

## TWENTY YEARS AFTER.

### HOW NEW ZEALAND HAS PROSPERED UNDER THE TAXATION OF LAND VALUES

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The Taxation of Land Values was first established for national purposes in New Zealand in 1878, a year before the publication of "Progress and Poverty," through the influence largely and under the Government of Sir George Grey. In 1879, about a year after its adoption, the privileged classes, aided by the iniquitous plural voting system then in force, succeeded in repealing the land tax, before its beneficial effects could be known or understood, and in substituting for it a general property tax.

#### Failure and Injustice of General Property Tax.

The general property tax remained in operation in New Zealand for twelve years, during which time a deficiency in the revenue appeared of £1,982,000. The general property tax of New Zealand, like that in operation in the United States, was not only a fiscal failure, a failure as a revenue raiser, but also an instrument of injustice and oppression. So unpopular did it become that in 1890—at the first election under "one man one vote"—the people, recalling their previous short experience of the land tax, turned out those who were responsible for the general property tax, and elected a Parliament pledged to re-enact the land tax, this change in the incidence of taxation being the chief issue in the campaign. The present land tax law of New Zealand was passed in 1891, and so completely are the people convinced of the superiority of the land tax over the general property tax that no political party advocates a return to that system of taxation. Indeed, the Liberal-Labour Party, which carried the Taxation of Land Values, has retained office ever since.

#### The Baneful Power of Untaxed Landlordism.

Senator James W. Bucklin, appointed in 1899 by the Senate of Colorado, U.S.A., "to investigate the tax laws of New Zealand and the Australian colonies and the effect of such laws," says on p. 42 of his report: "One of the picturesque historical facts in connection with the Australasian land value tax is that it should have first sprung up and been adopted by the two colonies, South Australia and New Zealand, which were colonised under the influence and theories of Edward Gibbon Wakefield, which were in direct contrast to the principles of the Taxation of Land Values. Mr. Wakefield contended that colonial land should be sold at a 'sufficient price,' at a uniform rate, so high as to prevent labourers from buying it. That it should be sold in large blocks, and the purchase money expended in bringing to the colonies healthy and capable young men and women of the labouring classes, who, being debarred from becoming land-owners themselves, should continue to work for wages, and thus guarantee an abundance of cheap labour for the capitalist. This frank acknowledgment and practical object-lesson of the power of untaxed landlordism (comments Bucklin) was doubtless an important factor in arousing the thought which has begun to check its power."

#### Industrial Conditions Twenty Years Ago.

Those who are enjoying the conditions of progress and prosperity obtaining in New Zealand to-day should find both instruction and inspiration by glancing back at the vastly different industrial conditions prevailing twenty years ago. And those conditions are graphically, yet impartially, described by Senator Bucklin in the report under review. "The adoption of the present land value tax in New Zealand," he says, "grew out of the disgust with the general property tax, and the fact that the great labour strike of 1890, involving thousands of working men, was beaten and crushed out. Hon. John Ballance, who had introduced and most ably advocated the Land Tax Bill of 1878, had, notwithstanding its repeal, never ceased to urge the principle upon the people. The working classes now, defeated in their strike, turned to Mr. Ballance, elected a Parliament to support him, and have ever since maintained their control.

"Prior to the land tax of 1891 there had been an enormously extravagant Government in control of affairs, who had plunged the country largely in debt, and, in many ways, ran it in the interest of the privileged classes. Land speculation was rife, and the country was apparently

#### On the Verge of a Great Panic.

"In 1891 thousands of unemployed gathered in all the cities of New Zealand asking for work, and the people were actually fleeing from the country in search of the right to labour.

"As the chief measure of relief the Ballance Government had demanded during the campaign, and now passed, the Australasian land value tax law. At once, without the Industrial Conciliation and Arbitration Act, or any new labour laws, the condition of labour began greatly to improve. Wages increased, the hours of toil shortened, the cost of living decreased, and the idle received employment. From 1891 to 1898 the cultivated lands of New Zealand increased 3,500,000 acres, the value of improvements increased 39,000,000 dollars (practically £8,000,000), and nearly all business greatly improved. . . . In the four years immediately preceding the land tax, in spite of Government ownership and management of railroads, telegraphs, telephones, insurance, etc. (these undertakings are all in private hands in the United States), there was an actual decrease of immigration over emigration of 17,789 persons, being a loss each year. At once, on the passage of the land value tax, the tide of emigration turned, population has increased 122,447, and in the first two years after the adoption of the land tax the immigration of New Zealand exceeded the emigration by 15,370 persons, and has continued in excess each of the eight years since its passage."

