TAXATION,

AND

A FEW REMARKS

ON

THE SINGLE-TAX.

AN ADDRESS

Delivered in Auckland,

At the National Association Rooms,

By

W. S. ALLEN.

AUCKLAND:

WILSONS & HORTON, HERALD WORKS, QUEEN AND WYNDHAM STREETS.

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Luigi Cau
1931

TAXATION,

AND A FEW REMARKS ON THE SINGLE TAX.

TAXATION is a somewhat dry and uninteresting subject, and one which it is very difficult to place before an audience in an attractive manner. It is, however, a very important subject, and all classes of the people are more or less interested in it, and affected by it. It is part of the larger question of Finance; which of course embraces the subjects of Revenue, Expenditure, the raising of Loans, the policy of Borrowing, the necessity of Retrenchment, and all matters relating to the financial concerns of a country.

Taxation may be defined to be; the act of raising money from the people. It is one of the penalties we pay for civilization. Uncivilized men, in a state of nature, are free from taxation. Each man is a law to himself, defending himself to the best of his ability, and avenging, as far as he can avenge, his own wrongs. As men advance a little in civilization, they adopt some rude form of Government, and bring presents to their chiefs, and thus pay some kind of tribute. In civilized nations, again, we find regular governments of one form or another, and these regular governments adopt regular systems of taxation, which are duly enforced by law. The higher the civilization, the more perfect will be found the system of taxation. In England at the present day we see the highest form of civilization, and there we also find the most perfect and complicated system of taxation. There is, in the first place, the parish council, with powers to raise money for certain local purposes. Then, in the second place, there is the district council, which possesses powers to raise money from a

larger area, embracing several parishes grouped together, for the purposes of the relief of the poor and other objects. Then comes the county council, which can levy rates over the still larger area of the county, for police and other purposes; and last of all, there is the Imperial Parliament, which levies taxes over the whole of the country for such objects as it may deem necessary. In fact, high taxation is one of the penalties men have to pay for high civilization, with all its comforts, and advantages, and security. In England, and the different countries of Europe, taxation has almost reached the utmost limits the people are able to endure. Still a nation will patiently endure very heavy taxation so long as it sees it is necessary, and is also assured that the money raised is wisely and economically spent. A great writer has well said, "The sting of taxation is wastefulness," and men become justly indignant when the money raised from them in the shape of taxes is either wastefully or improperly spent; or is unjustly levied, so as to press unfairly on any one class of the community.

Here, in New Zealand, in one respect, we are very fortunately situated. The nations of Europe are compelled, or think they are compelled, by the force of circumstances, to keep up vast standing armies, and some of them large navies as well. To enable them to do this, immense sums of money have to be levied by taxation. In England, from its peculiar situation, from the vast extent of the empire, and the enormous amount of our trade and commerce, very large sums have annually to be spent on the navy. This is absolutely necessary for the security and safety of the Empire, and the vast interests we have at stake; and having, of course, to be raised by taxation, it enormously adds to the public burdens of the people. Here the case is very different. Only a very small sum has to be spent on defence. During the past year, for defence and police purposes, the small sum of £170,000 was sufficient.

Now, in dealing with the subject of taxation I wish to avoid anything of a *party character*, and wish simply to deal with the principles on which taxation should be based, and the objects for which it can justly be levied. There are two fundamental

principles, which all impartial men must admit are just and right. First, *that taxation should only be levied for purely legitimate objects*; and, secondly, *that taxation should press fairly on all classes of the people.* These two propositions are so obviously fair and right, that all men, at first, will readily admit their justice and truth. Unfortunately, however, when these principles come to be be carried out in practice, men, from various motives, seek to evade them. Now, the legitimate objects for which taxation may fairly be raised, are of various kinds. There is, for instance, the purpose of defence. Every State has a right to defend itself, and its own interests, and its own citizens. This it is bound to do, and, therefore, taxation for this purpose is perfectly right, and no man can justly object to it. Another perfectly legitimate object is, the administration of justice. In a State, the due administration of justice is a matter of vital importance, and in order to secure this, you must have well paid judges and magistrates, men of ability, high character, and the requisite legal knowledge, who are thoroughly independent of party; so that all men may have equal justice. Another object for which taxation may legitimately be raised is education. This is also a matter of vital importance. In these days, an uneducated man is placed on a lower platform, and in an inferior position to his educated fellow-man. Just in the same way, as education benefits the individual, so it benefits the nation. The educated man, other things being equal, will always have an advantage over the uneducated; and just in the same way the educated nation will have an advantage over the uneducated, and consequently the State is right in dealing with this matter, and may justly levy taxes for this purpose. Then another object for which taxation may be raised is government. Good government is essential to the well-being and security of the State, and in order to secure good government, you must have able men at the head of the different departments, each assisted by a competent and efficient staff. Good government is so obviously essential to the welfare of a State, that no one but an anarchist will venture to affirm that to secure it, is not a perfectly necessary and righteous object of taxation.

