

losses, totalling billions of dollars a year, which the practice of land speculation inflicts upon the Canadian people. And the only practical method of limiting land speculation is to tax unused or poorly utilized land at a high enough rate to make the practice unprofitable.

Unemployment has been called the sum of all social evils. What is unemployment? It is the keeping land away from those who should be working upon it, in expectation of profit. Land speculation and unemployment, with its attendant evils of lowering of wages below living standard, overcrowding, immorality and crime, are as closely associated as are the King's head and the beaver on the opposite sides of the latest issue of Canadian five-cent pieces. This slight comparison among Canadian Provinces indicates, if it does not prove, the power exerted by even insufficient taxation to make non-users loose their hold upon the land on which men must live and work and have their being.

(Issued for the International Conference celebrating the Henry George Centenary, New York, 1939, by the International Union for Land Value Taxation and Free Trade, 34 Knightrider Street, London, E.C.4.—Additional copies, price 2d. each or 5 cents.)

Printed and made in England by
Vacher & Sons, Ltd., Great Smith
Street, London, S.W.1

International Conference celebrating
The Henry George Centenary, Hotel
Commodore, New York City. August
30th to September 2nd, 1939

2-432

Effects of Land Value Policies in Canada

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The nine Provinces constituting the Dominion of Canada afford an excellent field for the study of the economic and social effects of varying policies in regard to land values.

The Provinces differ widely among themselves in average wealth and incomes, and the general living standards of their people. These differences do not correspond to any differences in the intrinsic quality or economic capabilities of the populations. Nor do they correspond, except to a very partial and limited extent, to such slight material advantages as some Provinces may enjoy over others. But there is a remarkably close correlation between the comparative welfare, economic and general, of the people of each Province, and the proportion in which, in that Province, the community-produced value of land is levied upon for public purposes.

Human welfare is not to be measured with precision in yards, pounds, ohms or decibels. But one does not need a tape graduated in millimetres to know that a horse is larger than a rabbit; nor must one have super-human discrimination to know that Saskatchewan, in spite of recent severe misfortunes, is in a healthier social condition than New Brunswick. In the following study, the Provinces are compared according to the proportion in which, in each, the municipalities derive their revenues from land values (with reference also to small Provincial taxes imposed in three Provinces). They are then compared according to certain sociological factors, which, though not conclusive individually, afford in combination a reasonable rating of the social health of each Province.

The data chosen are :—

Per capita wealth, 1933.

Per capita net production, 1935. This, representing the material income of the people, is of prime importance, but is subject to greater fortuitous fluctuation from year to year than the other items discussed.

Rate of taxation on Dominion income assessment, 1937. This is studied as an indication of income distribution: a low rate indicates that the assessment is on many small to moderate incomes rather than on a few large ones.

Number of deaths under one year of age, per thousand live births, 1936. This factor is affected by certain social services, such as well-baby clinics, which do not otherwise affect the general standard of welfare. Nevertheless, it is of marked importance. It is not a matter of chance that New Zealand, which enjoys the best economic conditions in the world, has the lowest infant death rate—32 per thousand.

The years chosen are simply the latest for which the Dominion Bureau of Statistics figures are available under each heading. A more exhaustive study, taking in a decade from 1924 to 1933, would show a still closer correlation between land value policies and general welfare than is shown in this brief study.

PROGRESSIVE AND BACKWARD PROVINCES

It becomes immediately apparent that the Canadian Provinces divide economically into two groups: a progressive group, including British Columbia, Alberta, Saskatchewan and Ontario; and a backward group, Manitoba, Quebec, New Brunswick, Prince Edward Island and Nova Scotia. In the progressive group, land is assessed separately from buildings and improvements for municipal taxation (rating), and personal property is not assessed. In the backward group, land and buildings are assessed as a unit, and (except in Quebec) personal property is also assessed.

Per capita wealth is higher and the infant death rate lower in each of the progressive provinces than in any of the backward provinces. Per capita production is also higher in the progressive provinces, except that Saskatchewan is down in sixth place. (This condition is temporary, due to drought conditions. During the decade 1921-30 Saskatchewan ranked high in this respect.)

