

FREE TRADE, FREE LAND, FREE MEN

PROGRESS OF THE HENRY GEORGE MOVEMENT
IN NEW SOUTH WALES

By A. G. Huie

(Secretary of the Henry George League of N.S.W.)

Henry George visited Australia in 1890. He arrived in Sydney in the beginning of March. His visit was due to the activities of his disciples in Sydney. His books, particularly *Progress and Poverty* and *Protection or Free Trade* had made many enthusiastic converts.

It is well to note that Henry George made a much bigger impression in N.S.W. than in Victoria. Those who favoured Free Trade had generally prevailed in N.S.W. while protectionist ideas had been dominant in Victoria. Thus there was a better soil here than in the adjoining State, so the economic seeds planted by Henry George produced greater results.

THE FIRST PRACTICAL EFFECTS

The first practical effects in N.S.W. were seen in the coupling of taxation of land values with free trade. It was put forward as the natural, direct alternative in raising public revenue to tariff taxation. Although some Henry George men were elected in 1891 it was not until the general election in 1894 that very definite results were seen.

The Dibbs Government had imposed a number of very modest protective duties. This provoked a storm of protest and the protectionists were swept out of office in 1894. The new Reid Government proposed to cut the tariff down to about half a dozen items of a revenue producing character, chiefly stimulants and narcotics. It also proposed a tax on land values and an income tax to raise the necessary revenue.

Such a policy proved too radical for the very conservative Upper House known as the Legislative Council. It rejected the land value tax. Mr. Reid appealed straight to the country and his policy was emphatically endorsed, even Mr Dibbs losing his seat. The Council then had no option but to pass the land value tax. In this way N.S.W. became more definitely a Free Trade country and Sydney was one of the freest ports in the world. N.S.W. prospered under the Reid policy.

The introduction of the land values system in N.S.W. necessitated a valuation of the land. This took a little time. The land value tax was a small one only, one penny in the £, and there was an exemption of £240. This was a defect. It was opposed by Single Taxers but was adopted as a concession to small owners. At the same time all owners had the benefit of it.

HOW FREE TRADE WAS LOST

The Australian States decided to federate, and the new Commonwealth was proclaimed on the 1st January, 1901. In that year a tariff on protectionist lines was introduced. Thus N.S.W. lost the great advantages of a Free Trade policy.

THE LOCAL GOVERNMENT ACT

On the 2nd September, 1901, the present League was formed at a Henry George Anniversary Dinner. The new League reviewed the position and decided that the line of least resistance was through local government. Our system was out-of-date, and a new Act had been promised for many years. In 1902 I arranged for members of our Committee to interview Mr Carruthers who was then leader of the Opposition. He received us kindly, showing a clear understanding of our principles.

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He promised that if elected he would provide for local taxation of land values. He renewed this promise to a deputation which I organized after he became Premier in 1904. Mr Carruthers was as good as his word—if not even better. First, he provided a system of rural government for the unincorporated portions of the State, except in the sparsely settled Western Division, with rating on unimproved values only. Second, he provided a new system for municipalities outside the city of Sydney.

With them he made it compulsory to levy a general rate of not less than one penny in the £ on land values. But they could raise all their rates in that way, or impose an additional rate on improved values—that is the value of the land and improvements taken together. But if they proposed this the ratepayers had the right to demand a poll and decide the incidence of the rating for themselves. A similar option existed for special, local and loan rates.

WON ALL THE POLLS

Most Councils adopted the land values system straight out. In a few cases a mixed system was proposed. We demanded polls and won them all. In country centres, however, which we could not readily reach, improved value rating was adopted to a limited extent chiefly for special and local rates. This method, however, is dying out of its own accord.

Prior to the adoption of the Carruthers Act the State Government had to attend to local expenditure in rural areas and also did a good deal of work in municipal areas. Mr Carruthers made it a condition that Councils should undertake this local expenditure themselves. If they levied a rate of not less than a penny in the £ on land values the State land value tax would not be collected in future. The £240 exemption was abolished. The Shire rates were first imposed in 1907, and assessed annual value rating was abolished in municipalities in 1908.