Then, again, there is the interest on the national or public debt. This, in New Zealand, amounts annually to about £1,800,000. Repudiation would be disgraceful. A state of national bankruptcy has happily not yet been reached. This large annual sum has, therefore, to be paid. Any other course would be inconsistent with rectitude and honour, and it is, therefore, a legitimate object for which taxation may be levied. But the very fact that there is such a large annual charge for debt in this comparatively new country, only shows how careful the Government of the day ought to be, not to contract debt needlessly, so as to lay future burdens on the people.

Now all these I have mentioned, and others to which I might allude, are perfectly legitimate objects for which taxation may be raised, and so long as the money is carefully and judiciously spent, no man has a right to complain of having to pay taxes for these objects. Then comes the question of Public Works. To a certain extent this is a perfectly right and legitimate object. Public Works, especially in a new country, are absolutely essential and necessary; and they are, in fact, for the good of the public at large. A new country must be opened up by good roads, so as to afford the settlers in different districts easy means of communication. Railways, judiciously planned and laid out, are also essential to the future well-being of the country; and the same may be said of improvements in harbours. Public buildings, in which the public business may be carried on, are also absolutely necessary. With respect, however, to Public Works, the public good must always be the first and foremost object aimed at. Everything like jobbery, everything like bribing an interest, or bribing a party, or bribing a constituency, ought never to be thought of, and each party in the State ought sternly to set its face against anything of the kind. Any such employment of public money for purposes of this kind, is corruption of the worst and most detestable kind, and is an illegitimate use of the taxes raised from the people. Then comes the question of Public Works carried on for the sake of employing the unemployed. No man ought to be allowed to starve. There is no sadder sight,

than that of a man who is willing and anxious to work, and who cannot get it. This man is a true object of sympathy, and the State does well to help him. If, however, the State employs him, it has a right to insist on two things—first, that the work he does, is done well; and, secondly, that it is done for a reasonable amount of pay. Now, here is a source of danger. At the present time the working men of New Zealand are probably better off, than the working men in any other country in the world. As a rule, wages are good, and, though undoubtedly there are many men out of employ, still the percentage of the unemployed is not nearly so high as either in Australia, or in the old countries of Europe. The cause of this, of course, is the action of the law of supply and demand; and so long as the amount of work to be done and the number of men to do it, about balance each other, so long New Zealand will not have to complain, to a large extent, of the number of its unemployed population.

With respect, however, to employing the unemployed, great caution is necessary. It may be perfectly right for the State to find employment, or to help to find employment, for its own unemployed citizens. To do this, and to find money for this, may be a perfectly legitimate object of taxation; and, without much difficulty also, work may possibly be found which will be, as a rule, reproductive. There is, however, an element of danger in dealing with the question, which must not be forgotten. Within 1,200 miles of New Zealand, there is a country in which there are, at the present time, thousands of unemployed men. There could not be a more fatal mistake than for the Government, in any way, to attract these new men to New Zealand. It would be a ruinous and suicidal policy, to induce these men to come here, by the hope of being employed on any public works; and to boast that their arrival was a proof of the increasing prosperity of these islands, would simply be delusive, and untrue. It would also be unjust to the New Zealander, and would not only tend to lower his wages, but would also tend to raise his taxes, by the necessity of finding employment at the expense of the State, for the thousands who would soon flock here. This is a very important

question for the working men of New Zealand, and for the different Trade Unions to think and ponder over. So long as the supply of labour, and the demand for it, are about equal; so long as you have work for 100,000 men, and you have 100,000 to do it, so long the working men of New Zealand will be fairly well off. The law of supply and demand is unerring in its operations. If you have work for 100,000 men, and you only have 90,000 to do it, wages will rise and be high; but if you once turn the scale, and instead of this have 110,000 men, and only work sufficient for 100,000, nothing can prevent wages from going down, and nothing can prevent men from falling out of employment, for whom work, or some kind of assistance, will have to be found by the State. The Statesmen of New Zealand should take a lesson on this point, from the mistakes of the Old Country. In England there is a fearful amount of poverty and distress. In London at the present time there are many thousands of men, who want work and cannot get it. What is the great cause of this state of things?

