate for Wimbledon; Frank Smith, London; ex-Bailie Peter Burt, J.P., Glasgow; Chas. H. Smithson, Halifax; Cyril James, Australia, and others.

The Lloyd George Land Campaign

THE CHAIRMAN said that if they threw their minds back a few years, the great question which over-shadowed all others in British politics was the demand of the people for the restoration of their rights in the land, too long denied to them by landlord Parliaments.

In the autumn of 1913 and in the spring and early summer of 1914, the present Prime Minister, Mr. Lloyd George, was conducting a great campaign, a great land campaign. He hoped that the speeches made in that campaign would be published. He would content himself at the moment with some brief extracts from these declarations. In October, 1913, to a Conference at Cardiff, for promoting the Taxation of Land Values, Mr. Lloyd George sent this telegram:—

Success to your meetings. The future of this country depends on breaking up land monopoly. It withers the land, depresses wages, destroys independence, and drives millions into unhealthy dwellings which poison their strength. God-speed to every effort to put an end to this oppression.

A little later, in February, 1914, Mr. Lloyd George addressed a great meeting in the City of Glasgow, when he said:—

The Valuation under the Act of 1909 secures for the first time a real value of the land and of the structures thereon separately, and I can assure you that we mean to make use of that Valuation. I cannot imagine there being any doubt in anybody's mind on the subject. I wonder why they think we had that Valuation unless we meant to use it. The present system is not merely deficient because it does not rate property on its real value; it is deficient in another respect, it discourages improvement.

Again in May, 1914, Mr. Lloyd George in the House of Commons went further, and said that not only was it

proposed to carry the Taxation of Land Values for national purposes, but that this new source of revenue would be available to the local authorities. He said:—

We are of opinion that a national system of valuation for local taxation must be set up, a system which is fair and more equitable and more impartial between classes and localities and persons than at present. We propose that this valuation should be the valuation or the assessment of the real value of the property separating the site from the improvements. We do intend that the taxation of site value shall henceforth form an integral part of the system of local taxation.

The Present Need

That was the position in August, 1914. How had the war altered matters? Mr. Raffan's view was that the result of the war had been to give the case for the Taxation of Land Values a threefold reinforcement. The need for revenue was greater, the fund available was larger, and the claim of the people to participate in that fund was infinitely stronger. The need was great, clamant, and required no argument with a Budget which ran to over £1,300,000,000, with local rates averaging something like 15s. in the £, and running in some districts up to 20s. in the £ and over. That the fund was larger also required no argument. The value of agricultural land had doubled during the terrible years of war, and in our great cities they saw the prices demanded and paid for sites that were unheard of in recent years.

A Great Betrayal

What did this Government propose to do? Not to increase the levy upon land values, but to abolish the small levy that had already been made; to pay back every penny of the Land Value duties; and, worst of all, to scrap the Valuation which had been put together with so much care and cost. The apparent object was to render the task of Land Values Taxation more difficult if a Government came into power which took a different view of the situation. This was a great betrayal. They were told that the present Government was not responsible for the position taken up by the Government in power in 1914; that there was now a different Chancellor of the Exchequer. Yes, there was a different Chancellor of the Exchequer, but the man who was Prime Minister to-day was the man who was carrying on the land campaign in 1913.

A New Land Campaign

He hoped that theirs was not only a meeting of protest. He hoped it would be the beginning of a new Land Campaign, and one that, with or without leaders, would go forward unshackled by the compromises