

Free Trade, Free Land, Free Men

PROGRESS OF THE HENRY GEORGE MOVEMENT IN N. S. W.

HENRY GEORGE visited Australia in 1890. He arrived in Sydney in the beginning of March. His visit was due to the activities of his disciples in Sydney. His books, particularly "Progress and Poverty" and "Protection or Free Trade" had made many enthusiastic converts.

It is well to note that Henry George made a much bigger impression in N. S. W. than in Victoria. Those who favored Free Trade had generally prevailed in N. S. W. while protectionist ideas had been dominant in Victoria. Thus there was a better soil here than in the adjoining State, so the economic seeds planted by Henry George produced greater results.

THE FIRST PRACTICAL EFFECTS

The first practical effects in N. S. W. were seen in the coupling of taxation of land values with free trade. It was put forward as the natural, direct alternative in raising public revenue to tariff taxation. Although some Henry George men were elected in 1891 it was not until the general election in 1894 that very definite results were seen.

The Dibbs Government had imposed a number of very modest protective duties. This provoked a storm of protest and the protectionists were swept out of office in 1894. The new Reid Government proposed to cut the tariff down to about half a dozen items of a revenue producing character, chiefly stimulants and narcotics. It also proposed a tax on land values and an income tax to raise the necessary revenue.

Such a policy proved too radical for the very conservative Upper House known as the Legislative Council. It rejected the land value tax. Mr. Reid appealed straight to the country and his policy was emphatically endorsed; even Mr. Dibbs lost his seat. The Council then had no option but to pass the land value tax. In this way N. S. W. became more definitely a Free Trade country and Sydney was one of the freest ports of the world. N. S. W. prospered under the Reid policy.

A VALUATION OF THE LAND

The introduction of the land values system in N. S. W. necessitated a valuation of the land. This took a little time. The land value tax was a small one only, one penny in the £, and there was an exemption of £240. This was a defect. It was opposed by Single Taxers but was adopted as a concession to small owners. At the same time all owners had the benefit of it.

The land was valued at £129,178,000. The exemption and the deductions because of unpaid balances on account of land being conditionally purchased by settlers reduced

the taxable amount to £76,800,000. The receipts on account of the tax from 1897 to 1910 were:

1897	£139,079	1904	£332,530
1898	364,131	1905	336,785
1899	253,901	1906	345,497
1900	286,227	1907	178,889
1901	288,369	1908	80,794
1902	301,981	1909	9,066
1903	314,104	1910	7,438

HOW FREE TRADE WAS LOST

The Australian States decided to federate, and the new Commonwealth was proclaimed on the 1st Jan., 1901. In that year a tariff on protectionists lines was introduced. Thus N. S. W. lost the great advantages of a Free Trade policy.

Up till the end of 1898 I lived in country districts. I read "Progress and Poverty" in 1889. It convinced me. I did not even hear Henry George speak as the nearest town he visited was 120 miles distant. On the 2nd Sept., 1901, the present League was formed at a Henry George Anniversary Dinner and I was appointed Hon. Sec. pro tem. There has been no competition for the job since. "The pro tem" was soon dropped and the "Hon." after seven years.

The new League reviewed the position and decided that the line of least resistance was through local government. Our system was out of date, and a new Act had been promised for years. In 1902 I arranged for members of our committee to interview Mr. Carruthers who was then leader of the opposition. He received us kindly, showing a clear understanding of our principles.

He promised that if elected he would provide for local taxation on land values. He renewed this promise to a deputation which I organized after he became Premier in 1904. Mr. Carruthers was as good as his word—if not even better. First he provided a system of rural government for the unincorporated portions of the State, except in the sparsely settled Western Division, with rating on unimproved values only. Second, he provided a new system for municipalities outside the City of Sydney.

With them he made it compulsory to levy a general rate of not less than one penny in the £ on land values. But they could raise all their rates in that way, or impose an additional rate on improved values—that is the value of the land and improvements taken together. But if they proposed this the ratepayers had the right to demand a poll and decide the incidence of the rating for themselves. A similar option existed for special, local and loan rates

WON ALL THE POLLS

Most Councils adopted the land values system straight out. In a few cases a mixed system was proposed. We demanded polls and won them all. In country centres however, which we could not readily reach, improved

value rating was adopted to a limited extent chiefly for special and local rates. This method however is dying out of its own accord.