The depressed state of agriculture has been one cause. Numbers of farm labourers, having been compelled by want of employment to leave the villages where they lived, have flocked into London in search of something to do, and have thus swollen the numbers of men in search of work. Drink has been another cause, and has been undoubtedly one great factor in causing the misery and destitution of London, and the other great cities of England. Undoubtedly, however, the one great cause of the present terrible state of things in London is this: that tens of thousands of foreigners have been allowed to flock into London, and living there, unable to speak the language, helpless and destitute, have become the miserable slaves of sweaters and others, and have had to work, and have been ready to work, at far lower wages than the Englishman either would, or ought to take. In this way, the Englishman in his own country has been crowded out, and thrown out of work, and the labour market has been glutted by the constant influx of foreigners, many of them absolute paupers, induced to come to England by false promises and misrepresentations;

and then, being unable to return to their own country, and utterly helpless, have been glad to work for a mere pittance, sufficient to keep them from absolute starvation.

The Statesmen of New Zealand have in this new country the opportunity of avoiding the mistakes of the old land; but if by closing their eyes to the lessons taught them by facts, they adopt a policy which shall attract to these shores the unemployed thousands of Australia, they will lower the rate of wages here, they will glut the labour market, and cause thousands of men to be thrown out of work; they will introduce poverty, and distress, and want, and they will have to increase taxation for the purpose of relieving the poverty and distress, their own policy has created.

I come next to *the modes and methods*, by which taxation may be most fairly and justly raised. I take it as a sound principle that few will dispute, that *taxation should press fairly and equitably on all classes of the people.* All classes benefit by good government, and this being the case, it is only fair that all classes should pay their just proportion of taxation. With a view to this, you wisely have both direct and indirect taxation. You have Customs and excise duties. You have land tax and beer tax, and stamp duties and income tax. All this is perfectly right. The Customs duties of New Zealand produce about £1,600,000 per annum, and they do a double duty. They not only bring in a large amount of revenue, but they also unquestionably do much to protect certain struggling industries, which competition with foreign producers would otherwise crush out and destroy. Free trade may be a perfectly sound principle, and in the Old Country it may be desirable to carry it out to its utmost limit; but here, in a new country like New Zealand, the state of things is somewhat different, and it is undoubtedly wise, at any rate for a time, to protect and encourage certain industries which are springing up, and which, but for a certain amount of protection for a time, would be destroyed by foreign competition.

Stamp duties are another perfectly fair and equitable mode

of raising taxation, and they produce, including postal and telegraph cash receipts, some £674,000. Then comes the land tax, which produced last year about £285,000; and included in this there is the sum produced by the graduated land tax, which is based on the principle, that the larger the holding the greater the tax should be. The principle of graduated taxation, is one which it is requisite to carry into practice with great caution; and it is all-important that it should be carried out in a fair and reasonable manner. With respect to the taxation of land, the State has to deal with four classes of land owners. There is, in the first place, the land speculator. This man buys land not to use it, improve it, or cultivate it, but simply as a mere gambling speculation, hoping that his land will rise in value from the exertions and industry of those living in its vicinity. Now, this man is no benefit wherever he exists, but, on the contrary, he frequently inflicts a serious injury on the State, by locking up land, and so keeping off the man who would cultivate and use it, and, this being the case, there is no need why the State should show him much mercy in the matter of taxation.

Then there is, in the second place, the large absentee proprietor, who, however, either cultivates some of his land, or lets it out to others. This man, except by the money he may spend on his property, confers very little benefit on the State, and consequently deserves but little sympathy from it. It must, however, in justice be admitted, that he is in a very different position to the mere land speculator, because he does either use his land, or permits it to be used by others; but still he is an absentee, not living on his land, nor spending his income in the country, nor doing his duty to the State as one of its citizens, but simply holding his land in the hope of deriving revenue from it, which he intends to spend elsewhere. As a rule this man is punished for his own folly, and, instead of deriving the income he expects, he generally finds his land a source of embarrassment instead of profit. The Legislature of New Zealand has however acted wisely, in imposing additional taxation on absentee proprietors.

Then, in the third place, there is the proprietor who owns a

large estate, who cultivates it, who lives on it, and who does his duty as a citizen. The State has no right to ruin or injure this man by unfair taxation. It may, indeed, for certain reasons, tax him at a somewhat higher figure, than the man who has not so large and so productive a holding. But, while it may do this, it has no right to tax him so heavily as to injure him, or to render his property valueless. Then comes the fourth class, the small landed proprietor, who is one of the most valuable citizens, that the State possesses. Unquestionably this man ought to be, in the matter of taxation, dealt with as leniently as possible, and as he is a most valuable citizen, so everything ought to be done to encourage and help him, and increase as much as possible the class to which he belongs.