The importance of separate assessment of land and improvements, where, as in Ontario, both are taxed (rated) at the same percentage, is not at once obvious. But it is a fact of human experience that, where this distinction is not made, the tendency is to ignore site values and to place almost the whole burden on the results of individual effort and expenditure.

In the following notes each Province is given a series of rankings according to the factors mentioned. Saskatchewan is ranked "1" under "Economic policy" as deriving the largest percentage of municipal revenue from land values; also "1" under "Distribution" because its low income tax ratio shows favourable income distribution. British Columbia ranked "1" under "infant mortality" as having the smallest death rate of children under one year old, and so with the remaining factors, which require no further explanation.

SASKATCHEWAN

Saskatchewan is by nature the poorest of the Provinces. It possesses a large area of land which, being prairie, is easily cultivated; but the climate is severe, the growing season short, and rainfall scanty. It lacks good forests and has small resources in minerals. It lies far inland, and must send most of its wheat, its principal product, to overseas markets at heavy cost. The wartime and post-war demand for wheat brought an abnormal prosperity, such that in 1920 farm labour commanded a wage of \$1,000 per annum. But recent action by European countries, high tariffs and quotas on wheat, have (while starving their own people) placed this Province in a difficult situation. At the same time, the Province suffered from widespread drought from 1930 to 1937, except for one year in which wheat rust proved to be as bad as the drought. The Province has, however, shown remarkable economic vitality. 86 per cent of its municipal revenues are derived from land values, and there is in addition a Provincial tax on "wild land" tending to prevent valuable land from being held out of use. Its ranking among the Provinces is: Economic policy, 1; per capita wealth, 3; production, 6; distribution, 1; infant mortality, 2.

ALBERTA

Alberta has shared in the misfortunes of Saskatchewan, but has suffered less severely from drought. It also possesses good timber to the westward, and some of the finest existing coal measures. Gas, and recently oil, of great value have been discovered. For a number of years many Alberta municipalities, including the principal cities, Calgary and Edmonton, derived their whole revenue, except for small amounts, from licenses and other imposts on business, from land values; during this time Alberta came to be the wealthiest Province of the nine. Of late there has been a reactionary tendency. Nominally, the principal cities assess land at full value and buildings and improvements at 50 per cent.; actually the land is undervalued so that Calgary, for example, derives less than 40 per cent of its revenue from land—no more than several Ontario cities which assess land and buildings equally. Only three villages, at present, refrain from assessing buildings. They are all free from debt and in excellent financial position.

A Provincial land tax, which was of some value in bringing about good economic conditions, has recently been repealed.

Alberta municipalities, in all, derive 74 per cent. of their revenue from land values. Alberta's ranking among the Provinces: Economic policy, 2; per capita wealth, 2; production, 3; distribution, 2 to 3; infant mortality, 4.

BRITISH COLUMBIA

British Columbia is a Province of great potential wealth, but unusually hard to realize. The country is mostly mountainous, so that communications are exceedingly costly. Much money has been wasted in premature

road-building and other developmental measures. There are excellent ports, but these are thousands of miles distant from the principal markets for the Province's products, which are largely shipped *via* the Panama canal. These products are mainly of heavy, bulky nature, costly to transport. In all, the Province is at a considerable disadvantage as compared with the Eastern Provinces.

The economic history of British Columbia has been brilliant, but it is suffering a severe recession. In 1891 an Act was passed requiring that municipal taxes (rates) should apply to not more than 50 per cent of the assessment on buildings and improvements, which percentage at the discretion of the Councils might be reduced, even to zero. About 1910-11 many municipalities took full advantage of this Act, and for a time there was very little taxation of buildings in British Columbia. There has also for many years been a Provincial tax on "wild land," which in spite of defects in scope and administration greatly limits the holding of large and valuable areas out of use.