Prior to the adoption of the Carruthers Act the State Government had to attend to local expenditure in rural areas and also did a good deal of work in municipal areas. Mr. Carruthers made it a condition that Councils should undertake this local expenditure themselves. If they levied a rate of not less than a penny in the £ on land values the State land value tax would not be collected in future. The £240 exemption was abolished. The Shire rates were first imposed in 1907, and assessed annual value rating was abolished in municipalities in 1908.

SHIRE REVENUE FROM LAND VALUES

Here are the particulars of the rates levied in the Shires beginning with 1907 when receipts from the State land value tax began to fall off.

1907	£358,751	1918	£ 729,964
1908	370,370	1919	763,356
1909	374,206	1920	868,809
1910	423,477	1921	1,034,147
1911	469,605	1922	1,110,403
1912	524,485	1923	1,174,484
1913	572,892	1924	1,264,022
1914	623,690	1925	1,364,220
1915	626,514	1926	1,474,857
1916	651,437	1927	1,598,036
1917	691,090		

The State land valuations were made available to the Shires and they were given the right to make re-valuation from time to time for themselves. The number of Shires was 134 in 1907 and 136 in 1927. The land values in the Shires in 1907 were £81,526,814. The area was 179,130 square miles and the estimated population was 542,800.

In 1927 the land values were £158,991,308. The area was 181,582 square miles. This increase was due to re-adjustments, partly through the Shires in some cases absorbing municipal areas. The population had increased to 692,150.

MUNICIPAL REVENUE FROM LAND VALUES

The rating provisions of the Act with respect to Municipalities came into force in 1908. Here are particulars as to receipts.

1908	£ 619,060	1918	£1,242,551
1909	646,395	1919	1,327,471
1910	648,571	1920	1,630,309
1911	731,687	1921	1,855,981
1912	818,576	1922	1,992,420
1913	888,985	1923	2,262,458
1914	1,032,687	1924	2,417,340
1915	1,077,164	1925	2,604,674
1916	1,113,222	1926	2,822,274
1917	1,186,366	1927	3,093,434

The number of municipalities in 1908 was 191 with a total area of 1,915,188 acres, and in 1927 it was 180 with 1,614,449 acres. The unimproved land values in the Municipalities in 1908 were £43,904,839 and in 1927 they had increased to £123,888,700.

The estimated population in 1908 was 918,520 and in 1927 it had increased to 1,573,080.

THE CASE OF NORTH SYDNEY

Opposition to economic reform dies very hard. The Municipality of North Sydney gave us a lot of trouble. It was one of the last municipalities in 1908 to impose its rates under the new Act. The aldermen wanted to put part of the rates on improved values, but seeing the polls in other municipalities all being decided in favor of land values only they deemed discretion the better part of valor and levied one rate on unimproved values.

During the year they discovered a small loophole in the Act. A rate for interests payments on old loans could be imposed on improved values without ratepayers being allowed to demand a poll. In 1909 they divided the rates, the general rate to raise £20,218 on land values and the loan rate on improved values for £7,172. As North Sydney was then the leading suburban municipality we felt it necessary to take up the challenge lest the evil spread to other areas.

I secured a lot of information from the Town Hall, and issued special leaflets. They caused a local sensation and the Mayor warned me off the premises as one not entitled to information, not being a ratepayer. That difficulty could have been overcome but I thought I had enough. We took a hand in their municipal elections and ultimately forced the Council to abandon its improved value rate in 1912.

IMPROVED VALUE RATING DYING OUT

Many Councils in 1907 imposed one rate on land values for all purposes. Others had in addition special, local, or loan rates on the same basis. And some had such rates on improved values.

The general rates since 1908 have been on land values only. In that year additional rates for various reasons were imposed on the same basis in 48 municipalities. The number of Councils imposing improved value rates was 36.

The 1927 figures are not yet available but in 1926 the number of Councils imposing additional rates on land values only was 153 while the number with improved value rates had declined to 23. These results are just a natural development. The people generally favor the land values system and its use is being extended without resort to force in the shape of a poll on the question.

It is impossible to say exactly what amount of rates are actually charged on improvements. I have gone carefully through the figures for 1926 and I estimate that it may be anything from £20,000 to £25,000 altogether, which is a very small proportion in a rate revenue of

£5,708,352. So that our system of Local Government taxation is almost entirely on land values.

THE CITY OF SYDNEY UNDER SEPARATE ACT

The City of Sydney is under its own Act and therefore was not affected by rating reform in the municipalities. As soon as the City Council saw that the municipalities and shires had the right to collect the land tax as a rate but without exemptions they wanted it also.

