

The Single Tax, March, 1902

NEWEST ENGLAND: Notes of a Democratic Traveller in New Zealand, with some Australian Comparisons. By Henry Demarest Lloyd. Publishers, Gay & Bird, London, 1901.

By L.H.B.

NEWEST ENGLAND. "A new science of politics is indispensable to a new world." — De Tocqueville.

GIVEN a country the natural resources and opportunities, the land, of which are treated as "property," and have been allowed to pass under the control of a few, and all the social evils of the present civilisation are but the necessary consequences; an ever-increasing portion of the wealth produced will necessarily gravitate into their hands, even though they may have done nothing to assist in its production or to render service to those so engaged. Over the industries, which their action tends to convert into monopolies, the distribution of credit, the development, and eventually over the government of the country, they will necessarily gain a predominating and dangerous influence. They need toil not, neither need they spin, but their privileged position will secure to them the lion's share of every permanent improvement made, of every increase in the productive powers of the people. Leisure and enjoyment, wealth, power, and influence will be their lot; incessant and unrequited toil, poverty, helplessness, and degradation the lot of their disinterested fellow-citizens. Society will thus be divided into two distinct and antagonistic classes, with interests diametrically opposed one to the other: there will be millionaires and paupers, palaces and slums, churches and workhouses, idle acres and idle hands, high rents and low wages, undeserved poverty amidst abundant wealth, lack of employment amidst unsatisfied desires.

Such was the condition of New Zealand prior to 1891, when necessity forced its citizens to grapple with the social problem, which not to solve was to doom themselves to destruction—to enter the lists against the social hydra which was draining their life's blood, robbing them of all enjoyment of the present, of all hope for the future. The interesting volume now before us contains a concise account of the condition to which unjust class legislation and iniquitous social laws had reduced its people, of the means they adopted to enfranchise themselves, and of the success which has attended their well-directed efforts.

NEW ZEALAND PRIOR TO 1890

Prior to 1890, the government of New Zealand, like that of most of the other colonies, had been one of land monopolists, land speculators, land grabbers, and land agents, by themselves, and for themselves. Hence we need not be surprised that, as our author tells us,

"New Zealand, though so young, had tasted of land monopoly to the dregs, and had not liked it. 'Earth hunger' became ravenous early in that beautiful and fertile country. It would be idle to tell the old story, told in all countries, of the various and devious ways in which the heritage of the people was legislated away and stolen away in New Zealand. Enough to say that when the people came to themselves in 1890 they found this chief among the evils demanding remedy. Large areas were held by the few, and they would not sell and would not cultivate. Population surged up against stretches of fertile plain and valley, only to find these kept out of the market to exact a suffocation price when the population became more crowded. They were used meanwhile only for sheep. New Zealand is fond of sheep, and one of their greatest staples is frozen mutton ; but they finally made up their minds to give men the preference."

In another part of his work he points out that in New Zealand, as to-day in Great Britain, owing to iniquitous class legislation, made by monopolists for the benefit of monopolists,

"The little farmer, forced by unjust and deliberately contrived laws to pay his own and his rich neighbour's taxes, had to sell out his little homestead to that rich neighbour for what he could get. The working man, able to get neither land nor work, had to become a tramp. The tradesman had to follow his customers, these farmers and workmen. The blood of the people was the vintage of the rich. There was ' a bitter cry of outcast New

Zealand.' The roads were marched by sturdy men crowding in from the country to the cities. There «ere problems of strikes, unemployed in town and country, overcrowding, dear money, idle factories, stagnant markets, and unjust taxation."

The Hon. Mr. Sheddon, now for many year Premier of New Zealand, thus describes the condition to which the country had been brought by politicians of the class still supreme in the councils of Great Britain—

"We had soup-kitchens, shelter-sheds, empty houses, men out of work, women and children wanting bread. This was how we found New Zealand in 1890. It was to be a country where the few were to be wealthy, and the many to be degraded and poverty stricken." "In a country where everything above the foundations was still to be built," continues our author, "skilled mechanics could get no work; where millions of acres of the best land on earth lay idle year after year, farmers, though they had money, could get no land. There was the incredible spectacle of an exodus of men and women with wealth and youth and health leaving this rich and virgin country to find in other lands the opportunities denied them there."