There is also another tax which, although not by any means a popular tax, must be admitted, when properly levied, to be a most just and fair one. I allude to the income tax. The theory and principle of the income tax is, that every man should pay in proportion to his means. Here you have admitted the principle of a graduated tax, and you also have exemptions. These exemptions, of course, are defended on the ground that the persons exempted from income tax are paying something to the State, in the form of taxation, in some other way. Now, with respect to these various modes and methods by which taxation may be raised, there is a just and sound principle which should not be overlooked, and that is, that while the necessaries of life should be taxed as lightly as possible; you may tax, with perfect justice, its luxuries at a much higher rate; and the reason of this is, that whilst you must use the necessaries of life, it is optional with every man whether he will use its luxuries.

There is also another important point to which I must briefly allude. There is a growing tendency in the minds of some, to handicap, what I may call the strong man, by excessive taxation. There is a floating idea abroad, which has not yet taken any definite shape or form, that you must cripple success; or, in other words, that when a man meets with great success in any business enterprise, you must tax him, and hamper him, and

embarrass him, till you practically ruin him, and reduce him to the level of his fellow-men, who have not been so successful in the battle of life.

There could not be a more fatal mistake than this. Men differ just as much in business ability, as they do in bodily strength. Some, here and there, are naturally splendid business men, and wherever they go they will succeed. These men found industries, employ labour, develope the resources of a country, and find work for hundreds, and sometimes thousands, of men. So long as these men conduct their business in an honest and upright manner, and deal fairly, and justly, and righteously with their workmen, so long they are benefactors to the country at large, and most valuable citizens of the State; and to regard them with a jealous and unfriendly eye, would not only be unjust, but suicidal. Suppose the men, who did so much to found the manufacturing greatness of the Old Country, had been handicapped and embarrassed by unfair taxation, and unjust restrictions—men like Watt, and Stephenson, and Arkwright, and others,—what would have been the result? They would either have left England, and carried their business abilities to some other country; or, being crippled and hampered, and disgusted, they would never have developed the great industries they did. The man who is able to found a large and successful business, and carries on that business in a just and honourable manner; and who, as a large employer of labour, does well by those he employs, is a benefactor to the country, and there could be no more fatal mistake than to seek to handicap or embarrass him, by any unjust taxation or unfair laws. To attempt to handicap success, or to cripple and embarrass the successful man, would be most injurious to the public good, and so far from benefiting, would only injure the community at large.

I must now say a word or two with respect to a certain class of politicians—few, indeed, in numbers, but very active and energetic—who would lay all taxation on land, and, doing away with all other taxes, would derive all revenue from land alone. These are the promoters of what is called "The Single-Tax."

These gentlemen propose to do away with all Customs and excise duties, with all spirit and beer duties, with all income tax, and, in short, with all taxes of every description, except what they call "the Single-Tax," which would be a tax derived from land, and from land alone. This is so manifestly unjust and unfair, that it seems strange how anyone can be found to advocate it; and yet a small and determined party are pressing it on with great vigor. *It is a scheme which would practically free the rich capitalist from all taxation at all.* The rich banker, the rich brewer, the rich money-lender, though they might be enjoying their ten or twenty thousand a year, would be absolutely free from all taxation, provided they were not interested in the land; while, on the other hand, the small farmer who farmed his own land would soon be crushed out of existence by the ruinous amount of taxation he would have to bear.

The great champion of the "Single-Tax" is the well-known Henry George. Henry George starts with the principle that all "private property in land, is a bold, bare, enormous wrong." Mr. George, like theorists of his class, does not deign to offer any proof of this statement, but then goes on to style it as "a robbery"—and "not merely a robbery in the past, but a robbery in the "present."

Arguing then, from these two principles—first that "private property in land" is "an enormous wrong," and secondly, that the man who owns any land has committed "robbery," or is, in other words, a thief—Mr. George then goes on to propose what he calls "his simple and sovereign remedy," which he states to be "*to abolish all taxation, save that on land values*," and "in this way," he says, "*the State may become the Universal Landlord, without calling herself so.*" Now this is plain speaking. Henry George, the great promoter of this scheme, says, in effect, to every man who owns an acre of land, "You are a thief; I will treat you as such, and though I will not nominally take your land from you, I will render it valueless to you, by destroying its selling value by taxation."

