

## Land Value Taxation in Canada

A Review of the Situation in Various Canadian Provinces

**W**RITERS and speakers connected with the world-wide movement for the taxation of land values constantly refer to Canada, and particularly Manitoba, as an example of the prosperity which the application of the theories of Henry George will bring to any community which adopted them. Yet few people know what progress the movement is really making in this country.

Even the majority of the beneficiaries of this system of taxation are, as it were, entertaining an angel unaware. It is safe to predict, however, that the farmers of Manitoba and Alberta would strenuously resist any attempt to make them pay taxes upon their improvements. It is in the west that the movement has made the greatest progress; in the eastern provinces farmers, as well as townfolk, still pay taxes upon their improvements. A strong movement in favor of the reform has lately been started by the Single Tax Association of Ontario.

Over 200 municipalities, including the cities of Ottawa, Toronto, Windsor, Chatham, London and Port William, have signed a petition to the provincial legislature for power to tax improvement values at a lower rate than land values. The Montreal League for the Taxation of Land Values is also working for the adoption of this system in the city of Montreal and the province of Quebec. Our friends in the east would do well to profit by the experience of the people of Saskatchewan and to beware of limitations.

In ten municipalities in the province of Saskatchewan the plan of raising all local revenues by the taxation of land values was adopted and gave entire satisfaction, to all but land speculators. A joker had, however, been inserted in the law limiting the amount that could be raised from this source to four cents on the dollar.

In places with large needs and small land values sufficient revenue could not be raised, owing to the four cent limit. Moral: Beware of the joker.

In Alberta taxable property is divided into three classes:

First, Rural property; second, Village property; third, Town or City property. Land is the only property assessed under the first class, and the rate of taxation is levied at so much per acre without regard to the value of the land.

This, it will be observed, is a tax on land area, not on land value, a very important distinction, especially from the farmers' view point.

### Village Assessments

Village assessments are based upon the value of the real and personal property within the village, but in the case of the improvement taxes there is a provision made whereby the Council of any village may obtain permission from the Government to base their assessments on the value of land exclusive of the improvements thereon by presenting a petition signed by two-thirds of the ratepayers of the village. This latter system of assessment is in use in many of the villages throughout the province. It is found to work out in a very satisfactory manner, and the number of villages using this system is continually increasing.

This is the real thing—The taxation of all land values, exclusive of all improvements, which gives satisfaction to all honest men wherever adopted.

The system of assessment in vogue in most of the towns and cities is assessment according to the actual value of the land exclusive of the improvements thereon, and there is no assessment of personal property. This system of assessment commends itself to the people of the province as a fair method of taxation, and all cities which have lately received charters of incorporation are using it in preference to the system whereby assessment is levied on both real and personal property. This taxation of land is supplemented by a Business Tax, and to a small degree by an Income Tax.

Business taxes and income taxes always tend to nullify the good effects of land value taxation.

In the foregoing statements about Alberta it is only fair to add that I have quoted largely from a paper read by Mr. John Ferrie, the commissioner for that province, to the International Tax

Association, at Toronto, in October, 1908. **Manitoba Taxation**

In Manitoba the system of exempting improvements from taxation in rural municipalities has obtained for over 30 years. The law requires the land to be assessed at its full value, but under assessments prevail and much injustice occurs through the laxity of the assessors and the apathy of the people. In the towns and cities of this province the general practice is to tax everything in sight. Thus, it will be seen, that the rural districts are more advanced in this matter than the urban districts.

It would be exceedingly difficult to convince the people of Manitoba and Alberta that the exemption of his improvements from taxation is hurting the farmer; yet this is one of the pet objections—usually put forth by land speculators—to land value taxation in other countries. In Canadian towns and cities some progress has been made also.

In Alberta improvements are usually exempt from taxation but frontage taxes, licenses, taxes on floor space, and income taxes, are common.

Another exemplification of the old proverb that the children of darkness are wiser than the children of light.

The increase in land value is enormously greater and quicker in towns and cities than in rural districts, and where the carcass is there will the eagles be gathered together.

### Speculators' Attitude

Land speculators flock to the towns and cities and these gentlemen are very actively interested in keeping taxation from falling upon land values. Exemptions are another source of injustice. In Winnipeg property valued at \$25,403-\$500 is exempt from taxation. The total value of property assessed for taxation is \$107,897,320. Thus, about one-fifth of the assessable property escapes taxation. Last year the commission which was appointed to inquire into the system of taxation in Winnipeg recommended that land should be assessed at its full value and buildings at two-thirds of their value; also that the land owned by churches should be taxed according to its value, the buildings to remain exempt. No action has yet been taken by the legislature upon the commissioners' report.

In British Columbia the towns of Nanaimo and Oak Bay exempt all improvements from taxation. Vancouver assesses buildings at twenty-five per cent. of their value, and the town of Nelson levies a tax of 43 mills on land values and 1 mill on improvements.

This brief review of the situation shows that the people of western Canada are almost unconsciously adopting the theories of social reform advocated by Henry George and set forth in the following terse passage in "Progress and Poverty."

"What I, therefore, propose as the simple, yet sovereign remedy, which will raise wages, increase the earnings of capital, extirpate pauperism, abolish poverty, give remunerative employment to whoever wishes it, afford free scope to human powers, lessen crime, elevate morals, and taste, and intelligence, purify government and carry civilization to yet nobler heights, is—to appropriate rent by taxation."


"We may put the proposition in a practical form by proposing—To abolish all taxation save that on land values."

We have started timidly toward the goal he so clearly pointed out. We are upon the right road, it is now only a matter of keeping on. The greatest curse from which Canada suffers today is land speculation.

Speculation in timber-land, coal-land, oil-land, agricultural-land, city and suburban land, mineral deposits and fishing rights.

Too much of the wealth we produce finds its way into the pockets of politicians and speculating monopolists. Wealth is like manure, no good unless it is spread. Vast accumulations of wealth are like dung hills. The latter corrupt the physical atmosphere, the former corrupt the moral atmosphere.

Free literature upon land value taxation can be had from F. J. Dixon, secretary of the Manitoba League for the Taxation of Land Values, 260 Ellen Street, Winnipeg, Manitoba.



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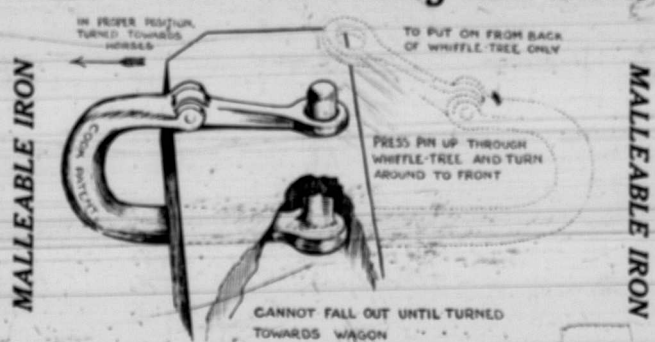


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