By that time Mr. Carruthers through ill health had retired from the Premiership and Mr. Wade was in office. He agreed to put the City Council on the same footing as other local governing bodies but he made a mess of it. The City was given power to collect the land tax as a rate and nominally power to raise all its revenue in the same way.

Unfortunately there was a provision in the Act which would deprive the Council of rate revenue from the Government properties in event of rating on land values being adopted. That became the sheet anchor of the die-hards and it took us seven years to shift it. Year after year we sought in vain to get the Council to rate on land values only. Twice I was a candidate for the Council with a view to forcing the issue.

ALDERMAN R. D. MEAGHER AS LORD MAYOR

In 1915 we raised nearly £100 and waged a vigorous campaign for months. We concentrated on the doubtful wards. I got out special leaflets showing how each ward was affected. The expiring Council had a majority of four against us. The new Council had a majority of four in our favor. The Lord Mayor and the Chairman of the Finance Committee were both defeated.

Alderman R. D. Meagher, M. L. A. became Lord Mayor. Alderman Meagher went to the Premier, pointed out the anomaly in Wade's Act and got it altered. The City of Sydney imposed all its rates or local taxes on land values in 1916. The opposition crumpled up at the finish and was not even present when the unimproved values rate was imposed.

When it was all over a number of citizens were good enough to give me a banquet—at which the Lord Mayor presided and an illuminated address which has been on view in the office ever since, and a wallet of notes. Here are particulars of the City revenue from land values since the power to collect the land tax was transferred in 1909. At first this rate was 1d. but it was increased to 1½d. in 1913.

1909	£ 78,723	1919	£ 587,376
1910	83,569	1920	623,766
1911	98,183	1921	747,654
1912	100,267	1922	729,096
1913	151,212	1923	788,072
1914	170,653	1924	744,386
1915	168,703	1925	745,596
1916	520,537	1926	795,368

1917	455,040	1927	1,016,882
1918	465,988		

Since 1923 the total has included the proceeds of ½d. in the £ towards the cost of Sydney Harbour Bridge and since 1926 a ¼d. in the £ towards the cost of main roads.

THE NORTH SHORE BRIDGE

The largest arch bridge in the world is now in course of construction across Sydney Harbour. It is expected that it will be open for traffic in 1931. It provides for both railway and general traffic. As it was apparent that such a work would greatly increase the values of land in the City of Sydney and in the Northern suburbs Parliament decided that a third of the cost should be paid by means of a rate on land values so as to secure a portion of the increase for the benefit of the community.

The rate is levied with Local Government rates and the cost of collection is nominal. Here are particulars of the amounts due on account of this rate from the City of Sydney and the Northern suburbs.

1923	£ 114,768	1926	£ 144,699
1924	135,808	1927	179,725
1925	139,948	1928	188,832

When the proportion of the cost, probably about £2,000,000 is met this rate will lapse. The fact however that such a substantial proportion of the cost of a great public work is to be paid out of the increment arising because of it is an important indication of the growth of public opinion.

THE MAIN ROADS

The development of motor traffic necessitated something more in providing and maintaining public highways than local governing bodies were able to manage. After the construction of railways many of the main roads of N. S. W. were neglected. The motor has changed this and set up a new and insistent demand for good roads.

To meet the needs of the time a Main Roads Board was appointed. Part of the revenue of the Board is drawn from ¼d. rate on land values in the City of Sydney and ½d. rate in the County of Cumberland, plus the Blue Mountains Shire.

The approximate receipts from this source in 1926 were £241,307 and in 1927 £270,944. As pointed out the receipts on account of the Bridge and the Main Roads are included in figures already quoted as land values revenue raised by Shire, Municipal and City Councils.

ON PURELY HENRY GEORGE LINES

It is important to note that the N. S. W. system is on pure Henry George lines. I understand that the American system is to tax on the values of properties. Thus if a piece of land is idle it is rated on its value. If there are improvements upon it then the rate is on the improved value. The Pittsburg plan is now to assess improvements at 50 per cent. of their value, thus throwing a larger pro-

portion of the rates on to land values. The American system is what we would call rating on improved values.

In England I believe idle land is exempt and what is called "agricultural land" is rated very low, and the Baldwin Conservative Government proposes to exempt it also in the interests of land monopolists. In this way the whole burden of the rates is to be thrown upon the use of land, aided by grants from the general taxpayer.