Now, although Henry George does not propose *nominally* to

take away the land from the present owners, he *practically* proposes to make the State the universal landlord, and to let it to the present owner at a fixed rent, called "The Single-Tax," and this without the least compensation for the practical loss of the whole selling value of his land. Henry George, says in fact, to every man who by hard work has saved £200, and then invested it in land, "I will not actually take your land from you, but I will destroy the selling value of it by taxation, and in this way deprive you of the £200 you have invested. Some time ago I met a man who told me he had landed in New Zealand some twenty years before with half-a-crown in his pocket. "Now," he said, "I consider I am worth more than £1000. I worked hard; I saved money; I got some land and now I consider my land and stock are worth £1200." Henry George would say to this man "You are a robber; I will treat you as a robber; I will not take your land from you, but I will render it valueless to you by taxing it to such an extent, as to destroy its selling value." Now, Mr. George is honest and outspoken. There is no mistake as to his meaning. We may think his scheme unjust. No doubt it is. Horribly so. Still he is straightforward and speaks out. Now, the New Zealand Single-Taxers are the disciples of Henry George, and they hold the same views and the same principles, and have the same objects in view. They are, however, more politic, and instead of speaking plainly out about "robbery" and "the enormous wrong" of "private property in land," they talk in more guarded language about "ground rents" and "land values." Their object is, however, the same, and that object is that every other tax should be done away with, and that there should be only one tax, the Single-Tax, and that tax raised entirely from land. In fact, the *Single-Tax*, as defined by the highest authority on the subject, *is an annual charge, or tax, of four per cent. on the unimproved value of all land;* but this unimproved value may be raised by such things as the erection of a store, or school, or hall, or shop, or the establishment of a coach service in the neighbourhood.

In fact, the unimproved value might be raised by outside circumstances to almost any extent the Government Land Valuer might choose to put upon it, and of course the annual tax on it would rise in the same proportion. Now, just to show how the Single-Tax would work in practice here in New Zealand, take the case of two men, Mr. A and Mr. B. They both hear of the attractions of New Zealand, its beautiful climate, and its lovely scenery, and they resolve to emigrate to it. They come, and each of them brings with him £10,000. Mr. A has five sons, and he invests his £10,000 in a block of unimproved land, intending to settle upon it, to cultivate it, and after a time to divide it amongst his family. Mr. B on the other hand, resolves to live a life of ease and idleness, and puts his £10,000 out on mortgage at seven per cent.; and, without any effort of his own, or doing any work himself, or employing any labour, he enjoys an annual income of £700 a year. Next year, a majority of Single-Taxers are sent to the House of Representatives; the Single-Tax is passed, and becomes the law of the land. What follows? Mr. A, the industrious man, the hard-working settler, who is working himself, and his sons also, and who is employing a number of men as well, cultivating his block of land, is at once taxed £400 a year. Mr. B, the idle, luxurious man, who, neither works himself, nor employs anyone to work for him, but lives in self-indulgent indolence, is not taxed to the extent of a single penny. Mr. A will not receive any income at all from his farm for some years; but, on the contrary, will have to spend some thousands more in improving his land; yet, all the time he will have to pay his £400 a year. Mr. B on the other hand, will be in the regular enjoyment of his income of £700 a year, and will not have to pay taxation at all. Could anything be more monstrously unjust and unfair. This, however, would not be all. We are told on the authority of Messrs. Withy and King, that "ground rent increases in all progressive communities," "by the "addition of a railway station, a post office, a school, a blacksmith's "shop, a store, a public hall, a branch bank," and other things. Very well, while Mr. A is busily engaged in improving his block

of land a store is opened a mile or two from his home, and a post office is opened at the store, and a school is also built a little further off. These things may be, and possibly are, a convenience to Mr. A; but they do not add one penny to his income. The valuer now comes round—a man, no doubt, of the right colour, and sound as to his Single-Tax principles,—and seeing the school, and the store, and the post office, he says, "These things have added to the value of your land; your ground rent must be increased; you must now be assessed at a value of £12,500, and pay an annual sum of £500." Still Mr. A struggles on, losing money every year, but still hoping against hope, and not wishing to lose all the money he has sunk. In a year a public hall is opened, and also a blacksmith's shop, not far from the store and the post office, and a coach also begins to run within a few miles of his homestead. These things again may be a convenience; but they make no addition to his income. The valuer, however, comes round again, and seeing the public hall, and the blacksmith's shop, and hearing of the coach passing along the road, at a few miles' distance, he says, "Well, these things have added to your value, and your ground rent must be raised again." "Your land is now worth £15,000, and you must pay £600 a year as your assessment." All this time, this supposed increase in the value of the block is purely fictitious. It has no foundation in fact, and the store, the post office, the public hall, the school, and the blacksmith's shop, though they may have been a convenience, have not added a single sixpence to Mr. A's income. This last assessment finishes the matter. Mr. A cannot pay it; and having lost his original £10,000, and also the thousands he has spent in improving his land, he leaves it, a ruined man, for he cannot sell, as the selling value is destroyed by taxation. All this time the money-lender, Mr. B, is living an idle and luxurious life, enjoying in ease and indolence his £700 a year, and this income, wrung from the toil of others, is not taxed to the extent of a single penny. Now, is it possible to conceive of taxation more unjust than this?

