

ADDRESS DELIVERED AT AUCKLAND,
N. Z. 31 OCT (1911)

MR. CHAIRMAN,—

LADIES AND GENTLEMEN,—

I am glad to have the opportunity of again meeting the Electors of Grey Lynn in public meeting assembled. A good many important events have happened since last we met. Perhaps the most important political event affecting our relationship has been my resignation from the Ministry. I know from my friends that they approve my action with practical unanimity. My opponents would like to see me not only out of the Ministry, but out of Parliament, so I expect that for once my action has met with their approval also. I have already, both in the House and through the Press, given my reasons pretty fully for the course I took. I have very little that I want to add to what I have already stated. In many of the great crises of life it is difficult to ascribe to any one incident the reason for our actions. To some extent, that was my position. It is useless to expect that eight men can be got together to form a Government who will be able to see eye to eye on every subject, and I did not make that mistake. During my tenure of office, the Government did many things of which I did not wholly approve, and omitted to do many things which I think they ought to have done. But not one of these acts of omission or commission was of itself sufficient in my judgment to warrant my leaving the Government. I say this because I know that some of my friends think that I ought to have left earlier than I did. You must judge Governments as you should judge individuals, by taking a general average of their actions. If you take an individual and judge him on a single action, whether it be his best or his worst, your judgment will be an entirely erroneous one. It is the same with Governments.

I was perfectly sincere when I stated in Parliament that I believed the legislation passed by the Ward Government would be accorded an honoured place by the future historian of New Zealand. I can also say with perfect sincerity that the administration of the Government has been, on the whole, both efficient and honest. At the same time, I think that the Government has failed to grasp the spirit of the times in which we live. It has failed to take account of the economic factors which have been at work making the conditions of life for the mass of the people, even in years of prosperity, more precarious than it used to be. He would be a foolish person, or a wicked person, who would contend, considering the higher cost of living, that the wages of the wage-earners generally was higher to-day than it was ten or fifteen years ago.

You will have noticed that the Government proposes to set up a commission to inquire into the high cost of living, and I suppose to suggest means of meeting the difficulty. It amazes me to find a government, or even a man, seeking Parliamentary honours, confessing or professing that he does not know the causes of this evil, and is unable to suggest cures that would help towards removing it. I hope during my speech to-night to lay bare some of the causes and suggest cures, and I shall be very much surprised if I am unable to convince the most of you that the causes are evident, and the remedy lying to our hand. It was mainly for the purpose of having a freer hand to deal with such subjects, and thereby giving a fillip to the reform forces of the Dominion, that I resigned from the Ministry. Some of my friends have asked me why I did not at once start a campaign throughout the country for the purpose of promulgating my

views, and rallying supporters to my ideals in view of the approaching General Election. My reasons for not doing so were of a twofold nature. In the first place, there was insufficient time to make a really effective campaign. If I had started such a movement and had gained only meagre results, the movement would have been discredited. No allowance would have been made for the shortness of time which was available. At the same time, I want to say that even now my resignation has not been barren of results. I am of opinion that the last Budget presented to Parliament was a more progressive document than it would have been had I not resigned. I am further of opinion that a goodly number of the members who will be elected to the new Parliament will be more progressive than would have been the case had I continued to be a member of the Government.

But my second reason is even more important. I resigned for the purpose of giving help to the reform spirit of the country, and not for the purpose of helping the Tory-Reactionaries arrayed under Mr. Massey's Banner.

If I had started off on a tearing, raging campaign throughout the country, with only a few weeks at my disposal, my action would, to some extent, have reflected on the Government, and might, by dividing the progressive elements, have helped to return a few more supporters of the Tory Leader. As it is, I expect Mr. Massey to have fewer followers in the next Parliament than he has had in the Parliament which has just expired. If that is not the result of the election, the reason will be found in the faulty and absurd Electoral system under which the Elections are being held. I am quite certain that if the true voice of the people is reflected in the Elections, his supporters will be fewer. One member of the House during the last Session, told the Leader of the Opposition, rather unkindly, perhaps, but with a great deal of truth, that he had road board brains. He and his lieutenants are mighty critics of petty cash, and past-masters of the art of pin-pricking, but for anything approaching constructive statesmanship, or a wide outlook on National questions, we have never had in this country such an utterly bankrupt Opposition. If I had for one moment believed that my resignation could by any possibility have resulted in the return of a majority of members willing to follow Mr. Massey, I should have felt it my duty to remain where I was. I believe such a result to be an impossibility. What this country wants and must have is a more progressive Government than the present one, not a more reactionary one. I believe my resignation will help and not hinder the evolution of a more progressive Government. Some of my critics have cavilled at my use of the term "New Evangel" when announcing my resignation to the House, while the Tory Press and politicians think that they have disposed of me for good by shouting "Single Tax!" Suppose, then, for the present, we lay aside both of these terms, "The New Evangel" and "The Single Tax."

I want to lay before you what I think ought to be the practical platform of the Liberal party for the next three years. I want to make it as short and as simple as possible, so that no one can misunderstand it. Let me put it briefly, as follows:—

ECONOMIC REFORM.

Increase the Land Tax by 1d. in the £.

Remit Customs taxation on necessaries of life to the extent of half the revenue so raised.

Reduce Railway freights to the extent of half the revenue so raised.

SOCIAL REFORM.

Majority, not minority, rule on the liquor question.

Effective Town-planning powers to local bodies.

CONSTITUTIONAL REFORM.

Proportional Representation for both National and Local Elections.

Legislative Council to be abolished, or two-thirds of the members to be elected by the House of Representatives, one-third to be nominated by the Government.

The Elective Executive will naturally follow these two Reforms.

