

But benevolence requires the stuff to be benevolent with, and great benevolence requires much stuff, and much stuff comes in but one way, namely, by diverting wealth. The Protective Spirit makes people blind to the ways of diverting wealth.

A high tariff lets the manufacturer fill his pockets with double prices. It is all right—infant industries and labor, especially labor, must be protected. A street-car monopoly lets investors draw dividends on watered stock. It is all right—we must protect capital and not drive it away. Land monopoly lets the owner take the value which the public gives to his land. It is all right—vested rights must be protected.

Such are the kinds of protection that in modern times Buckle's Protective Spirit needs to thrive on. Given these forms of protection, then those who are so favored will throw their benevolent arms—or alms—around the great body of the people, and will manage for them their politics, education and religion. Many a one who talks eloquently of the improvement of the masses thinks that this is the only way to promote the welfare and development of "such people." This is the Protective Spirit.

The real mistake of the good men who believe in the Protective Spirit lies in supposing that development can come from without.

The opposite of the Protective Spirit is the Democratic Spirit. The Democratic Spirit makes much of equality. Its underlying conception is individual independence. Its ideal is a fair field for self-development. It abhors special privilege and favoritism of every kind. It believes in equality in all affairs, political and social, under laws that recognize no distinction, save the great distinction between what is common and what is individual.

The Democratic Spirit believes in the equal rights of every individual in that which no individual has produced. It believes in the exclusive right of every individual in that which he himself has produced. It believes that the right of the individual to his own can only be attained by the recognition of the common right of all in what should truly belong to all. It

believes that the root of social distress lies in fostering the favors and special privileges whereby some can hold or take more than their share of the common right.

The Democratic Spirit believes in neither giving nor receiving protection. It abhors the protected ways of diverting wealth.

A high tariff lets the manufacturer fill his pockets with double prices. The Democratic Spirit says this is wrong—let the buyer be free to buy where he chooses, and let government cease to tax one for the benefit of another. A street-car monopoly lets investors draw dividends on watered stock, while the people pay more fare than is necessary, and get little from the company in taxes. The Democratic Spirit says this is wrong—the street belongs to all the people, and those who have special use of it should pay properly for the privilege. Land monopoly lets the owner take the value which the public gives to his land. The Democratic Spirit says this is wrong—what is produced by all should belong to all, and whoever holds land should pay properly for the privilege.

The Democratic Spirit has no part in the protection of favors and vested wrongs. It believes that the absence of these forms of protection will remove all color of need for the guidance and benevolence of the Protective Spirit. It believes that in a fair field, the people in self-dependence will have a chance to develop into manhood and true ideals of living, as can never be possible so long as the Protective Spirit holds sway.

The Democratic Spirit has never been organized, but it is spreading and rising into consciousness here and there. It is indeed the new conscience—the conscience that concedes the rights and possibilities of all men, despising none, and ready to believe that failures and shortcomings and degradations are perhaps mainly due to the denial of rights and the greed of privilege. The new conscience says, in the words of the noble mayor of Toledo, who has just passed from us, "We are all people—just people, you know."

By and by the scattered forces of this new conscience will unite to overthrow the Protective Spirit and to establish the Democratic Spirit, and this triumph

will be the next great consummation in the march of human progress.

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EDITORIAL CORRESPONDENCE.

NEW ZEALAND.

Auckland, July 15.—In the year 1896 the parliament of New Zealand passed a law entitled "The Rating on Unimproved Values"—in other words, the local option taxation law. Several amendments have since been made, which leave the position as follows:

In any city, borough or county 15, 20, or 25 per cent. of the local taxpayers, according to the number in the district, can present a petition to the chairman or mayor of the local governing body, asking that a poll be taken for the adoption of the provisions of this act. If a majority of the local taxpayers who vote on the question decide in favor of adopting the act, then all the local taxes are thereafter levied on the unimproved value of the land, and buildings and other improvements go untaxed?

Since the passing of this law, about 65 places have voted on the question; and 54 have agreed, mostly by large majorities, to adopt the act, while 11 have rejected it.

Palmerston North was the first locality in the colony to adopt the act, which they did almost immediately after its passage. Others followed soon after, and every year since that time additional localities have adopted this method of raising local revenue.

The act provides that after three years the local tax payers can revert, by vote, to the old system; but up to the present time only three localities have taken a vote on the question of reverting, and all have refused to revert, two out of the three by larger majorities than those by which the act was adopted in the first place. In the third, where the mayor was fighting hard for a reversal, the majority of votes in favor of continuing the new system was only nine less than for its adoption three years before. This locality is the borough of Devonport, near the city of Auckland. The voting here was 415 for the maintenance of the new system, as against 176 for a return to the old. The number of votes may appear small, but one explanation of that is that only owners of property are allowed to vote.

Two of the leading cities in the colony, namely Wellington, the capital city, and Christchurch, have adopted the act within the past three years. The opinion of the people of Wellington may be gathered from the following extract from the annual report by the town clerk for 1903:

"The result of the first year's trial of this system of rating must be considered a gratifying one, and leaves no room for regret at its adoption. That

which was claimed by its exponents has been amply fulfilled. It encourages improvement, stimulates the use of land, secures the unearned increment to those who have added the value, mulcts all lands in their fair share of taxation, and paralyzes the old system under which rental values on lands could, by simple manipulation, reduce local taxation to a farce. It is to be hoped that in the near future legislation will enable the unimproved system to be adopted for all those purposes for which it is now necessary to also undertake an assessment on the annual value basis. It is only stating a fact to admit that much, if not most, of the activity of the building operations of the city and surrounding during the past year is due to the influence of this healthy measure; and with the necessary restrictions to prevent overcrowding of buildings, no untoward result need be apprehended."