Take another case: Two young men, C and D, come out to

New Zealand. They are steady, industrious, careful, and sober, and they soon find work. They toil on for twenty years, and at the end of that time they have each saved £500. The one, with his £500, takes a block of unimproved land, settles upon it, and manfully sets to work to improve and cultivate it. The other, D, thinks he has done hard work enough, and prefers a life of comparative ease for the future, so with his £500 he hires and furnishes, and stocks with beer and spirits a public-house. C will not get any income from his block of land for some years, and will have to work very hard to render it at all productive. D, on the other hand, with very little exertion of his own, will probably make from £150 to £200 a year. The Single-Tax is passed and becomes law. How will it affect these two men? C, the hard-working, industrious farmer, will at once be taxed at the rate of four per cent., or £20 a year; with the knowledge that if a store, or a school, or a hall, or a blacksmith's shop is opened anywhere near him, his annual assessment may be raised to £25 or £30, or even more. D, the publican, on the other hand, enjoying his income of £150 or £200 a year, will not be taxed at all. It is really difficult to conceive of men advocating a system of taxation so obviously and shockingly unjust. The Single-Tax would leave every rich banker, every wealthy brewer, every grasping money-lender, however large their incomes were, entirely untouched by taxation. These men, though their incomes were enormous, would absolutely pay no taxes at all, while, on the other hand, the whole burden of taxation would be thrown on those interested in land; and the very class, of all others, which it is the most desirable for the State to encourage, the small occupiers, who farm their own land, would be ruined and crushed out of existence.

A great deal is said by "The Single-Taxers" about certain large estates in England; and a great deal of capital is attempted to be made by them out of the fact, that there are a few great landlords there, who derive large annual sums, in the shape of rent, from these estates. These are, however, the exceptions and not the rule. There are a few large proprietors, but there is a

far greater number of small ones. If the existence of a few large proprietors is an injury and an evil, would not the creation of one vast proprietor, to whom all the land would belong, be an infinitely greater injury and evil? It is certainly a strange remedy to propose, that for the sake of doing away with these few large landowners and the rents they enjoy from their estates, you should substitute for them and for all other owners, one great universal landlord, who should invariably, and under all circumstances, demand rent, in the shape of the Single-Tax, for every acre in the country, Large estates may not be desirable in the best interests of the country; but surely there is a better way of dealing with the question than by making the whole country one vast estate under one great landlord, called the State, whose rent must be paid, and who, from the nature of the case, could show no mercy, and make no allowance for bad seasons and misfortunes. If a large estate is an evil, surely one vastly larger must be a still greater. If a few large landlords are an injury to the State, how much greater will be the injury inflicted by the creation of one colossal landlord, who will swallow up all others, and inexorably demand rent, everywhere and under all circumstances. The agricultural interest is now terribly depressed in England, and to lay all taxation on the land would simply ruin it altogether.

The Single-Tax might do something to break up large properties, but it would inevitably destroy the smaller, and consequently the weaker proprietors first. The man with 10,000 acres might be ruined in the course of time, but the man with 100 would be unquestionably destroyed first. Large landowners do exist in England, but as a rule they only get from 2½ to 3 per cent. interest on the money they have invested in their estates. On the other hand, great brewers, distillers, bankers, merchants, manufacturers will get from 10 to 20, and in some cases 30 per cent. on the capital they have invested in their concerns. On what principle of justice, could you lay the whole taxation of the country on the men whose property was only bringing them in 2½ to 3 per cent., while those whose property was bringing them

in 10, 20, or 30 per cent. should be left wholly untaxed. Why should Lord Burton, the head of the great brewing firm of Bass and Co., with his enormous income of £300,000 a year, have to pay no taxation at all, while the small yeoman farmer who owned his own farm of 200 acres should be crushed out of existence by all the burdens of the State being thrown on the land?