Such a platform is not so elaborate or so drastic as to frighten anyone, and yet I think I can show you that it will be more potent for the improvement of social conditions than any of the legislation we have passed during the past fifteen years. I believe that the great curse of politics at the present day is the multitude of fantastic schemes being brought forward, which their authors must know can only act as palliatives to the sores of the body politic, and which divert public attention from the more fundamental and permanent measures which are urgently required.

In a political address I gave in Auckland when first standing for Parliament fifteen years ago, I stated that it would be necessary to apply palliatives until we could get conditions where a radical remedy could be applied—a kind of first aid to the disordered Body Politic.

During the fifteen years since then a large amount of Palliative Legislation has been passed, but the progress of fundamental reform has been wearisomely slow. Many of those palliative measures which were heralded with a great flourish of trumpets have, when tried, been found wanting. Perhaps some of you will remember being very angry with me in years gone by when I told you that some of your pet schemes, which have since become law, could not possibly bring any permanent benefit to Labour. Even the far-famed Conciliation and Arbitration Act is now being rejected by large bodies of organised labour, as being worse than useless in securing for them just and equitable conditions.

The Advances to Settlers and Workers Acts have no doubt been a boon to many people, especially to people who held land heavily mortgaged at high rates of interest before the system was introduced. But will anyone deny that the cheap money scheme has been a factor in increasing the selling price of land? So that the principal benefit of the scheme has gone, as any student of economics could have foretold, to the Ground Landlord. If a man has to acquire land to-day, and has to pay twice the price for it that he would have paid for it but for the existence of cheap money, he cannot possibly be benefited, even although he has only to pay half the rate of interest on his mortgage. It will therefore be apparent that, to remove economic ills, we must correctly diagnose the cause and apply a cure that will have a direct effect in removing the cause. It is useless to apply a mustard plaster to your big toe in order to get rid of toothache.

The problem we have to face and solve to-day is this: How is it that, after many years of abounding national expansion and prosperity, the condition of the wage-earners is not relatively better, but is worse than it was ten or fifteen years ago? I think it would be an insult to your intelligence if I were to waste time in demonstrating the fact that the cost of living, including rent, has increased at a faster rate than the rise of wages during the past fifteen years. Mr. Ed. Tregear demonstrated that fact by statistics collected by the Labour Department six or seven years ago, and the condition has been considerably accentuated since then. Every housewife knows it to be a fact from bitter experience.

What, then, are the causes for the increased cost of living? One cause, undoubtedly, is the increased production of gold, which has caused a rise in the price of every commodity when measured by the standard of that precious metal. So far as that cause operates, the price of labour ought to increase

automatically in the same ratio as the price of the commodities produced by labour increase, and in the absence of some artificial barrier, the price of labour would so increase. The question of the Currency is an important one, and it will require to be dealt with in a scientific manner before we can get rid of all our economic difficulties. But the most perfect currency system man could devise would not materially help us until we get other economic reforms, which are simple and more direct in their action. For that reason, I do not propose to burden my practical programme with the currency question.

I have sufficient facts to put before you to-night to explain the high cost of living, facts which will point their own moral, and show the direction in which reform must go. Dr. Clifford is responsible for the statement that "to keep man in constant touch with fact, with original fact, is an advantage that cannot be exaggerated." Ruskin says: "No school ever advanced far which had not the love of material fact as its primal energy."

I want you to fix your attention very closely to the following facts and figures which I have culled from official sources. I will quote the source from which they have been extracted, in order that you may be able to verify their correctness if you desire it. If you can only catch the significance of the figures I am about to submit, the deductions I make from them are of lesser importance. I am content to leave the deductions to your own native intelligence. I have here the exact figures, which I shall hand to the Press, but, for the sake of simplicity, I will only give you the nearest quarter of a million of the larger figures.

In 1892 two Parliamentary papers were laid on the table of the House, numbered B.20 and B.20a, which showed that the total unimproved value of the land of New Zealand at 1st November, 1891, was £75,787,895, of which £54,427,175 was held in freehold, leaving £21,360,720 as the then value of Crown Lands, Lands held by Local Authorities, Education Authorities, and Church Trusts. The amount which the State had received from the sale of land up to that time, as shown by the reports of the Lands Department, was £13,321,1009. This shows that the unearned increment in land values at that date amounted to £41,106,166. You must remember that the figures I am giving you are the unimproved values, and have nothing to do with the value of the improvements put upon the land by the expenditure of capital and labour on the part of the owners.

During last Session a return was laid on the table of the House, showing that the total unimproved value of the land of New Zealand was £175,289,861, an increase of practically £100,000,000 in the nineteen years since the return of 1892 was compiled. The return laid on the Table last Session does not show separately the unimproved value of privately-owned land, and the value of Crown and other lands.

I turn to page 612 of the Year Book of last year, and I find there a statement of the value of Crown lands and lands held by local authorities, educational lands, and Church and other lands *with improvements*. The total is £37,269,261. I deduct from that amount £12,423,087, being the estimated value of the improvements on all those lands, which leaves £24,846,174 as the unimproved value. If we deduct £24,846,174 from £175,289,861, it leaves £150,443,687 as the unimproved value of the privately-owned land. Deduct from that amount £54,427,175, the value of privately-owned land in 1891, and it leaves £96,016,512. From this total, we must deduct a further amount of £3,424,061, which has been received by the State from the sale of Crown lands since 1891; this leaves £92,592,451 as the unearned increment, which has been added to the privately-owned land during the past 19 years.

But that does not complete our calculation. During those same years, the State has paid over in hard cash or Government Bonds, the sum of £5,566,588 under the Lands for Settlement Act for privately-owned land, which it has purchased for closer settlement purposes, and which was included in the 1892

return (C.5.1911). This brings the unearned increment up to £98,159,039, a pretty tidy sum, but by no means the full total.

