

Taxation in Western Cities

An Address Before the Fourteenth Annual Convention of the Union of Saskatchewan Municipalities,
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THE subject of taxation is one which is developing from the class of a hardy annual to that of a perennial, and while it would almost seem that everything that can possibly be said on the subject, so far as it affects our own province, has already been said, the interest which the question invariably arouses at our annual gatherings belies this opinion, and it appears, and, in my opinion, appears rightly, that the solution of the question of the "more equitable distribution of taxation according to ability to pay," as the secretary very correctly sets forth in the last of the four points for discussion, is not much nearer solution than it was in 1913 when the tide of real estate speculation had reached its height, and indeed was already rapidly receding.

That the question is of paramount importance to such a gathering as this cannot be gainsaid, as upon the successful outcome of our deliberations depends the contentment, happiness and prosperity of fully a third of the population of our province.

The problems which our legislature has to face are many and varied, but it appears to the speaker that the problems which this, our municipal parliament is called upon to tackle, are greater still. The Hon. Mr. Dunning in his last budget speech told the legislative assembly that the debt of the province had reached a sum of \$29,635,906, or \$39.83 per capita, but when I tell you that, according to the last annual report of the Department of Municipal Affairs, the debt of the whole of the urban municipalities—i.e., villages, towns and cities in the province, is \$37,130,011, or \$184 per capita, or nearly 7½ million dollars in excess of the whole debt of the province, you will readily concede the very great importance of our deliberations, and the necessity of our using every means at our command of placing before the legislature in concrete form the result of our discussions here, so that they may be embodied in legislation which will be of lasting benefit to the large population we represent, and safeguard in every possible way their best interests.

DEBT OF URBAN MUNICIPALITIES IN 1917

	No.	Population (1916).	Debt.	Debt per capita.
Villages	304	57,356	\$ 603,235	\$ 10.51
Towns	75	63,870	5,839,330	91.42
Cities	7	79,921	30,687,346	384.00
Total	386	201,156	\$37,129,911	\$485.93
Average ..	129	67,052	\$12,376,637	\$184.58

It is not the intention of the speaker to go into the question along academic lines, nor to discuss pro and con the single tax theory, but rather to address the subject from the practical viewpoint of a ratepayer in any of our urban centres, coupled with the greater knowledge which must necessarily accrue to an official who, from day to day, finds himself confronted with the many inequalities, absurdities and vexations which the systems of taxation as set out in our town and city acts cause.

Addressing the question then from this, if you will, narrow and limited viewpoint, one is compelled to ask oneself what is taxation? What does it mean in and to the urban centres of population in our province?

Professor Tanssig, of Harvard University, says: "The essence of a tax, as distinguished from other charges of government, is the absence of a direct *quid pro quo* between the taxpayer and the public authority. It follows that a tax

is necessarily a compulsory levy. . . ." What one pays for a supply of water is in the nature of a price for a specific service; it is very different from a tax which is exacted from all and without any regard to the "individual's use of the services supplied." For example, it is impossible to tell how much an individual is benefited by the maintenance of order through a police force. The only way to support the force is to call upon every one to contribute in some proportion deemed equitable; the service for the maintenance of sanitary conditions is in the same class. It is conceivable that the apportionment of expense for maintaining fire fighting apparatus should be made among the owners of inflammable property, but it is obvious that the whole community is interested in preventing conflagrations, and so this service, too, takes place by way of taxes which disregards any question of special benefit. The provision of adequate streets and highways, the beautifying of urban centres by parks and boulevards, the provision of suitable recreation grounds and the equipping of public libraries, all come under the same line of reasoning. No greater change has come over the civilized world than in regard to education. While it is perfectly feasible to conduct education as a private industry, or to manage it, if public, on a principle of payment in proportion to the expense incurred, nevertheless, it is deemed meet that education should be supplied to all, not on any basis of proportional payment, but in such a way as to uplift and advance the community at large.

Taxation, then, involves a compulsory levy, and the first principle of taxation deals with the mode of apportionment. In seeking a solution to this question no better principle, in my opinion, has yet been set forth, indeed it has become axiomatic, than that laid down by Adam Smith, the Scottish political economist and moral philosopher in his "Wealth of Nations," published in the latter part of the 18th century, where he says: "The subjects of every state ought to contribute to the support of the government, as nearly as possibly in proportion to their respective abilities, that is, in proportion to the revenue which they respectively enjoy under the protection of the state. In the observation or neglect of this maxim consists what is called the equality or inequality of taxation."

Has our government, speaking through the urban acts, endeavoured to follow the above axiom? I think there can only be one answer, and that is "No." Instead of asking all citizens to contribute to the maintenance of their towns, they endeavoured, with the concurrence of a majority of the people at the time, to place the whole, or major portion of the burdens, on real estate, and, as a consequence of failing to observe the axiom above quoted, the system failed to stand the strain of the six years of financial depression through which we have just passed. The error was made of assuming that the influence of social evolution upon values was confined to real estate, and of overlooking both the duty of other classes of property to pay for special service received, and the administrative inefficiency of a single tax to support separate civil divisions of government. It appears to the speaker absurd, so far as urban land is concerned, to say that land only is a community product, and alone should contribute to the community revenue, and that buildings are the product of individual production and should be exempt. There is no such thing as individual production. All wealth is made by exploiting community-made conditions, including the needs and services of labor.

The inconsistency and incongruities of the present system became so marked, that the government, in 1917, ap-