SHIRE REVENUE FROM LAND VALUES

[Giving the figures of the rates levied in the Shires beginning with 1907 when receipts from the State land value tax began to fall off, Mr Huie shows that the annual revenue has grown from £358,751 in 1907 to £1,598,036 in 1927.]

The State land valuations were made available to the Shires and they were given the right to make re-valuations from time to time for themselves. The number of Shires was 134 in 1907 and 136 in 1927. The land values in the Shires in 1907 were £81,526,814. The area was 179,130 square miles and the estimated population was 542,800.

In 1927 the land values were £158,991,308. The area was 181,582 square miles. This increase was due to re-adjustments, partly through the Shires in some cases absorbing municipal areas. The population had increased to 692,150.

MUNICIPAL REVENUES FROM LAND VALUES

The rating provisions of the Act with respect to Municipalities came into force in 1908. [The annual receipts from rates have grown from £619,060 in 1908 to £3,093,434 in 1927.]

The number of municipalities in 1908 was 191 with

a total area of 1,915,188 acres, and in 1927 it was 180 with 1,614,449 acres. The unimproved land values in the municipalities in 1908 were £43,904,839 and in 1927 they had increased to £123,888,700.

The estimated population in 1908 was 918,520 and in 1927 it had increased to 1,573,080.

THE CASE OF NORTH SYDNEY

Opposition to economic reform dies very hard. The municipality of North Sydney gave us a lot of trouble. It was one of the last municipalities in 1908 to impose its rates under the new Act. The aldermen wanted to put part of the rates on improved values, but seeing the polls in other municipalities all being decided in favour of land values only they deemed discretion the better part of valour and levied one rate on unimproved values.

During the year they discovered a small loophole in the Act. A rate for interest payments on old loans could be imposed on improved values without ratepayers being allowed to demand a poll. In 1909 they divided the rates, the general to raise £20,218 on land values and the loan rate on improved values for £7,172. As North Sydney was then the leading suburban municipality we felt it necessary to take up the challenge lest the evil spread to other areas.

I secured a lot of information from the Town Hall, and issued special leaflets. They caused a local sensation and the Mayor warned me off the premises as one not entitled to information not being a ratepayer. That difficulty could have been overcome but I thought I had enough. We took a hand in their municipal elections and ultimately forced the Council to abandon its improved value rate in 1912.

IMPROVED VALUE RATING DYING OUT

Many Councils in 1907 imposed one rate on land values for all purposes. Others had in addition special, local, or loan rates on the same basis. And some had such rates on improved values.

The general rates since 1908 have been on land values only. In that year additional rates for various reasons were imposed on the same basis in 48 municipalities. The number of Councils imposing improved value rates was 36.

The 1927 figures are not yet available but in 1926 the number of Councils imposing additional rates on land values only was 153, while the number with improved value rates had declined to 23. These results are just a natural development. The people generally favour the land values system and its use is being extended without resort to force in the shape of a poll on the question.

It is impossible to say exactly what amount of rates are actually charged on improvements. I have gone carefully through the figures for 1926 and I estimate that it may be anything from £20,000 to £25,000 altogether, which is a very small proportion in a rate revenue of £5,708,352. So that our system of local government taxation is almost entirely on land values.

THE CITY OF SYDNEY UNDER SEPARATE ACT

The city of Sydney is under its own Act and therefore was not affected by rating reform in the municipalities. As soon as the City Council saw that the municipalities and shires had the right to collect the land tax as a rate but without exemptions they wanted it also.

By that time Mr Carruthers through ill health had retired from the Premiership and Mr Wade was in office. He agreed to put the City Council on the same footing as other local governing bodies but he made a mess of it. The city was given power to collect the

land tax as a rate and nominally power to raise all its revenue in the same way.

Unfortunately there was a provision in the Act which would deprive the Council of rate revenue from the Government properties in event of rating on land values being adopted. That became the sheet anchor of the die-hards and it took us seven years to shift it. Year after year we sought in vain to get the Council to rate on land values only. Twice I was a candidate for the Council with a view to forcing the issue.