Last year the Minister in charge of the Valuation Department got a return prepared, showing:—

- (1) The number of registered sales of freehold land in the Dominion, for each of which a sum of £1,000 or more was realised, between the 30th March, 1910, and the 30th September, 1910.
- (2) The total prices realised from the said sales.
- (3) The values at which the lands sold are entered on the Government Valuation Roll.

There were 1,369 sales registered.

The Sale Price was £4,009,365.

The Government Valuation Roll was £3,102,818.

The increase over Government Valuation was £906,547, or 29 per cent.

If we add 29 per cent for under-valuation to the £98,159,039 of unearned increment, it brings the total up to £126,625,160. If we divide this total by 19, the number of years in which it has accrued, it gives £6,664,432 of unearned increment for every one of those years.

Suppose, now, we take the population of New Zealand as one million, and remember that during a great many of those years the population was a long way short of one million. In fact, the population in 1891 was only 634,058, not very much over half a million, so that the deduction I am now about to make is tremendously underestimated.

But taking the population as a million for each of those 19 years, it shows that for every man, woman and child in New Zealand, the sum of over £6 10/- per head per annum has been added to the unimproved value of the privately-owned lands of this country. That means £32 10/- per annum for every family of five persons—father, mother, and three children.

The figures I have quoted take no account of the hundreds of thousands of pounds which have been paid by the State, by Local Bodies, and by Educational Authorities, for land for public purposes during the past 19 years. I simply throw those amounts into the pockets of the landlords as pin money not worthy of being reckoned up. Yet the amount in the aggregate must be very considerable. I find that during the past five years, whilst I was Minister of Education, no less a sum than £11,329, 14s. 2d. was paid for school sites in Auckland City and suburbs. If you multiply that amount by the rest of the Colony, and add amounts paid by the State and local bodies, it will give you some idea of my generosity to the landlords in these calculations.

The next point I want to investigate is: How is this land value held, and who is participating in the tremendous growth of unearned increment? We have no return later than 1907 showing the apportionment of this land holding, but I have no doubt that the relative proportions to-day are not materially different to what they were in 1906. At any rate, in the absence of a later return, I have no option but to ask you to consider with me the figures shown in B.17A of 1907. Here we find that those owning unimproved value,

		Amount of unimproved value.	
Under £100	numbered 48,117	£2,034,721
Under £200	numbered 22,958	£3,151,259
Under £300	numbered 12,239	£2,923,425
Under £400	numbered 7,648	£2,597,430
Under £500	numbered 5,410	£2,381,772
	Numbered 96,372	£13,088,607
Over £500	numbered 31,647	£87,143,640
	Numbered 128,019	£100,232,247

Let us now see in what proportion this enormous amount of unearned increment has been divided between the different classes of owners. Here we have again to fall back on a comparison of the returns B.20A of 1892 and B.17A of 1907, which show that in 1891 the values were held as follows:—

		Unimproved Value.
Under £100 No. of owners	.. 45,192	.. £1,716,727
£100 and under £200 No. of owners	.. 15,692	.. £2,137,630
£200 and under £300 No. of owners	.. 7,791	.. £1,845,658
£300 and under £400 No. of owners	.. 4,612	.. £1,559,396
£400 and under £500 No. of owners	.. 3,112	.. £1,361,949
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	76,399	£8,621,360
Over £500	15,102	£45,805,815
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	91,501	£54,427,175

A comparison of the figures in these two tables will show that the number of land owners holding less than £500 of unimproved value, had increased by 19,973 between 1891 and 1906, and the total amount owned by them had increased from £8,621,360 to £13,088,607, a total of £4,467,247. There is nothing to complain about in that, because this class will contain a large proportion of those people who, during the past nineteen years, bought Crown lands from the Government, and paid in cash to the State £3,424,061. But we further find that the number of landowners holding over £500 each had increased by 16,545, and the total value of their holdings had increased by £41,337,925.

If the same relative positions are maintained at the present date then we find that the unearned increment of £126,625,160 has been apportioned as follows:—93,372 owners with less than £500 of value each have received £12,349,415, or an average of £128 each; while 31,647 owners, with £500 and over, have received a present from the people of New Zealand during the past nineteen years of £114,275,745, or an average of £3,610 each—a very tidy Christmas box.

I don't want to lay undue emphasis on this last calculation, as I am aware that the results are affected by the fact that some properties included in the first-class under £500 in 1891 have increased in value to over £500 in 1910, and would therefore swell the total of those over £500. The number of owners has no doubt also increased in each class, so that the individual gains would be reduced, but as the number of owners under £500 has no doubt increased faster than the number of owners over £500 the relative gains of the large landowner would therefore be greater. But we can afford to throw in five or ten million pounds, which would be more than ample, and still leave a free gift of over £100,000,000 to the large landowners of New Zealand in nineteen years.

Truly we are a magnificent and magnanimous people.

B.17.A of 1907 shows that 96,372 owners of land had less than £500 each, and owned a total of £13,088,607, or an average of £135 each, while 31,647 owners of £500 worth and over owned a total of £87,143,640, or £2,753 each. I shall have occasion to refer to these figures when I come to show the application of my proposal to increase the land-tax by 1d in the £.

I have now put before you some very important facts and figures: primal, elemental, and potential facts, which are worthy of the thoughtful consideration of every lover of New Zealand, and every lover of the human race. I offer these facts as a free gift to the Tory pressmen and politicians of New Zealand. It will be interesting to see what deductions they will be able to draw from them. I know their deductions will be very different from mine. The people of New Zealand must judge which is correct. I expect one of the deductions of the Tory press will be that if a Tory Government, or, to put it more euphoniously, a "New Reform Party Government," had been in office during those nineteen years

the increase of unimproved value, or unearned increment, in the 19 years would have been twice as great as it has been, or in other words, £253,250,320 instead of £126,625,160.

I use the term "unearned increment" as in common use. Our opponents are quite right in saying there is no such thing as "unearned increment." The correct term is "community-created increment."