Take the case of France. It is the boast of France that she has some 2,000,000 of small peasant proprietors. These men cultivate their own small properties, and, as a rule, they are sober, industrious and frugal. They are, in fact, the strength and backbone of the State, and, after the terrible reverses France met with some years ago, it was these men who saved their country from utter ruin. At the present time, the taxation in France is enormous, in order to enable her to keep up her gigantic army and navy. On what principle of justice could the whole taxation of France, and the whole annual charge of her vast armaments be laid on those 2,000,000 of small proprietors, and others interested in land; while all the wealthy merchants, and bankers, and stockbrokers, and tradesmen of Paris, and all the great cities of the country, should be left wholly untaxed? Could anything be more monstrous and unjust?

Take the case of Ireland: how would the Single-Tax act there? The great aim of the remedial legislation of the last twenty-five years has been, to render the tenant independent of his landlord; to give him fixity of tenure, and as rapidly as possible, to enable the tenant to become the owner of his holding, and thus to change the present class of small tenant farmers—many of them poor and miserable—into comfortable and prosperous owners of the little farms they had previously rented. The introduction of the Single-Tax would at once check all this, and, destroying all the good that has been done, would practically make the State the universal landlord; and—by laying all taxation on the land, and thus exacting a heavy rent from every small proprietor under the name of the Single-Tax—would soon ruin him altogether, and drive him off the soil.

How would the Single-Tax act in New Zealand? It would at once practically confiscate the property of every landowner, whether large or small; because, the land being taxed to its full annual value—"the selling value," as the Single-Taxers put it—"would be destroyed," and the land rendered valueless to the owner. It would, in fact, rob every man who has either bought land direct from the Government, or has bought it from someone else on the strength of a Government title, of the money he has paid. It is difficult to conceive, how such an atrocious act of injustice can be advocated by men of character and education. Agriculture is depressed now; prices are low, and farming hardly remunerative. The struggling owner of a small farm has hard work to make both ends meet; yet it is gravely proposed to deprive him of the selling value of his farm, and to make him and his fellow proprietors bear the whole taxation of the State. This, of course, for those interested in land in New Zealand means simple ruin. The great object of New Zealand statesmen should be to foster, by all legitimate means, the creation of a class of small proprietors, who would cultivate their own land, and would be the strength and backbone of the country. The Single-Tax, however, would inevitably prevent the formation of such a class of men, and would also quickly drive off the land those whom it found already there.

The agitation in favour of this tax has already done harm, and has not only prevented men of small capital from coming out here to settle on the land, but it has also prevented those who are here from spending the money they would otherwise have done. Farmers, and farmers' sons, with a little money of their own, will not come here with a view to obtaining land, with the prospect of soon being deprived of it; when they can go to Canada and British Columbia, with the certainty of not being robbed of what they have toiled hard to secure. The Single-Taxer may, indeed, say that all land will be dealt with on the same principle, and that not only the land held by the farmer will be taxed, but also the land in the towns held by the owners there. This is quite true; but it would not help the struggling owner of a small farm to know, that the struggling owner of a small shop and the land on which it

stood, would be unfairly taxed as well as himself. *The vital and radical objection to the Single-Tax is this: that instead of distributing taxation fairly and equitably over all classes of the community, it unfairly, and with a total disregard of the principles of equity, lays it wholly and entirely on one class alone.*

The Single-Taxer has a strange, unreasoning antipathy to what he calls "*rent,*" when it is derived from land, and paid to a private individual; and his avowed object is, to use his own language, "to appropriate rent by taxation." In other words, his object is to make the State the universal landlord, receiving and sternly exacting rent from all; thus practically affirming that an act is just and righteous in the State, which is wicked and wrong in the individual. Is, however, the Single-Taxer right in his denunciation of rent? What is rent? Rent is simply the price a man pays for the use of a certain article. A man hires a cart and horse for a day, and pays a pound for the use of them, and that pound is the rent the owner of the cart and horse receives for the use of them for the day. A man hires a shop for twenty pounds a year, and the twenty pounds the owner of the shop receives at the end of the twelve months, is his rent for the use of that shop for the year. Just in the same way a man has a farm of a hundred acres, and he lets it to another man for £25 a year, and the £25 is his rent, for the use of that farm for the year. Now the Single-Taxer has no objection to the owner of the cart and horse receiving a pound as his rent for the day's use of his property; and he has no objection to the owner of the shop receiving £20 as his rent for the year's use of his shop; but he falls into a perfect frenzy of rage with the man who receives the £25 a year from the rent of his farm. Now where is the difference, and what reason, except that of blind prejudice, has the Single Taxer for denouncing the last man as a robber, and an enemy to the State, and applauding the other two, as industrious, thrifty, and valuable citizens. Take the case of two young men, honest, sober, and industrious. The one builds a store, and by diligence and industry, gets a good business. The other takes up 200 acres of land, and by hard work and frugality, makes for himself a nice

