

Find alternative solutions to tax problems

by John Fisher, Rodney, Ontario, Canada
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With 15 years of experience on municipal council I would like to respond to Aldborough council's recent decision to raise taxes.

I do not agree, "that zero tax increases are a no-win situation that only end up costing ratepayers in the long run." It seems our council has a mind-set about raising taxes without investigating the alternatives.

The Village of Rodney, prior to amalgamation, had no tax increases for four years in a row and yet they were able to meet their obligations to the ratepayers. The overall tax bill did go up but those increases were in the approximately 70 to 75 per cent of local taxes that are controlled by the elected school boards and the county council. Local councils are only the collection agency for these other local governments.

One factor in today's municipal tax increase, which was only a minor irritant in the early '90s is the major shift of responsibilities and regulations from the provincial and federal levels to local government. This trend is continuing and it usually happens without

an accompanying transfer of funds so local governments (municipalities, school boards, county) must raise taxes while the provincial and federal authorities look good, when, and if, they reduce taxes.

Local governments, including Aldborough, have tried to resist this trend, but without much success. Now however, it seems this council has simply resigned themselves to "inevitable" future tax increases. *(continued on page 10)*



(Pictured above from Council of Georgist Organizations conference in Evanston last July: Dr. Mary (Polly) Cleveland, Dr. Nicolaus Tideman, Dr. Michael Hudson, Dr. C. Lowell Harris.)

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Another area of concern is inflation. Although inflation has many causes, municipal governments do have some control in two significant areas, namely spending and monopolies.

Most politicians today claim to have spending under control. Even if this is true we are still suffering from past policies (eg. federal, provincial, municipal infrastructure program) which suddenly funnelled thousands of dollars into an unprepared economy. The money pouring out of parliaments and city halls forced prices up (material prices for certain projects rose over 50 per cent) and this kind of inflation means higher taxes.

The basic cause of inflation is the monopoly of certain natural resources, on which all economic activity ultimately depends. After all, people need land, water, air etc. just to exist, so if these resources are misused or under-used it forces all ratepayers to pay more for goods and services using the resource base.

For example, when valuable downtown building sites lie vacant, roads, pipelines, powerlines, etc. must sprawl out into the countryside. Not only does the extra extension of these services cost taxpayers more, but the tax dollars already spent on those vacant sites are being wasted as little production and few jobs are generated on a vacant lot. This particular problem becomes more expensive as the size of the community grows.

I am not accusing Aldborough council of reckless spending or bad government but to imply that Rodney is suffering higher taxes now because they didn't have tax hikes in the early '90s is wrong. It may be more difficult to hold the line on tax increases today for reasons already mentioned, but that is a problem common to all municipalities.

So instead of criticizing former Rodney councils for not raising taxes, perhaps Aldborough council should question their own budgets during those same years. To say that municipal taxes must always go up is not acceptable to many taxpayers when some governments are balancing budgets and finding alternative solutions to tax problems.