If you get hold of the true significance of these figures, you will begin to realise why it is that people who understand the question of land-value taxation, become so earnest and enthusiastic in their efforts to enlighten their fellow-men, and why it is that they are prepared to make such sacrifices for the purpose of spreading the truth. You will come to see that the land question is not merely a question of tenure and the limitation of area, but that, in the words of Cardinal Manning: **"The land question means hunger, thirst, nakedness, notice to quit, labour spent in vain, the toil of years seized upon, the breaking up of homes, the misery, sickness, death of parents, children, wives, the despair and wildness which springs up in the hearts of the poor when legal force, like a sharp harrow, goes over the most sensitive and vital rights of mankind. All this is contained in the land question."**

Now, what is this unimproved land value of which I have been speaking? Is it a real and tangible thing? Kindly remember that it is unimproved land value, and has nothing whatever to do with the increased values which have been added to the land by the expenditure of capital and labour. The value of improvements added to the land during the last 19 years amount to £55,903,088, and that amount is in addition to the increased unimproved value with which I have been dealing. There is also to be considered the value of all the produce which has been raised and sold year by year. The combined total has been produced by the presence and industry of all the "useful" people in New Zealand, as they have been called by Professor Mills. The reality and tangibility of this land value was demonstrated by the payment of over £4,000,000 golden sovereigns, bank notes, or cheques during six months of last year in exchange for a very small portion of it, and remember that the prices realised were 29 per cent. more than the Government valuation.

This land value might more correctly be called people-value. If we took away all the "useful" people in the Dominion, leaving only the landlords and their families, we would take away the greater portion of that unimproved land value. I daresay some of those landowners would be quite prepared to suffer a reduction in the value of their holdings if they were allowed to select and depart from the country a number of the agitators, single taxers, and Socialists. However that may be, it is an incontestable fact that it requires the presence and industrious labour of all the useful people of this country to maintain year by year this £150,443,687 of privately-owned land value, plus 29 per cent. of undervaluation. If we take 5 per cent. on this privately-owned land value at its selling price it gives a total of £9,703,618, which has to be created annually in order to maintain the capital selling value. That works out at £9 14/- per head per annum for every man, woman and child in New Zealand, or £48 10/- for every family of five people. Let us now add to that amount the £32 10/- per family, which we previously found was required to make up the annual gift to the landlords of £6,664,482. That means that the working head of every family of five people in New Zealand (including the landlords, many of whom do nothing but spend) have each to create by their labour an annual value of £81, which is handed over to the landlords before they begin to receive anything to buy food and clothing for themselves, their wives, and their children. Do you wonder that wages are low? Do you wonder that the cost of living is high? Can you suggest any other means by which the value of land can be maintained except by the labour of all the people of the country in which it is situated? I know my Tory friends would reply at once "Yes, the value of the land of New Zealand is largely created by the

refrigerator and by the people of England who buy our produce." The answer to that argument is very simple and complete. The supply of cheap produce to the people of London and other large centres in England creates a land value there which is available to be taxed, and under the leadership of Lloyd George, I am glad to say they are beginning to recognise the wisdom of taxing it. Our buying of manufactured goods from England also creates a land value in that country which fairly balances the account; besides, may I ask if the landowners have any greater claim on the land value created in New Zealand by the refrigerator or by the British buyers of our produce than has the rest of the community?

I can hear my Tory friends saying, "What nonsense the man is talking. Our cheap produce going into England has greatly reduced the value of land in that country." Quite true as regards agricultural land, and the reply only exposes the fallacy of those who contend that a tax on land values is a special burden on the farmer; but I will deal with that phase of the question later on. The increase in land values of London alone over a period of years would just about balance the whole decrease which has taken place in the value of agricultural land in England.

I wonder if my Tory friends would like to remind me at this point that I have omitted to take into consideration the effect of the expenditure of public money on the building of roads, bridges, railways, and other public works as a factor in the creation of land values, or if they would prefer that I said nothing about that subject? Our examination of the subject would be incomplete without a consideration of the public expenditure during the nineteen years under review.

At the 31st March, 1892, the net public debt of New Zealand was £37,677,619. On the 31st March last it stood at £79,837,388, an increase of £42,159,769 in the nineteen years. A good portion of this amount has gone in advances to settlers and workers, and in the purchase of land for closer settlement, the interest on which is paid by the borrowers and the lessees of the land. But all the money which has gone in these directions has had an influence in creating land value, and as the credit of the whole Dominion has been pledged for the interest and repayment of the money, surely the landless members of the community have as good a right to benefit by this increased value as have the people who are enjoying the benefit of cheap money or low rents based on the cheap money.

We paid last year £2,458,452 of interest on our total debt, and taking the average rate of interest on the total, then the interest bill on the £42,159,769 borrowed since 1892 would amount to £1,299,926.

In addition to this, we have extracted from the pockets of the people of this country, chiefly in Customs duty, during the past nineteen years no less a sum than £8,030,000 more than was required for the ordinary purposes of Government, and have transferred it to the Public Works Fund to be expended on roads, bridges, railways, etc. Every pound of that money which has been expended on public works has created at least a pound's worth of land value. Some figures which the Minister of Finance quoted in his Budget have gone to prove that the value created by every pound of public expenditure was more like ten pounds than one pound.

It is quite certain that the increased land value created by the public works expenditure has been at least equal to pound for pound.

You would naturally expect that the landowners who have pocketed the increased value created by the expenditure of borrowed money would be called upon to pay the interest and sinking fund on the money so borrowed and spent. Not them. You have not only to pay the interest and sinking fund on the borrowed money, principally through Customs taxation, but you have to find an annual contribution of £600,000 to £800,000 from the Consolidated Fund to the Public Works Fund to still further augment the value of the landlords' property. Yet you still continue to wonder why you are hard up, and if you

wait patiently you will get a Royal Commission to tell you why the cost of living has increased faster than the increase of wages. If the Commission is correctly selected it will probably tell you that if a higher protective duty is imposed on iron manufactures and on boots and shoes, then the cost of living will be reduced, and perhaps you may believe it. If you do you are likely to remain in bondage for many years to come.