Were he writing a further report to-day, Senator Bucklin would be able to record the fact that immigration has continued in excess of emigration ever since the passage of the land value tax law, and that since the almost panic year of 1890 New Zealand has enjoyed

#### Twenty Years of Progress and Prosperity.

Witness the following statistics culled from the New Zealand Year Book for 1910, pages 680 to 690:—

	1891.	1909.
White population . . . .	634,068	982,926
Occupied and cultivated holdings over one acre . . . .	41,224	75,152*
Land (including sown grasses) under cultivation, ac. . . .	8,893,225	15,566,308*
Horses . . . . .	211,040	363,259*
Horned cattle . . . . .	831,831	1,773,326*
Sheep . . . . .	18,128,186	23,480,707
Exports of wool, lbs. . . . .	106,187,114	189,683,703
.. grain, bushels . . . . .	5,877,059	6,951,926
.. froz. meat, cwts. . . . .	1,000,307	2,572,604
.. butter, cwts. . . . .	39,430	321,108
.. cheese, cwts. . . . .	39,770	400,607
Total exports of N.Z. produce . . . .	£9,400,094	£19,462,936
Total imports . . . . .	£6,503,849	£15,674,719
Coal output, tons . . . . .	668,794	1,911,247
Govt. railways, miles open . . . . .	1,869	2,717
Railway receipts (in spite of great reduction in charges) . . . .	£1,115,432	£3,249,790
Bank deposits . . . . .	£12,796,098	£21,996,621

(\*1908—figures for 1909 "not ascertained.")

In view of such facts and figures as the above, New Zealand is hardly likely to go back on the Taxation of Land Values. She should rather press further forward in the direction of exempting all labour and labour products, all trade and industry from taxation, and deriving the whole of her tax revenue, both general and local, from those land values which, produced by the community as a whole, belong of right to the whole community. It is small wonder, too, that

#### Other Colonies have followed New Zealand's Example

in regard to the Taxation of Land Values. In 1884 South Australia levied a tax of ½d. in the £ on land values, a tax which has been considerably increased during the past year. In 1895 New South Wales levied a tax of 1d. in the £ on land values, and a similar measure passed in the same year by Victoria was rejected by the Upper House and not persevered with. In 1908 the Victorian and Tasmanian Lower Houses passed measures for the Taxation of Land Values, only to have them rejected

by the "Lords." But last year both these States in the Australian Commonwealth inscribed land value taxes on their statute books, while a Commonwealth land value tax was also passed by the Federal Parliament. Some three or four years ago Western Australia adopted the land value tax; a similar measure in Natal was rejected by the "Lords," and the same fate overtook a tax of 1d. in the £ on land values introduced by Mr. Cronwright Schreiner, the then Premier, in Cape Colony in 1898.

#### Movement growing in Volume, Depth, and Force.

In 1896 New Zealand passed the Rating on Unimproved (Land) Values Act, which has since been adopted by some eighty-five local bodies, including the cities of Wellington and Christchurch, and Southland, the richest agricultural county. In 1900 the rating of land values for all local purposes was made compulsory throughout Queensland. In 1905 the Shires Act made this method of rating compulsory in the agricultural districts of New South Wales, and an adoptive Act for the municipalities, passed in 1908, has been adopted by 160 municipalities out of 189; while in South Australia a similar measure has been adopted by six local bodies. In the north-western territories of Canada, also, the rating of land values has made great strides. Vancouver, Prince Albert, and other large centres of population now deriving the whole of their local revenues from this source. In Germany some 350 local bodies, including the capital city, Berlin, and other big municipalities, are rating land values, and in Germany's Chinese colony, Kiaotchau—her one successful colony—the whole of the revenue, both general and local, is practically derived from land values alone. The Blue Book (Cd. 3191, of 1906), containing reports as to the operation of the land taxes in New Zealand, New South Wales, and South Australia, did much to convince the home folk of the practicability of the Taxation of Land Values, and to prepare the way for Lloyd George's epoch-making Land Tax Budget of 1909-10 while no less than 550 local authorities in the United Kingdom have petitioned Parliament in favour of the rating of land values.

It is manifest, therefore, that the movement for the untaxing of industry and for the Taxation of Land Values is growing in volume, depth, and force year by year; and it is more than possible that in the near future some great strides forward will be taken here and at the Antipodes.