N. S. W. leads the world because its system is to exempt improvements altogether. For that reason I say it is on pure Henry George lines. A Council has to impose so much in rates or local taxes and it strikes one or more rates on the value of land only to raise the necessary amount. Thus in the suburban municipality of Ashfield where I live the estimates for 1929 provide for revenue of £78,107 from local taxation and a rate of 4½d. in the £ on land values only is proposed to raise it.

VALUATION OF LAND ACT

Some years of experience made it plain that allowing Councils to value the land was not satisfactory. It was of the nature of casual employment in most cases and those doing it were often under the influence of interested persons. This led to the Valuation of Land Act which was passed in 1916.

As the war was on it was seized as an excuse to go slow. The Valuer General began in a small way and has gradually extended his operations. Successive Governments have failed to give him sufficient support to complete a valuation of the State. Vested interests have been very hostile to a uniform valuation.

The Valuer General has nothing to do with taxation. His sole purpose is to value properties according to a common principle or plan for public purposes. He is one of the most important and serviceable officers employed by the State. The N. S. W. system is the best in Australia but it will be some little time before the whole of N. S. W. lands are under the Valuer General. He controls the whole Sydney metropolitan area, except the City of Sydney, the Newcastle district and a number of country towns and some shires.

THE HEALTHIEST CITY IN THE WORLD

Sydney is the healthiest city in the world. My authority is Dr. J. S. Purdy, Metropolitan Health Officer. He states that "for eight years Sydney has held the distinction of having the lowest death of any city in the world." Whether Dr. Purdy is able to assign a reason for this unique state of affairs I cannot say. It may not have even occurred to him that Sydney imposes its local taxation on land values.

The effect of land values rating has been to assist the population to spread out. The slum areas are in the older portions of Sydney district. They were the product of the former rating system when Sydney was not so healthy. The City of Sydney occupies a small area—3,244 acres. It is surrounded by 47 suburban municipalities and four

shires with an area of 436,144 acres. The population at the end of 1926 was 1,201,750.

Land values have forced the subdivision of a great many large areas which were hitherto idle or put to very nominal uses. Home sites are larger, and the greatest relative growth in population has been in the outer suburbs where there is more room. These are very important considerations and have their bearing upon the health of the community. Dr. Purdy has given the Henry George system of land value taxation for local purposes a very fine testimonial.

BUILDING PROGRESS

At half-yearly intervals the Metropolitan Board of Water Supply and Sewerage issues statements of the building progress in the area under its control. In the Sydney and Newcastle districts water supply, sewerage and drainage are under control of Water Boards. The Sydney water area is not quite the same as the Metropolitan area already mentioned. The Board only controls land adjoining its mains, so that a good deal of the land within the metropolitan area is not served and a good deal outside is supplied by the Board.

In 1928 the number of new buildings erected was 11,878, at a cost of £16,100,173. The figures for the City of Sydney were 324 new buildings, cost £3,630,037, the remainder being in the suburbs. For the ten years ending 1928 the number of new buildings was 100,642, cost £113,157,810.

The City of Sydney in a very real sense is being re-built. Many millions are being spent. A firm can spend a million on a building, as the Bank of N. S. W. is said to be doing now on its new head office, and the City Council will not impose any rates at all on the improvements. It is content with a rate on the value of the land only. The new head office of the Government Savings Bank of N. S. W. which is now occupied and almost complete, cost £1,370,000 apart from the land.

PROPORTIONAL REPRESENTATION

Proportional representation occupies the same position in the politics of a country as the Single Tax does in its economics. The Single Tax is to provide Free Trade, Free Land, Free Men, but that is in the sense of political economy. This freedom must be obtained through political action. A system of election therefore which gives a similar freedom to the electors is essential.

This was long ago recognized by the Henry George men of N. S. W. They saw that freedom from the bondage of the party machine was necessary to enable the electors to vote according to their convictions. P. R. was the only means to give them that freedom. After some ten years of effort the proportional system was secured for state elections. Its operation, however, was hampered by defective and incomplete regulations.

When it was adopted I determined to give the people of one electorate a chance to vote straight for a Henry

George man. I chose electorate which was most compact and handy for our people to work and I went to live in it.

The first P. R. election for N. S. W. State Parliament was in 1920. There were 20 candidates for the five seats. I was tenth on the first count with 1,268 votes. Added preferences made it up to 1,688.