Coming back to our main inquiry, I repeat that there is no satisfactory reply to my question as to how land values are created except the one I give, viz., that the land values of any country are created, maintained, and increased by the presence and productive labour of all the useful people who live in it, which may be taken as including the expenditure of public money, whether borrowed or raised by taxation. Suppose we assume that the value of the labour of every family in New Zealand is £175 per annum. Deduct from that amount the sum of £81 per annum required to maintain and increase the value of the landlords' property, it leaves £94 per annum to maintain the family. Do you wonder that there should be industrial unrest? Do you require a Royal Commission to ascertain the reason of the high cost of living?

I have analysed very exhaustively the figures regarding the ownership and increase of land values in order to make out a convincing case for the first plank in my political platform, viz., an increase of 1d. in the £ on unimproved land values. I believe I have made out an overwhelming and unanswerable case. I cannot understand anyone, unless a fool or a rogue, who could calmly consider the significance of the figures I have placed before you, culled from the official records of the Dominion, and come to any other conclusion than that my proposal is eminently fair, reasonable, and moderate.

What does it mean? Suppose we collect 1d. in the £ on the Government valuation of privately-owned land, say, £150,448,687, that would give us £626,848 per annum, and if we remitted a similar amount of Customs duty, that would enable us to reduce taxation to the extent of 12/6 per head of the population, which, with wholesale and retail profit on the duty, would mean a remission of 18/9 per head, or £4 13/9 per family of five.

After taking that amount by way of additional land tax we could continue to give the landlords an annual present of over £6,000,000 a year, besides maintaining the capital value of their land, i.e., if we maintain the same rate of increase in land values that we have done during the last nineteen years. Surely the landlords can have no reason to complain.

Let us next see how this contribution from unearned increment would be apportioned amongst the landowners. We ascertained from B.17.A of 1907 that 96,372 owners averaged £135 each. At a 1d. in the £ they would pay on an average 11/3 each and get a remission of Customs duty of 93/9 per family. We also found from the same return that there were 31,647 owners who averaged £2,753 each, which, at a 1d. in the £, would amount to £11 9/5 each, which is certainly in excess of the 93/9 a year they would receive in Customs' remission. But when we consider that they have been receiving, and will continue to receive, the lion's share of that annual gift of £6,664,482, we need not shed many tears over their sad unhappy lot. I know I shall be told that this is a proposal to shift the burden of taxation from the people of the towns and add it on to the people of the country, so I may as well deal with that argument.

I take the County of Waitemata to the north of Auckland, and the County of Manakau (Mr. Massey's County) to the south of Auckland. If I took some of the counties further removed from the large centres of population, where the land value is not so materially affected by the proximity of population, the case I want to establish would be more distinctly in my favour. But these two counties are good enough to refute the argument I am dealing with.

Turning to page 117 of the Year Book for 1910, I find that the population of Manukau is put down at 13,480. A remission of Customs duty of 18/9 a head would give £12,637 10/0. Waitemata has a population of 7,949, which, at 18/9

per head, gives £7.452 3/9. On page 628 I find the unimproved land value of Manukau set down at £1,849,386, which, at 1d. in the £, gives £7,705 15/6, or £4,931 14/6 less for the County that the remission of Customs duty would give to it. The unimproved land value of Waitemata is set down at £865,258, which, at 1d. in the £, would give £3,605 4/10, or £3,846 18/11 less than the remission of Customs duty for the county would amount to.

It will be interesting to watch the wriggling of Mr. Massey and the Opposition press when these figures are published. I suppose we shall be told that the people of these two counties are so poor that they cannot afford to consume the average quantity of dutiable goods, and, consequently, could not participate to the full average of the remission of Customs duties.

I am of opinion, however, that it would be better to use only half the revenue derived from this additional land tax for the remission of Customs duty, and use the other half for the purpose of reducing railway freight. It is important for the purpose of reducing the high cost of living that the produce of the farmer should be brought as expeditiously and as cheaply as possible into the hands of the consumers, and equally important that the stores and goods required by the farmers should be put within their reach as cheaply as possible. This part of my policy would therefore be of immense advantage both to the farmers and the town dwellers. The Opposition press and politicians are always crying out to get the railways made to pay the interest on the cost of construction. I see no more reason why the railways should be made to return sufficient revenue to pay interest on the cost of building the track than that the vehicle roads which we have built out of borrowed money at a cost of millions of pounds should be made to pay interest on the cost of construction. They ought both to be treated alike in that respect, and I am firmly convinced that my proposal is a step in the right direction.

Another important step towards the reduction of the cost of living is to reduce house rents by abolishing the rates now levied upon the homes of the people and upon trade and industry. The adoption of rating on improved values for all local purposes would affect this result.

SOCIAL REFORM.

I come now to the question of social reform, and I assert that if the Liberal party is true to itself, it will abolish the absurdity of minority rule on the liquor question. As a private member, I have always stood by the Democratic principle of the bare majority, as a Cabinet Minister I was compelled to stand by the policy of the Government.

I think the time has now arrived when both the Government and the party ought to come into line with the Democratic principle of Majority Rule. Like a good many other temperance people, I used to acquiesce in the three-fifths majority without much protest, believing that it gave a certain amount of permanency to temperance reform when No-license was carried in any district. Apart from the fact that the three-fifths majority, plus cheating, is an intolerable handicap to impose on any free people, I have come to recognise the weakness of the "permanency" argument. If the temperance sentiment of the country cannot be maintained in a majority, no three-fifths handicap will long help it to maintain no-license or national prohibition. It is all very well to maintain the existing law with perhaps one district voting by a majority for restoration and unable to get it; but let us get half the country under no-license, and at the same voting by a majority of one in each district for restoration, and your three-fifths majority would not survive the first week of the first session of Parliament after that position was attained. In addition to that, if you cannot maintain a temperance majority, the law would not be enforced with any degree of strictness, and it would be better not to have a law at all, than to have a law which was systematically and openly violated.