ALD. R. D. MEAGHER AS LORD MAYOR

In 1915 we raised nearly £100 and waged a vigorous campaign for months. We concentrated on the doubtful wards. I got out special leaflets showing how each ward was affected. The expiring Council had a majority of four against us. The new Council had a majority of four in our favour. The Lord Mayor and the Chairman of the Finance Committee were both defeated.

Ald. R. D. Meagher, M.L.A., became Lord Mayor. Ald. Meagher went to the Premier, pointed out the anomaly in Wade's Act and got it altered. The city of Sydney imposed all its rates or local taxes on land values in 1916. The opposition crumpled up at the finish and was not even present when the unimproved values rate was imposed.

[The city revenue from land values, since the power to collect the land tax was transferred in 1909, has grown from £78,723 in 1909 to £1,016,882 in 1927.]

Since 1923 the total has included the proceeds of $\frac{1}{2}$ d. in the £ towards the cost of Sydney Harbour Bridge and since 1926 a $\frac{1}{4}$ d. in the £ towards the cost of main roads.

THE NORTH SHORE BRIDGE

The largest arch bridge in the world is now in course of construction across Sydney Harbour. It is expected that it will be open for traffic in 1931. It provides for both railway and general traffic. As it was apparent that such a work would greatly increase the value of land in the city of Sydney and in the northern suburbs Parliament decided that a third of the cost should be paid by means of a rate on land values so as to secure a portion of the increase for the benefit of the community.

The rate is levied with local government rates and the cost of collection is nominal. [The amounts due on account of this rate from the city of Sydney and the northern suburbs has grown from £114,768 in 1923 to £188,832 in 1927.]

When the proportion of cost, probably about £2,000,000, is met this rate will lapse. The fact, however, that such a substantial proportion of the cost of a great public work is to be paid out of the increment arising because of it is an important indication of the growth of public opinion.

THE MAIN ROADS

The development of motor traffic necessitated something more in providing and maintaining public highways than local governing bodies were able to manage. After the construction of railways many of the main roads of N.S.W. were neglected. The motor has changed this and set up a new and insistent demand for good roads.

To meet the needs of the time a Main Roads Board was appointed. Part of the revenue of the Board is drawn from $\frac{1}{4}$ d. rate on land values in the city of Sydney and $\frac{1}{2}$ d. rate in the county of Cumberland, plus the Blue Mountains Shire.

The approximate receipts from this source in 1926 were £241,307 and in 1927 £270,944. As pointed out the receipts on account of the Bridge and the Main Roads are included in figures already quoted as land

values revenue raised by Shire, Municipal and City Councils.

ON PURELY HENRY GEORGE LINES

N.S.W. leads the world because its system is to exempt improvements altogether. For that reason I say it is on pure Henry George lines. A Council has to impose so much in rates or local taxes and it strikes one or more rates on the value of land only to raise the necessary amount. Thus in the suburban municipality of Ashfield where I live the estimates for 1929 provide for revenue of £78,107 from local taxation and a rate of 4½d. in the £ on land values only is proposed to raise it.

VALUATION OF LAND ACT

Some years of experience made it plain that allowing Councils to value the land was not satisfactory. It was of the nature of casual employment in most cases and those doing it were often under the influence of interested persons. This led to the Valuation of Land Act which was passed in 1916.

As the war was on it was seized as an excuse to go slow. The Valuer-General began in a small way and has gradually extended his operations. Successive Governments have failed to give him sufficient support to complete a valuation of the State. Vested interests have been very hostile to a uniform valuation.

The Valuer-General has nothing to do with taxation. His sole purpose is to value properties according to a common principle or plan for public purposes. He is one of the most important and serviceable officers employed by the State. The N.S.W. system is the best in Australia but it will be some little time yet before the whole of N.S.W. lands are under the Valuer-General. He controls the whole Sydney metropolitan area, except the city of Sydney, the Newcastle district and a number of country towns and some shires.