At the 1922 election I was seventh in a field of 12 candidates with 2,670, added preferences made it up to 3,080. In 1925 in a field of 14 candidates I was sixth with 3,976 first preference votes. At the conclusion I had 5,212 votes. In fact had electors generally used their preferences more fully so that their ballot papers could have been used instead of over 3,000 being exhausted I would have been elected.

Consider what would have been the moral effect of a man in the teeth of all opposition of the party machines and the daily press winning a seat in Parliament as a Henry George man. But we have lost P. R. For a short time we had a bushranger Premier in the person of Mr. J. T. Lang, masquerading as a Labor Leader. He deprived the people of the freedom which P. R. gives them behind their backs. That is, he repealed P. R., thus debasing or making the franchise much less effective. Mr. Lang is the worst type of politician who has ever held high office in N. S. W.

Originally the Labor Party in N. S. W. was substantially a Single Tax Party. Its chief founders were Single Taxers. But it has long since betrayed its first love. Most of the Single Taxers left it and it became a mere political party with a good title. To-day it upholds protection monopoly and trades in wretched palliatives. And when the country had electoral justice in the shape of P. R. it stole it from the people.

THE RELATIVE POSITION OF N. S. W.

Finally let me in some measure set out the relative importance of N. S. W. in comparison with the other States. There are six states. N. S. W. is the original or foundation State of the Australian Commonwealth. The others are either offshoots or were started subsequently. N. S. W. has 10.44 per cent. of the area of Australia and 38.45 per cent. of the population.

In 1927 N. S. W. had 29.47 per cent. of the wheat crop, 55.20 per cent. of the wool clip, and 67.97 of the value of mineral production. The wool percentage is quantity, not value, which would probably be higher.

With manufactures the proportion of value added in the process of manufacture in N. S. W. was 43.03 per cent. N. S. W. imports were 41.97 per cent. of the Australian total and the exports 43.29 per cent.

N. S. W. had 39.77 per cent. of the total State revenues and its proportion of savings bank deposits was 38.25 per cent. Our State railway mileage was 22.58 per cent. of the total. Gross railway earnings were 39.44 per cent., and net railway earnings 59.42 of the total. The figures are all for 1927.

These details give some idea of the position that N. S. W. occupies in relation to the other States. N. S. W. is notably the leading State and it has very definitely taken the lead in giving effect to the principles of Henry George with great benefit to the people, and it has set a good example for others to follow.

A. G. HUIE, Secretary Henry George League of N. S. W.

The Need of Cheap Editions

(FOR ADVANCING OUR CAUSE)

AS to measures, I feel much like the Kentuckian who said, "All whiskey is good whiskey but some whiskey is better than other whiskey." All measures which advance the Single Tax are good and I believe that no sincere work to advance the Single Tax is ever wasted. But some measures are better than other measures. I think the Henry George Foundation has done very remarkable work and that we cannot exaggerate its effect. The Schalkenbach Foundation is doing excellent work. *LAND AND FREEDOM* in New York; *Land and Liberty* in London, the Single Tax papers which circle the globe are effective; but nine-tenths of all the active Single Taxers I have known were converted or their conversion fixed by reading one or all of Henry George's books and the period of greatest activity and of greatest progress in the Single Tax movement were when Henry George's books were available in cheap paper covers.

Silas Burroughs who did so much effective Single Tax work before his untimely death was converted by a copy of the sixpenny edition of *Progress and Poverty* which he saw in a shop window in Auckland, New Zealand, during the few hours he spent in that city. Men who are converted by a speech may have their opinions again changed by another speech, but men who become Single Taxers through reading one of the books are apt to stay converted. As Henry George has said "If thinking men are few, they are for that reason all the more powerful."

The distribution of cheap editions of Henry George's books therefore seems to me one of the most important methods of advancing the Single Tax and if we can put these books into the hands of the pupils in our public schools at a period when their ideas are taking permanent shape, I believe that the effectiveness of our work and of the money and time spent on it will be multiplied. A few days after the Mayoralty election of 1886 I called on Henry George and told him that I wanted to give away 10,000 copies of one of his books and asked him which one it should be. He said he would like to think over for some time and the next day he decided the *Land Question* was the best book to attract the attention of people who knew nothing of the Single Tax. For some years the *Land Question* was only printed when bound with *Property and Land* and the *Condition of Labor* and no cheap copies have been available.

—From an Address by WILL ATKINSON in Pittsburgh.