If national prohibition is not carried at the forthcoming poll, and a good many people think that it will be, then a large number of additional districts will go dry, and by the following election you will have the liquor party asking for and receiving the bare majority.

Why should the Liberal party wait till that time arrives before putting its own principles into operation? Let us take our courage in both hands and do justice to the demands of the cleanest and most patriotic section of the community, and not admit by our actions that we are dominated by the most selfish and heartless members of the community.

Besides, this temperance question has occupied the energies of the Reform elements of the community long enough already. It is time it was settled and got out of the way, in order to make room for other reforms which are being delayed by this movement occupying the Right of the Road.

Another source of degradation almost as deadly as the liquor traffic is the existence of slums and insanitary dwellings.

Already in all the larger towns and cities of New Zealand we have developed a condition of things which is an absolute disgrace to civilisation. Immediate action ought to be taken by all local authorities to ensure the elimination as soon as possible of any slum conditions which have already developed in their districts, and to prevent a recurrence of these conditions in the future. In order to make provision for the orderly development of the suburban areas of all the large towns, some additional machinery and power for town-planning beyond that provided by the present law, is essential. But more important than legislative machinery is an intelligent cultivated public opinion that will resolutely demand the full use of the present law for the destruction and elimination of all slum and insanitary properties already existing—a public opinion that will compel our public men to look to the future with an intelligent imagination, and make them provide for the wise and orderly development of the greater city that is to be. In connection with this matter, the people of Auckland, and indeed the people of New Zealand, are under a debt of gratitude to Mr. C. C. Reade for the monumental, painstaking work he has expended in collecting facts and photographs of existing slum conditions in New Zealand, and for showing at the same time the wonderful work which has been going on in England and other European countries in the direction of making the "City Beautiful." I desire also to acknowledge the good work that has recently been done by the Mayor and the City Council and the Chairman and members of the Harbour Board in making arrangements for the formation of a boulevard along the Auckland waterfront. Nature has endowed this location of ours with the greatest potentiality for the creation of a large and beautiful city. Up to the present man or the devil has done his very best to mar the natural loveliness of the situation and to make the place hideous. I hope that we are now at the beginning of a new order of things, and that every citizen will take an active interest in beautifying the city. The existing main outlets are inadequate, even for present needs, and very considerable expenditure will be involved in making suitable provision for the future in this respect. The suburban land for miles around the city has been cut up in a most disgraceful and erratic fashion, without any provision for open spaces and the necessary amenities demanded by the modern ideas of town-planning. To enable this condition of things to be ended, it is necessary that local authorities should be entrusted with power to initiate under proper supervision, extensive schemes of town-planning, extending beyond the boundaries of the districts which they control. In order to give effect to this urgent need, I introduced a Bill into Parliament last session, which was wrecked by a majority of the members present when the Bill was in Committee, cutting out the provision which I had inserted authorising the Governor-in-Council to give final sanction to town-planning schemes. In this connection I want to say a few words on the general question of the Governor-in-Council. During recent years the Opposition Press and politicians have made a determined set against the exercise of any powers by

the Governor-in-Council. It is quite a natural thing for the Opposition, to try and discredit the Executive Council; which is composed of the members of the Government sitting with the Governor, and so long as we have our present insane system of party government that condition is likely to continue. But after considerable experience, I have no hesitation in saying that the Governor-in-Council is a most useful institution, and constitutes a very necessary safeguard to the interests of the people at large. The fact that not a single member of the Opposition has ever held a position as a responsible Minister of the Crown, and is therefore unaware of the conditions frequently arising, which can only be met by the intervention of the Governor-in-Council, prevents them from approaching questions of this kind with a due sense of responsibility. In numberless cases within my own experience the intervention of the Governor-in-Council, guided by the advice of expert and experienced Government officers, has saved local bodies from very serious mistakes. Instead of being an autocratic, arbitrary body, it is, in fact, one of the most democratic institutions in this country. I have asked both Pressmen and politicians, who have taken up a hostile attitude against the Governor-in-Council, to cite a single instance within the last five years where an Order-in-Council has been issued, that in their opinion ought not to have been issued, and not one of them has ever been able to supply an instance. Invariably they have referred to some legislative measure which had been passed by Parliament, and not dealt with by an Order-in-Council at all.

The only other serious objection which was offered to my Town-Planning Bill was the proposal to give local bodies power to raise the necessary rates or loans for the purpose of carrying out the scheme without the necessity of taking a poll of the ratepayers. In that respect my proposal was similar to the powers conferred by the Auckland Drainage Act. You can see that a town-planning scheme, the cost of which might be spread over two or three local bodies, could easily be wrecked by one of the local bodies, or by the ratepayers in one of the local districts refusing to grant authority for a rate or loan to meet the proportion of cost that had been allotted to it. It was in order to prevent any injustice to the different local authorities that I inserted in my Bill provisions for the creation of a Town-Planning Board, which should be composed of experts belonging to the various Government Departments, and that final confirmation should only be given to a scheme after all objections to it had been heard and fully considered by the board, and that it had received final approval by the Governor-in-Council. I am satisfied that my Bill was a sane and reasonable proposal to deal with this great and urgent evil in connection with the development of the towns and cities of New Zealand.

CONSTITUTIONAL REFORM.