THE GREAT REFORM YEAR, 1891.

Under such conditions, we need not be surprised that in 1891, when the Liberals, or Progressives, went to the country with a well-defined policy, on every point diametrically opposite to that which had hitherto prevailed, the Conservatives of the English school were swept from office, never to return, and a Progressive Ministry was installed, with full power to enter upon that series of social changes which in the short space of ten years have lifted New Zealand out of the slough of poverty and despair into a sphere of unexampled general prosperity. " The first plank in the Liberal platform," said Premier Ballance in 1891, " must be the Land Question," and, as our author expresses it, the means of attacking it "was that ancient, constitutional, and inalienable weapon—the tax."

New Zealand, it should be remembered, under the leadership of Sir George Grey, had passed a Land Tax in 1878. But it came too soon; only one collection was made. The landocracy rallied their forces, Sir George Grey was driven from office, and that favourite, apparently democratic, and seemingly equitable weapon of reactionary statesmen, the General Property Tax, was adopted in its stead. "Years of suffering," as Sir George Grey said in 1890, "have taught the people how great a boon they then lost, and they are now determined once more to get and to keep for ever that tax for which almost all mankind from one end of the earth to the other are now longing."

THE GENERAL PROPERTY TAX.

The obvious effects of the General Property Tax had been so disastrous as to unite the whole people, in both town and country, against it, and to give them a stern but much needed object lesson in the elementary principles of taxation. As we have good reasons for believing that it will be proposed for this country before another decade has passed away, we cannot resist from placing before our readers some account of its results as summarised by our author—

"The farmers specially were against this Property Tax. They grew infuriated at seeing that, as they acquired more land, built more barns, added to their stock, and, through the taxes they paid, opened roads and improved the country, their taxes were increased, while the owners of unimproved great estates next to them, rising rapidly in value, paid no more, and sometimes less, and year by year bought out their overburdened neighbours. . . . The Property Tax taxed men who were losing money as much as those who were making a profit, and so taxed misfortune. Enterprise and energy were dampened by a system which made a man pay as much when he was running behind as when he was going ahead. It taxed not only industry, but the materials of industry. ... In taxing unprofitable property and unsold goods, it preyed with special severity on the small traders and the small farmers, and made the owner

pay, over and over again, on that which paid him nothing. ... It discouraged improvements. It took out of circulation the money that was needed in business. It was a direct tax on labour. It was unjust, inquisitorial, and uncertain. It crippled the mining industry in many districts by its annual demand for tribute from capital that was unproductive. It discouraged enterprise by putting a lax on new industries before they had begun to yield a return. . . . But it was the poor settler who was the heaviest sufferer. There was an outcry from small people from end to end of the country. They toiled and struggled to improve their small properties, and the moment the improvements were made, down came the Property Tax commissioner. . . . Land previously liable to a tax of one pound in its unimproved state, now became liable to an amount of four pounds and over. At the same time, some one alongside, who had merely bought his land for speculative purposes, and allowed it to become a rabbit warren and a nuisance to his neighbours, finds his taxation lower simply because they had improved their land."

PROGRESSIVE LAND AND INCOME TAX.

In New Zealand, as elsewhere, the ideal tax is admitted to be a tax on the unimproved value of land, irrespective of improvements in or on it, and of the use to which it is being put. In 1890, however, the country was not yet ripe for the introduction of such an ideal system of taxation, and the pressing necessities, political and economic, of the case called for immediate action. Hence the Progressives imposed a progressive system of taxation on both land and incomes. The special features of the new taxation are summarised by our author as follows:—

"Land and incomes, especially those of corporations, are taxed for national purposes. This taxation is progressive, and heaviest for the rich [on the principle, doubtless, of their greater ability to pay]. Improvements are exempt. Small estates and small incomes are not to be taxed. Mortgages are deducted from the property of the small tax-payers. Absentees are penalised."