farm. Thirty years pass away, and these two men, now old and somewhat feeble, think they should like to retire from business. The storekeeper lets his store and lives on the rent. The farmer lets his farm and lives on his rent. On what principle of justice do you denounce the farmer, who when he is too old and weak to cultivate his farm himself, lets it at a fair rent to another man; and, at the same time say, that the storekeeper, who has let his shop, has done what is perfectly legitimate and right. It is just as right in the farmer to let his farm and live on the rent, as it is for the storekeeper to let his store and live on his rent. It is downright nonsense to argue to the contrary.

I may be charged with attempting to misrepresent "The Single-Taxers." I should be extremely sorry to do so, and I have endeavoured studiously to avoid anything of the kind. I may be told that the Single-Taxers of New Zealand propose to introduce their scheme gradually, and not all at once. I admit some of them say so, but what right have they for proposing to do so when their leader, Henry George, distinctly says, "Nor is "it right there should be any concern about the proprietors of "land." I admit that two gentlemen have published a pamphlet, in which they hint that it might be expedient to issue certain debentures for the amount of the unimproved value of land. This, again, is distinctly in opposition to the principles of their leader, Henry George. We must not be misled by these unauthorised attempts to make us think the Single-Tax is less unjust than it really is. The true "Single-Taxer" knows nothing about them. When we want to know what a proposal really means, we must go to the author of the scheme. If we want to know what Home Rule means, we must ask Mr. Gladstone. If we want to know what Local Option means, we must ask Sir Wilfrid Lawson. Just in the same way, if we want to know what the Single-Tax means, we must ask Henry George, the leader of the party, and he tells us in plain and unmistakeable language what are his views on the subject. These are his words: "Private property in land is a bold, bare, enormous wrong." "It is not merely a robbery in the past, it is a robbery in the present." Then Mr. George

proposes what he calls "his simple and sovereign remedy:" "*to abolish all taxation save that upon land values,*" and then with respect to the ruined class of those whose property he has destroyed, without any exception at all, he simply observes, "*Nor is it right that there should be any concern about the proprietors of land.*" This is the "Single-Tax" pure and simple, as proposed by its great champion, and as approved of by his disciples in different parts of the world. We must not, therefore, be misled by the unauthorised attempts of some of its advocates, to minimise in our eyes its injustice, and in some degree remedy the evils it would create.

The objections to the "Single-Tax" may be summed up in very few words:—

First: It would be an unjust tax, because it would lay the whole burden of taxation on one class alone, instead of laying it fairly and equitably on all.

Secondly: It would be most unjust to those who have purchased land, either directly from the State, or on the faith of a Government title, practically to deprive them of the whole of their purchase money, by destroying its selling value by taxation.

Thirdly: It would prove absolutely ruinous to all small landowners, living on and cultivating their own holdings; and these landowners are the very class of all others, it is most important for the State to encourage.

Fourthly: By ruining the agricultural interest, already struggling and depressed, by throwing the whole taxation of the country on the land; it would create an amount of misery and wretchedness, hitherto happily unknown in these islands.

Fifthly: It would be a tax, wholly in the interest of the capitalist, and would enable every rich brewer, banker, money-lender, merchant, and manufacturer to escape all taxation.

Sixthly: It would entirely put a stop to the emigration of the most desirable class of emigrants from the Old Country to New Zealand; such as farmers, farmers' sons with a little money, and farm labourers, who hoped by industry to be able to get a little land of their own; as no sane man would think of coming here to

settle on the land, when he knew that the whole taxation of the country was laid upon it.

With these few remarks on the Single-Tax, I must now close my address. I have endeavoured to deal with the question of taxation in a fair and impartial spirit, and I have done my best to deal with it without any party bias. My remarks with respect to the Single-Tax may possibly excite feelings of anger in the minds of some, and may call forth angry and heated replies.

What I have said, I have said in all honesty of purpose, and have endeavoured to keep clear of anything like personality and misrepresentation. *A mistake, however, in the direction of levying the whole taxation of the State on any one interest, or any one class, would be fatal to the best interests of the country.* In taxation, as in other things, we are bound to act justly, fairly, and righteously to all classes in the State, ever taking as our guide, words of wisdom none may dispute, "As ye would that men "should do to you, do ye also to them likewise."

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