The next plank in my platform comes under the heading of constitutional reform, and I recommend the adoption of the proportional representation system. That is to say, instead of having individual electorates as at present, we should have the country divided into a certain number of districts, returning several members for each district, so that it would be possible for all reasonably large minorities, as well as majorities, to be represented in Parliament. I introduced a Bill last session to give effect to that proposal, but being late in the session, it had no opportunity of receiving even a second reading discussion. My Bill proposed to amalgamate existing electorates, returning a minimum of three members. In the case of Auckland, I proposed to join together the three City seats, Grey Lynn, Eden, Parnell, and Manukau, making seven members for the combined electorate. My Bill provided for nineteen electorates for the Dominion, instead of seventy-six as at present. I think that nineteen electorates is much too large a number, but I wanted to show how the system could be adopted without a material alteration of the existing law. The principle of proportional representation has been advocated by the best men of both parties in the Old Country, and in various forms is being adopted in different countries throughout the world. The principle of the proposal is not seriously objected

to by anyone, but a misconception prevails in the minds of many people that in the larger electorates which the system requires, it would be difficult for an unknown man to be elected. This opinion is based on the mistaken idea that a candidate to be successful must receive a majority of votes for the whole electorate. This is quite a mistake. All he requires to do is to receive a quota, which is arrived at by dividing the number of valid votes that have been polled by the number of members to be elected for the district. Parliament is supposed to be a reflection of the mind and will of the electors of the country, but under the present system, considerable minorities have frequently no representation in Parliament at all. In the Commonwealth of Australia at the last election all the members for the Senate were elected by one party, leaving a very large minority totally unrepresented. A great deal of the parish pump parochialism which we have comes from the present electoral system, and I see no prospect of developing a truly national spirit until we get it abolished. In my judgment, it is one of the most urgent reforms we require in New Zealand to-day, and I am glad to observe that men of all parties are coming to recognise its necessity.

For many years past the Legislative Council has come in for a good deal of Opposition criticism, and the method of appointing the members of it has been strongly condemned. I want to say that very little exception could be taken to the appointments that have been made by the Ward Government, and to-day the average ability and integrity of the members of the Legislative Council is at least as high as it is in the House of Representatives. At the same time, I consider that a second chamber is a relic of feudal barbarism, and ought to be abolished. I believe that better results could be obtained at a very much smaller cost by increasing the staff of the Crown Law Office, with provision that Bills be sent back to the Legislative Assembly for the re-consideration of defects discovered after revision by the Crown Law Officers.

The Province of Ontario in Canada, with a larger population than New Zealand, never had a second chamber, and I think their legislation on the whole has been as satisfactory as that of any other British colony, which has slavishly followed the institutions of the Motherland. However, we British people stick so tenaciously to existing institutions that for the present it may not be possible to secure the abolition of the Legislative Council, and for that reason I propose an alternative scheme of reform which secures the advantages of both election and nomination.

I propose that the number of members of the Legislative Council should be fixed at 48. That two-thirds of the members should be elected on a proportional basis by the members of the House of Representatives, and that one-third should be nominated by the Government of the day. That the term of office for a Legislative Councillor should be six years, and that half of the number should go out of office and their places be filled by a fresh election or nomination at the commencement of each new Parliament. The proposal to elect the members of the Legislative Council on the same franchise that we elect the members of the House of Representatives on is, to my mind, absurd. It would justly entitle the members of the Legislative Council to claim co-equal rights with the House of Representatives in regard to finance and other important matters, and would lead to constant friction. The nominative system, while undoubtedly possessing many drawbacks, works very much better than a purely elective system would do. The case against two Legislative Assemblies being elected on the same franchise was very clearly put by a writer in the Old Country recently, who said:—

“If two Legislative Assemblies were to be elected by the same vote, they were either to agree or to differ. If they were to agree, there was no use for one of them, and if they were to differ, there was no use for the vote which put them there to quarrel.”

That seems to me to put the whole argument against an elected Legislative Council in a nutshell. Therefore, I think that the Legislative Council ought either to be abolished entirely, or constituted in the manner I have suggested. If we are to continue the Legislative Council, it is, in my opinion, desirable to retain some power of nomination, so that men who become eminent in various walks of life might find a seat within its walls by nomination. Such men might be altogether unknown to the average member of Parliament, and would have no chance of election by them.

The foregoing proposals constitute a sound progressive policy, all the matters referred to being in my judgment most urgent, and should be put in operation by the Parliament which is now being elected.

With the adoption of proportional representation, we should gradually minimise the worst evils of the party system of government, and in due time I think we would evolve a system of electing the executive by the members of Parliament. That, however, is a measure that can well stand over until we have developed a more truly national spirit and sentiment.

I have endeavoured to make my practical programme both short and simple. There are many other questions that require to be dealt with, but the proposals I have submitted to you constitute an important progressive programme, which, if given effect to, will materially improve the social condition of the people of this country.

We want an improved system of local government, but, as I pointed out in my first political speech fifteen years ago, public opinion was not sufficiently educated to secure unanimity of opinion on any reasonable proposal. I regret that I am compelled to repeat that statement after the lapse of fifteen years. In my opinion, the right road to go in local government reform is to revert in a measure to the system of Provincial Government we had in the early years of the colony's existence. The mistake of the old provincial system was the possession of legislative as well as administrative functions by the Provincial Councils. The division of the country for the purpose of local government should follow the lines of division for the Parliamentary electorates. These larger local government bodies should have the care and control of all main roads within their borders, and all such questions of local government as are at present dealt with by land boards, harbour boards, education boards, hospitable and charitable aid boards, with smaller local government bodies dealing with purely local questions. These larger or provincial councils ought to meet, say, once in three months, dealing only with general policy questions, and delegating the actual administration of the different departments of their work to sub-committees, such as the roads and bridges committee, the lands committee, harbour committee, education committee, hospital and charit-

Ladies and Gentlemen, I have submitted to you the practical programme, which I think should be undertaken by the new Parliament. The proposals are extremely moderate, and at the same time they will be very effective in im-
able aid committee.

proving the well-being of our people. On that programme I submit myself for your suffrages. On that programme I am prepared to stand or fall. I will at future meetings deal with other and more local questions.