## THE RATING PROBLEM AND AGRICULTURAL LAND.

### A CRITICISM OF AN ARTICLE IN "THE TIMES" OF MAY 5TH, 1911.

It is a gratifying sign of the progress of our movement that the TIMES should devote over a column and a half of its valuable space to an article under the above heading, "from a Correspondent." We have not been initiated into the editorial secrets of the great paper of Printing House Square, but we can make a good guess as to the identity of its "Correspondent." There is but one publicist confident enough to tell us repeatedly what "every commonsense Englishman *instinctively* feels" about the vexed and complex problems of taxation. However this may be, we must admit that in this case the problem is fairly stated, whatever may be thought of the arguments indulged in against the Rating of Land Values, or of the counter proposals which the Correspondent advocates in its place. The article commences as follows:—

"The problem of local taxation, which has been allowed to slumber—so far as the House of Commons is concerned—for a good many years, is now being forced upon the attention of politicians by the outcry raised from all parts of the country against the growing burden of the rates. . . . The problem is almost equally urgent in all parts of the kingdom; but it is of peculiar interest in the agricultural districts, on the one hand, because of the movement for creating small holdings, and, on the other, because of the theory of land taxation advocated by the disciples of Henry George and now in substance adopted by the whole Liberal Party."

#### The New Proposals.

The writer then continued:—

"It will be convenient to deal with that theory first. After the prolonged fight over the land value duties throughout the Session of 1909 a good many of those who took part in opposing the penal taxation of land were tempted to put by their weapons in the belief that no further mischief was immediately

in prospect. They were mistaken. The action of Mr. Lloyd George in insisting upon the appointment of Mr. Harper to the new Committee of Inquiry into local taxation is more significant than the public perhaps imagine. Mr. Harper is one of the prophets of the gospel of Henry George, and he will certainly be of very great value in helping the Chancellor of the Exchequer to plan a further raid upon landed property. That Mr. Lloyd George is still being pressed in this direction is evident to all who have taken note of the active agitation now being carried on throughout the country by the United Committee for the Taxation of Land Values. The programme of that body is to take all rates off buildings and structures of every kind, whether residential, industrial, or agricultural, and to raise revenue from the value assumed to be possessed by the bare land when stripped of every attribute except its geographical position. This programme has been endorsed by a very large number of members of Parliament, who demand that it shall be applied to national as well as local taxation. In appealing to rural voters the favourite plea of these land taxers is that the proposed tax could be used to pay for national services, such as education, which now fall heavily upon rural districts. The argument is that agricultural land stripped of improvements is worth very little, whereas urban land is worth untold gold per acre, and that consequently an *ad valorem* tax on land values throughout the kingdom would relieve the struggling farmer at the expense of the grasping owner of urban ground-rents."

#### Relief to Rural Districts.

Yes, the advocates of the Taxation of Land Values do believe that if national services, such as education, the upkeep of the high roads, and so on, which now press so heavily on the resources of the poorer districts and rural districts, where the value of land, as well as of improvements, is comparatively low, were defrayed from the National Exchequer, the necessary amount being raised by a uniform and universal tax upon the unimproved value of land, considerable relief would be afforded to such poorer districts. The TIMES "Correspondent," however, does not share this view, against which he advances the following argument:—

"This proposition may conceivably sound so plausible to the small farmer that it is well to deal with it at once. The best way to test its soundness is to take the case of London. According to an estimate by the London County Council a few years ago, on the authority, it is believed, of Mr. Harper himself, the land value of London was then £15,000,000 a year. Mr. Chiozza Money puts the present figure at £16,000,000. Let us accept this latter figure. The expenditure of the various municipal authorities in London—the County Council, the City Corporation, the borough councils, the Poor Law Guardians, &c.—cannot be accurately ascertained without infinite labour, because the accounts of the various bodies overlap and there are many cross entries; but the aggregate net expenditure is certainly well over £20,000,000 a year. In other words, the whole of the annual land value of London falls short by at least £4,000,000 of the sums expended upon local purposes in London. The same story can be told by practically every city and borough in the kingdom. In none of the great centres of population is the revenue obtainable from a tax of 20s. in the pound upon land values sufficient to meet the local expenditure. Consequently the theory that the imposition of a uniform land values tax could be used to relieve the rural districts of the cost of education and other national charges, is moonshine. If the rural districts are to obtain any assistance from the wealthier portions of the kingdom, it must be by the taxation of other forms of wealth than the bare land value."

We must confess that we cannot see that the above assumed facts have any bearing whatever on the question at issue; or that, even if true, they in any way countenance or support the contention that "consequently the theory that the imposition of a uniform Land Values Tax could be used to relieve the rural districts of the cost of education and other national charges is moonshine." It seems to us a mere assumption of knowledge to affirm off-hand that "in none of the great centres of population is the revenue obtainable from a tax of 20s. in the £ upon land values sufficient to meet the local expenditure." For no one as yet knows what the land value of London, or of any other great centre, really is. What we do know for certain is that the industry of all these centres has to provide the present local revenues *plus* a considerable amount as rent or unearned income to those privileged to control the use of their land. And that as valuations are at present made, they simply reveal the surplus value of the land of such centres, after making allow-