THE HEALTHIEST CITY IN THE WORLD

Sydney is the healthiest city in the world. My authority is Dr J. S. Purdy, Metropolitan Health Officer. He states that "for eight years Sydney has held the distinction of having the lowest death rate of any city in the world." Whether Dr Purdy is able to assign a reason for this unique state of affairs I cannot say. It may not have even occurred to him that Sydney imposes its local taxation on land values.

The effect of land values rating has been to assist the population to spread out. The slum areas are in the older portions of Sydney district. They were the product of the former rating system when Sydney was not so healthy. The city of Sydney occupies a small area—3,244 acres. It is surrounded by 47 suburban municipalities and four shires with an area of 436,144 acres. The population at the end of 1926 was 1,201,750.

Land values rating has forced the subdivision of a great many large areas which were hitherto idle or put to very nominal uses. Home sites are larger, and the greatest relative growth in population has been in the outer suburbs where there is more room. These are very important considerations and have their bearing upon the health of the community. Dr Purdy has given the Henry George system of land value taxation for local purposes a very fine testimonial.

BUILDING PROGRESS

At half-yearly intervals the Metropolitan Board of Water Supply and Sewerage issues statements of the building progress in the area under its control. In the Sydney and Newcastle districts water supply, sewerage and drainage are under the control of Water Boards. The Sydney water area is not quite the same

as the Metropolitan area already mentioned. The Board only controls land adjoining its mains, so that a good deal of the land within the metropolitan area is not served and a good deal outside is supplied by the Board.

In 1928 the number of new buildings erected was 11,878 at a cost of £16,100,173. The figures for the city of Sydney were 324 new buildings, cost £3,630,037, the remainder being in the suburbs. For the ten years ending 1928 the number of new buildings was 100,642, cost £113,157,810.

The city of Sydney in a very real sense is being re-built. Many millions are being spent. A firm can spend a million on a building, as the Bank of N.S.W. is said to be doing now on its new head office, and the City Council will not impose any rates at all on the improvements. It is content with a rate on the value of the land only.

New South Wales is notably the leading State of Australia, and it has very definitely taken the lead in giving effect to the principles of Henry George with great benefit to the people.

[For considerations of space, Mr Huie's statement has been slightly abridged, without loss, however, of any material part of the very valuable information he has provided.—EDITOR, *Land & Liberty*.]

E. J. HAYES

We deeply regret to have seen the following notice in the April issue of the *Sydney Standard* ;—

The evening papers on the 19th March reported an "Ocean Mystery." It was the disappearance of Mr E. J. Hayes, a first-class passenger. On the Sunday evening, 17th March, he was conversing with other passengers on the steamer "Marama." On the Monday morning he was missing and his bed had not been slept in during the night. The captain ordered an immediate search, but no trace of the missing man could be found.

Mr Hayes had been on a visit to New Zealand and was returning from Auckland to Sydney. He was in good health and spirits. His recent letters to friends and relatives were all right. There was an unfinished letter in his cabin. How he disappeared is a mystery. An inquiry was held after the "Marama" arrived in Sydney.

The *Sun*, referring to Mr Hayes, said that he was at one time a leading Sydney book publisher. He was a member of the firm of Hayes Bros., afterwards known as the Law Book Company of Australasia Ltd. He retired from business a number of years ago. He was 70 years of age.

Mr Hayes was a Henry George man in the fullest sense of the word. We understand that his connection with the cause dates back for nearly 40 years—to the time when Henry George visited Australia. Though not taking an active part in our work he has been a good friend of this League and has generously supported it for very many years. The Secretary reported the matter at the Monthly Executive Meeting of the League on the 2nd inst., when the following resolution was unanimously carried :—

"The members of the Executive of the Henry George League of N.S.W., place on record their grateful appreciation of the long, consistent and generous support which the late Mr E. J. Hayes has given to the Henry George movement. We wish to convey to his relatives our feelings of regret and sympathy on account of his tragic disappearance on the high seas."