The effect of adopting this system of raising revenue has in every way been beneficial, while in some places the effect has been almost phenomenal. Take the case of Hamilton, a town in the center of an agricultural district in the north island of New Zealand. For three years prior to the adoption of the act, the population and land values were almost stationary. In the three years from the time of its adoption the value of land and buildings in the town increased from \$686,445 to \$1,423,760, while no such phenomenal increase was registered in towns similarly situated in other parts of the colony.

Of course it must be borne in mind that a special development necessarily applies to an isolated place adopting this method of taxation which would not apply if the whole country simultaneously adopted the reform. Take, for illustration, what happened in the city of Wellington. The demand for labor in the building trade was so great that employers had difficulty in getting men, and at some meetings of the master builders' association feelings ran high, one employer accusing another of having stolen away his men. The rate of wages in some cases went as high as four and six cents per hour above the wages fixed by the Arbitration Court, which fixes the wages in every branch of organized labor.

The working out of the tax everywhere means the relief of taxation on the homes of the workers, and the increase of the tax on vacant land and land made valuable by the people in the centers of population. In some cases as many as four out of every five of the local tax payers pay less than under the old system, these payments being mainly on the homes of the workers on the outskirts of the town.

Opponents of the system at first tried to make the workers believe that taxing on the unimproved value of the land, exempting all improvements from

taxation, would amount to letting the owners of large buildings in the centers of the city escape their fair share of taxation; but actual experience has shown that where the buildings are largest the tax falls heaviest, because of the enormous values of the land on which such buildings stand.

A few examples of specific cases in the cities of Christchurch and Wellington will illustrate the position pretty clearly. Following shows the changes in Christchurch from the old system in 1902 to the new in 1903:

Capital Value.	Land Value.	Tax 1902.	Tax 1903.	Remarks.
\$125,250	\$80,250	\$1,090	\$1,090	Bk. bidg.
.....	.....	1,670	1,650	Store & offices.
.....	.....	450	555	Newsp. offices.
11,000	21,000	380	430	Store.
.....	.....	25	17	Cottage.
2,200	475	30	16	Cottage.
2,275	450	30	16	Cottage.
.....	.....	12	10	Cottage.
.....	.....	15	5	Cottage.

The following table for Wellington, though different in form from that for Christchurch, also compares the old system with the new:

Annual Value.	Land Value.	Tax on Annual Value.	Tax on Land Value.	Remarks.
\$10,000	\$12,310	\$1,185	\$1,420	Bank.
3,250	8,275	385	1,115	Bank.
2,500	30,000	295	380	Bank.
2,250	40,000	265	505	Bank.
1,750	38,125	205	480	Insurance Co.
3,500	52,500	415	665	Hotel.
1,850	35,570	215	450	Hotel.
2,750	40,700	325	515	Hotel.
3,000	57,800	375	725	Hotel.
250	13,550	30	170	Vacant.
250	8,300	30	105	Vacant.
175	600	20	5	Cottage.
140	430	15	5	Cottage.
150	950	15	10	Cottage.
140	335	15	5	Cottage.
125	600	15	5	Cottage.
140	575	15	5	Cottage.

In addition to the beneficial effect of this system of local taxation, there is in New Zealand a national tax of two cents to the \$5 on the unimproved value of all lands, with exemptions up to \$2,500, and a graduated tax on large estates reaching to six cents in the \$5 on estates over \$1,050,000 value, making the total tax on large estates eight cents to the \$5.

GEORGE W. FOWLDS.

NEWS

Week ending Thursday, August 18.

In their prosecution of the Russian-Japanese war (p. 295), the Japanese have suspended aggressive operations against Liaotung and Mukden in the north, and made a determined attack upon Port Arthur in the south. The first evidence of Russian desperation at the vigor of this attack was the attempt on the 10th of their Port Arthur squadron to escape. It was sighted by the Japanese squadron and pursued. A sea fight lasting all the afternoon followed, in the

course of which the Russian formation was disorganized and the ships scattered. Most of them returned to Port Arthur. Others, in a disabled condition, took refuge in neutral ports. Rear Admiral Withoft, commander of the Russian squadron, was killed in the battle.

A combined land and naval attack upon Port Arthur was begun by the Japanese on the 15th. There are no details, but on the 17th it was reported from Tokio that Japan had on the 16th demanded the surrender of the fortress, offering to release all non-combatants. A reply was hourly expected, but there is no trustworthy report that any has yet been received. Japanese rumors of the 17th were to the effect that the Russians had refused the demand.

Meanwhile a naval battle with the Vladivostok squadron occurred off the Tsu islands, near that harbor. The Russian armored cruisers, the Rurik, the Gromoboi and the Rossia emerged from Vladivostok on the 14th and were attacked by the Japanese. The Rurik was sunk, and at latest reports the Japanese were pursuing the other two. In this battle the Japanese were commanded by Admiral Kamimura, whose squadron had been considerably depleted by the demand for ships to reinforce Admiral Togo in his operations before Port Arthur.

Out of some of the incidents of Togo's naval battle on the 10th, in which he scattered the Port Arthur squadron of the Russians, new international complications are threatened. One of the fleeing Russian ships, the torpedo-boat destroyer Ryeshitelni, took refuge in the neutral port of Chefoo, China, where it was captured by the Japanese. The Russian version of this incident is to the following effect:

When the commander of the Russian ship arrived at Chefoo he disarmed his ship, lowered his flag, and otherwise complied with all formalities. On the 12th a Japanese officer and party came on board as if for a conference, but immediately began to hoist their flag, whereupon the Russian commander threw the Japanese officer overboard ordered his party to be thrown into the sea, and having no arms with which to resist, ordered preparations to