The avowed purpose—fiscal and social—to be achieved by the new taxes were—first, revenue ; second, to make the land-owners pay their share of the cost of government and of the public works, which had made them rich ; and third, to break up the monopoly of land, the enormous estates in which were generally regarded as the worst social pest of New Zealand. Pressure on our space prevents us laying before the reader the immediate successful results of the new system of taxation, which competent observers, such as Senator Bucknill, of Colorado, whose report on the question we reviewed in a previous issue, attribute exclusively to the direct taxation of land values. It is also encouraging to find that the most prominent advocates of the new system of taxation relied almost entirely on the well-known arguments in support of the taxation of land values. I'll give but one illustration. " By taxing land," Premier Seddon says, "owners are compelled to take out of the land what there is in it—its fertility, power to support population. There it is, we say, take it out. They have to build houses and fences, and to cultivate : to employ smiths, masons, carpenters, and circulate their money."

THE NEW SPIRIT.

Of course, as our author well remarks, " the most important thing about the land and income taxation of New Zealand is its spirit—its purpose—to work to redress the social balance between the too rich and the too poor." But little more, however, has been achieved than to point the way and take the first step. In the simple statement that New Zealand still raises seventy-five per cent, of her revenue from the tariff, that much the larger part of this custom's revenue is derived from the necessities of life, is made manifest the unpleasant truth that even in New Zealand the people are taxed, not according to their opportunities, but according to their necessities. However, as our readers are well aware, our co-workers are not idle in New Zealand, and there is a steadily growing demand for still further progress on the only lines that can lead to social justice, freedom, and universal prosperity. "Special protest is being made," says our author, "against the policy of spending on public works money raised by the tariff. An average of .£500,000 a year of the general revenue is appropriated to the railroads and the like. ' These amounts,' Mr. Henry George Ell (a significant name), a young working

man of Christchurch, leader of the Progressive Liberals, and just elected to Parliament, says, 'are taken from the masses of the people to be spent on railroads and other works to enhance the wealth of the land-owner.'" Moreover, he and other leaders of thought are "going about among the farmers showing them that they would be much better off if they could exchange the favours of the land tax for justice in the tariff." While such a spirit is abroad, we need have no fear that New Zealand will continue to progress along the safe line of justice on which her necessities compelled her to enter.

CONCLUSION.

In conclusion, we would take this opportunity of thanking the author for this and his other contributions to democratic thought, on the diffusion of which the future of our race so largely depends. We trust he will excuse us for asking him to be a little more guarded in his phraseology. Whatever his personal opinions, it is somewhat illogical, after devoting the greater part of his book to demonstrating that the social ills and injustice of the present civilisation are due directly to legalised monopoly, that he should still talk of the victims of "the present system of cut-throat competition." Such a statement tends to show that he has yet to learn that it is to the unjust conditions under which competition now has play that the social ills attributed by swift logicians to competition must, in truth, be attributed. However, this is as nothing compared with the debt of gratitude the publication of his book has imposed on all active in reform work. In conclusion, we would borrow from his book another extract of a most pertinent question put by Sir George Grey, and which is as pertinent to this country as to New Zealand. Speaking of the large estates, Sir George Grey said --

"I doubt that all these properties have been 'legally' acquired, as we have been told. If trustees make laws, possibly for their own benefit, can it be said that when their wards are left in such a state of poverty and distress the distribution that has been made of the common property has been 'lawfully' made?"

A question of which we are likely to hear much more in the stirring times which, if we mistake not, are not far ahead, and which may force the people of Great Britain also on to the narrow road that leads to freedom, prosperity, and social justice.