

A STATESMAN PIONEER OF LAND REFORM

By Julia Bastian



THE YEAR before Henry George published his epoch-making book *Progress and Poverty*, a Bill was passed in New Zealand, under the premiership of Sir George Grey, which levied a tax of one halfpenny in the pound on all land values held by any person beyond the value of £500.

The year was 1878, and at the time there was a restricted franchise in New Zealand. Law-making was largely in the hands of the large land holders, who could vote in every district in which they held property.

On account of this measure there was great opposition to the Grey Government by the land holders, and the Government was finally defeated. The Act was repealed before even the first instalment of the tax had been collected.

Who was this remarkable man, Sir George Grey? All through his life, recounts one of his friends, he felt it necessary to discharge his duty on the highest plane. He was greatly gifted as a seer and his keen vision and scientific mind peered below the surface to discover the causes that produced poverty and servility for the many, and affluence and arrogance on the part of the few.

He saw early in life that the land laws and taxation system of Great Britain were responsible for much of the want and inequality that prevailed. His philosophy of land settlement was the antithesis of that other colonial pioneer, Edward Gibbon Wakefield.

Wakefield urged that the selling price of colonial land should be kept high in order that there should be at all times a plentiful supply of cheap labour to enable the large family estates to be run at a profit.

Grey, on the contrary, realised that free land meant free men, and that low priced land easily available to working men meant high wages and a prosperous people. Much of the best land in New Zealand was already divided in large estates, and later comers to the Colony had either to go on to poor land or into the backblocks, without roads or other means of transportation.

Grey could see the lands of the great land owners growing rapidly in value, apart from any expenditure of labour or capital on their part. Every increase of virile population, all the expenditure on public works, roads, railways, telegraphs, schools etc., was tending to make these land owners rich, while the landless newcomers had to pay twice over for the value of these public utilities, once to the land owners, in the form of rent, and again to the state in the form of taxation through Customs

for the payment of interest on the loans that had created the land values.

For years Sir George Grey kept urging the Governments and people of New Zealand to adopt the taxation of the "unearned increment" in land values, in order to institute social justice.

Although his 1878 Act was repealed, the seed had been sown; in 1891 the Balance Government passed the Land Tax Act, imposing one penny in the pound on all values beyond £500, with an additional graduated tax ranging from one eighth of a penny between £5,000 and £10,000 of value, up to a penny three-farthings over £210,000. The effect of this change in the incidence of taxation in New Zealand was quite remarkable.

In the seven years preceding March 1891 the Colony lost, in the balance of migration, 19,939 people; in the seven years following the imposition of the Land Tax, the Colony gained 25,438.

Prosperity and a much improved distribution of the products of land, labour and capital continued for more than twenty years, up to the advent of the Great War 1914-1918, when the abnormal prices paid for wool, butter and cheese caused a boom in land values which submerged for a time the good effects of the Land Tax.

Today the name of Sir George Grey is remembered by the few as one of the pioneers of land reform.

(Abridged from "Reminiscences" by the Hon. Sir George Fowlds, C.B.E., published in Auckland privately.)



Paternalism and Petty Vanities

SCARCELY any degree of utility, short of absolute necessity, will justify a prohibitory regulation, unless it can also be made to recommend itself to the general conscience; unless persons of ordinary good intentions either believe already, or can be induced to believe, that the thing prohibited is a thing which they ought not to wish to do. . . .

In proportion as the people are accustomed to manage their affairs by their own active intervention, instead of leaving them to the government, their desires will turn to repelling tyranny, rather than to tyrannising; while in proportion as all real initiative and direction resides in the government, and individuals habitually feel and act as under its perpetual tutelage, popular institutions develop in them not the desire of freedom but an unmeasured appetite for place and power; diverting the intelligence and activity of the country from its principal business, to a wretched competition for the selfish prizes and the petty vanities of office.—
John Stuart Mill, *Principles of Political Economy*.