I know that my proposals will be jeered at by the representatives of wealth and privilege, both on the platform and in the Press. That result has no terrors for me. I have dedicated my life and such talents as I possess to the service of mankind—to the service of those who have been disinherited by human selfishness and greed, whether they live in New Zealand, or beyond its borders.

The people of New Zealand have a splendid opportunity to strike a blow for freedom and justice, and I call upon you to rise in your might, and help to herald in the dawn of a new day of human emancipation. If you respond,

your children's children will rise up and call you blessed. You shall earn the gratitude and blessing of the children of the slums and gutters of every land.

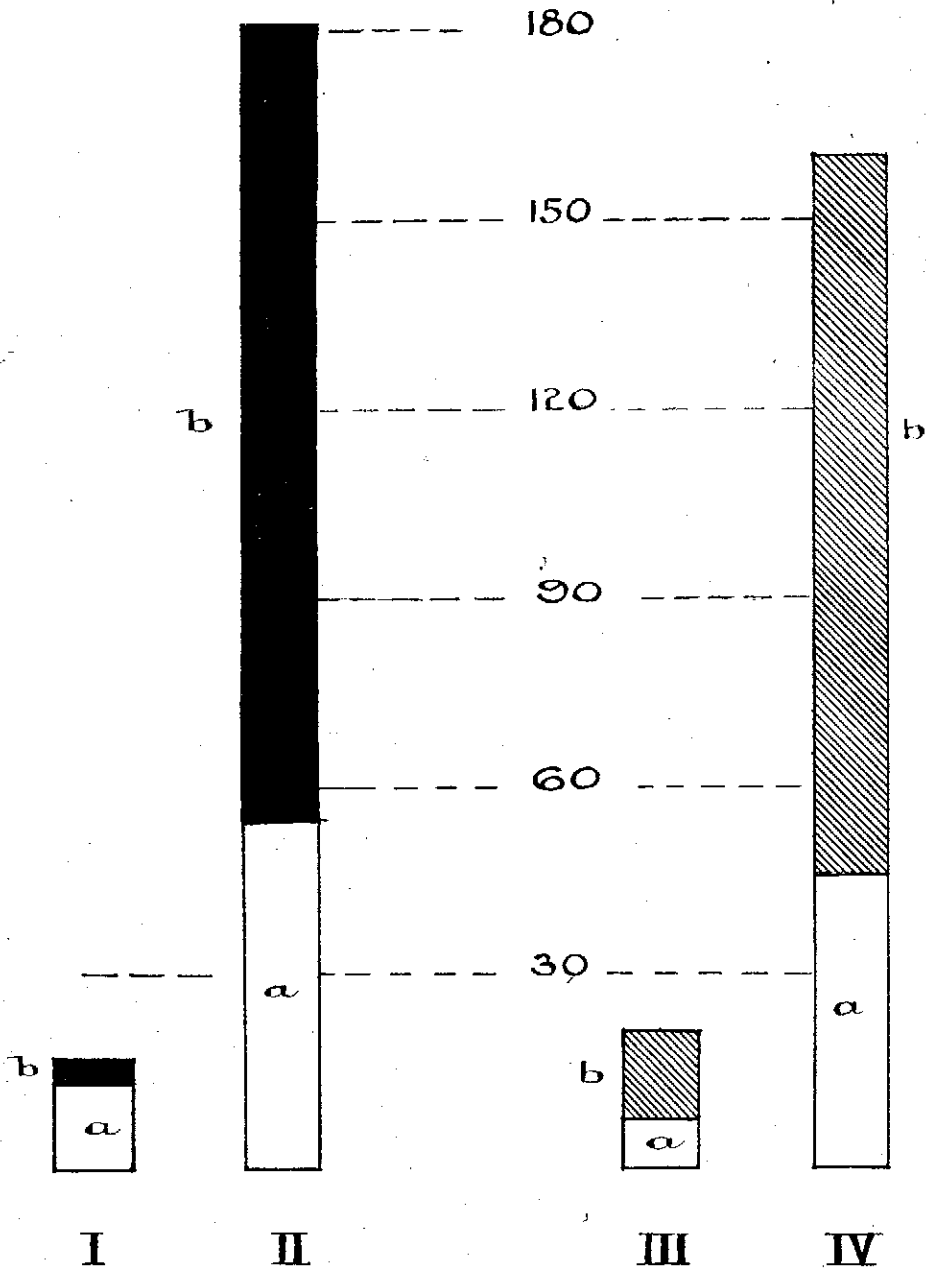
Both you and I will be reviled by those who belong to the house of "Have," but to be helpers in securing justice to the great multitude of "Have-nots"—those who are compelled to be "Have-nots," and who must remain "Have-nots" under present social conditions—is surely a privilege worth fighting for—nay, more, a privilege, if need be, worth dying for, politically or otherwise.

I noticed in a recent English paper that Mr. Lloyd George, that courageous hero of British Democracy, made the following statement:—

"It will be said that I am setting class against class. That is just a parrot speech of every barren scribbler and tattler who does not possess enough imagination even to invent a new phrase of invective. If it is a criminal offence against society to call attention to the inequality which exists to-day and every day in life, then all I can say is that social conditions and organisation call for immediate readjustment."

With that quotation I conclude, with the full assurance that on election day, as on previous election days, you will return me triumphantly at the head of the poll as the member for Grey Lynn.

MILLIONS STERLING



I. Amount received by State for land sold,
 (a) up to 1891. (b) from 1891 to 1910.

II. Value of privately owned land.

III. Value of estates under £500.

IV. Value of estates, £500 and over.

(a) in 1891.

(b) increase, 1891-1910.