The years 1910-14 were a time of extraordinary activity in building and other industry. This provoked much speculation and wasteful over-extension of the cities, which the municipal tax rates on land were not high enough to check. The Province came to outrank all others, by a wide margin, in per capita wealth and income; but speculation brought about a reaction. In 1914 the war checked expansion; the speculators, finding themselves in a difficult situation, brought ever-increasing pressure on the Councils to tax buildings on a higher proportion of the assessment, and eventually the 50 per cent restriction came to be evaded by under-assessing land. The Province is still in a comparatively favourable, but gradually deteriorating, economic condition. Only ten per cent of the municipalities now refrain from taxing improvements.

42 per cent. of the municipal revenues are derived from land; no more than in Ontario, in which there is no special exemption of improvements. The Provincial ranking is: Economic policy, 3; per capita wealth, 1; net production, 2; distribution, 6; infant mortality, 1.

ONTARIO

Ontario is among the more favoured Provinces. Its potential wealth is great, and comparatively easy to realize. It lies close to the most populous States of the Union (American Republic), and thus enjoys excellent opportunities for trade. Partly through the work of the publicly-owned Hydro-Electric Power Commission, which provides cheap power for domestic and industrial use over a large area, Ontario has become the dominant manufacturing Province; 50 per cent of its net production is in manufacturing. It thus enjoys an artificial advantage from the tariff, which, especially since 1931, has considerably enhanced the prices of a large proportion of manufactured goods. This advantage, to be sure, is for the most part enjoyed by a limited number of stockholders in manufacturing companies.

Ontario suffers from a particularly pernicious municipal tax, the "business tax," which is a percentage, ranging from 25 to 75, of the ordinary real estate tax, and in addition to the latter, on all real estate used for different professional, commercial or industrial purposes. It is levied without regard to whether the businesses concerned are making profits or not, and has unquestionably been responsible for many business failures.

42 per cent of Ontario municipal revenues are from land values. Its ranking is: Economic policy, 4; per capita wealth, 4; production, 1; distribution, 8; infant mortality, 3.

MANITOBA

Manitoba, not one of the more fortunate Provinces, yet enjoys considerable advantages over Saskatchewan. It is several hundred miles nearer to its principal markets than the latter, and indeed most of the produce exported from both Saskatchewan and Alberta passes through Winnipeg, adding to that city's importance as a trading centre. Its climate is moister, a great advantage for agriculture. It possesses important mineral resources, the Flin Flon being one of the great copper-gold mines of the world.

Economically, Manitoba is on the borderline between the progressive and the backward Provinces. In Winnipeg land and buildings are assessed separately, and nominally buildings are assessed at only two-thirds of their value, the land at full value. Actually, however, land is assessed at a lower ratio than buildings, the land assessment being only 34 per cent of the whole. Elsewhere, land and buildings are assessed together as "real estate," as in the other backward Provinces, but buildings used for agricultural purposes are not assessed.

As the exact proportion in which land contributes to municipal revenues cannot be ascertained for the backward Provinces, they must be ranked according to their relative freedom from injurious personal property taxes. Only, Manitoba is placed above Quebec on account of the exemption of farm buildings. Manitoba's ranking is: Economic policy, 5; per capita wealth, 6; production, 7; distribution, 2 to 3; infant mortality, 5.

QUEBEC

Quebec is the longest settled Province of the Dominion, and has thus had the longest time in which to accumulate wealth and establish production. It shares with Ontario in the advantage the tariff gives to manufacturing centres, 47 per cent of its net production being through manufacture. It differs from the other Provinces in that its population is almost altogether of French origin and Roman Catholic in religion. Early marriages are the rule; the birth rate is so high as to place the Province at some economic disadvantage, due to the large non-producing juvenile population.

In Montreal and suburbs land and improvements are assessed separately. 37 per cent of the Montreal assessment is on land. This city, however, has resorted to an extremely injurious sales tax for part of its revenue. In the Province as a whole 98 per cent of the municipal revenue is from real estate. The Province's ranking is: Economic policy, 6; per capita wealth, 5; production, 4; distribution, 7; infant mortality, 9.

THE MARITIME PROVINCES

New Brunswick, Nova Scotia and Prince Edward Island have much in common. Their combined area is less than a seventh, their population less than a third, that of Ontario. These Provinces occupy by nature an especially advantageous position. If any Province may claim a superiority in the character of their population, the Maritimes, of well over 90 per cent British stock, are the ones to do so. They enjoy the advantages of fertile soil, abundant but seldom excessive rainfall, moderate temperatures, a long growing season. Their ports being on the Atlantic, they have easy communication with the great trading nations; Halifax, N.S., is one of the world's finest harbours. Prince Edward Island has small resources apart from its agricultural land, but this is easily worked and yields heavy crops of rare quality. New Brunswick has considerable areas of excellent timber. Nova Scotia has extremely valuable coal measures and other minerals. At Confederation this Province was by a good margin the wealthiest of all; there is no material reason why it should not regain the premier position.

New Brunswick derives 87 per cent of its municipal revenues from real estate. Its ranking is: Economic policy, 7; per capita wealth, 7; production, 8; distribution, 4; infant mortality, 8.

Prince Edward Island still suffers from an economic atrocity perpetrated in the earliest days of its history, when the whole land of the province was divided between a very few persons, without reason or compensation. It derives 84 per cent of its municipal revenues from real estate. Its ranking is: Economic policy, 8; per capita wealth, 8; production, 9; distribution, 9; infant mortality, 7.

Nova Scotia derives 80 per cent. of its municipal revenue from real estate. It is said on good, though not official authority, that Nova Scotia assessors are exceptionally blind to land values, and exceptionally prompt and rigorous at raising assessments at any sign of enterprise or improvement. This Province is sorely afflicted with a Provincial Senate under the name of the "Legislative Council," which on several occasions has blocked reforms needed and desired by the people. Its ranking is: Economic policy, 9; per capita wealth, 9; production, 5; distribution, 5; infant mortality, 6.

A GENERAL COMPARISON

In the following table the Provinces are again listed in order of economic policy, and according to a crude index of general welfare made

by adding the figures representing the standing of each Province under the other five headings.

	Economic Policy	General Welfare
Saskatchewan	1	3
Alberta	2	2
British Columbia	3	1
Ontario	4	4
Manitoba	5	5
Quebec	6	6
New Brunswick	7	7
Prince Edward Island	8	9
Nova Scotia	9	8

British Columbia is third in economic policy, first in welfare. But British Columbia over many years had a much sounder economic policy than at present, and has not yet lost all the benefits. The margin between the three Maritime Provinces is narrow, whereas the difference between the progressive and the backward Provinces is enormous.

\$22 PER CAPITA

The total annual revenue of Canadian municipalities is only about \$22 per capita. The difference in annual per capita net production between the progressive and the backward Provinces is more than three times as much. How can the mere mode of levying the comparatively small sum of \$22 per capita cause a difference of \$50, \$100 or more in the commodity income of the people? 1935 net production was \$88 per capita more in Ontario than in Quebec, similar as the Provinces are in many respects, and there was a further difference of \$56 between Quebec and New Brunswick.

There are, of course, many things which affect the well-being of a community. But, undoubtedly, the mode in which taxes are levied is of much greater importance than the mere amount of the taxes. However, it may be explained, the fact is inescapable, that wherever and whenever taxes are shifted from commodities (including buildings) to land, there is a marked improvement in general conditions, and when taxes are shifted from land to commodities the reverse is the case.

In Canada the total sale value of the land increased from a few millions to over eleven thousand millions between 1830 and 1930. It is natural for a man with resources to feel that he is doing his heirs an injustice if he does not grasp as large a share as possible of so great an increase in the power of commanding wealth. The result is that men obtain title to land which they are not in a position to use. Montreal is, by North American standards, a seriously overcrowded city; yet less than half the lots are in use. The people pay the price of a city with reasonably ample room, in costs of paving, etc., and in costs of transportation, but they do not get what they pay for. This is but one small item in