

But these burdens and penalties are not the most serious enemies of trade. At the present moment there are large numbers of ships laid up in every considerable seaport of the United Kingdom. The percentage of unemployed in the shipbuilding trade is 18·8; last year it was 6·4. This does not mean that trade is hampered, but that it has been entirely cut off. So many men and so many ships which served as conductors and channels for trade have been discarded, because the stream has dried up. These men, and all others affected, would undoubtedly be glad to pay taxes and imposts on trade, if they had it, but an anterior and more fatal evil has fallen on them. What is this deeper evil, which takes from men the last vestige of freedom to trade? A London mason when he is working gets 43s. 9d. a week in wages; a plumber gets 45s. 10d. They are under the pleasant necessity of requiring to trade with a part of this money, offering it in exchange for food and clothes which some other people are well pleased to supply, this transaction again extending itself and putting an agreeable compulsion on our carriers by sea and land to convey these things in ships or waggons from some place remote or near at hand. The money wages of the mason or plumber measure their contribution to the building of a house. The spring and origin of trade in this and every case is productive labour. If this is stopped, it is not a question of whether we shall have Free Trade or Fair Trade, but whether we shall have trade at all. "Unemployment" and "no trade" are interchangeable expressions.

Trade is stopped at the fountain head by our land laws. Throughout the whole country these laws stealthily throw men out of work. "Did it never enter the minds of hon. gentlemen who are interested in the sale of cattle, that their customers in large towns cannot be sinking into abject poverty and distress without the evil ultimately reaching themselves in the price of their produce?" This was Cobden's question to the House of Commons in 1844. This is the principle which carried the repeal of the Corn Laws, the principle with which Cobden's name will be increasingly associated in our progress towards economic freedom. Does the Cobden Club stand for this principle with reference to the conditions that exist to-day? Does this system which we call Free Trade represent the full measure of what can be accomplished by this principle? We are certain they do not. No one will contend that the principle has been fully applied. The facts of unemployment and poverty are too obvious. In the subdivision of labour the production of one man is the indispensable complement of the production of another, and production in either case is the necessary preliminary of trade. If the restriction of trade by the Corn Laws was unjust and inexpedient, much more is the killing of trade by the veto of landlordism. The full ground and scope for the application of Cobden's principle lie open before us. The arrangements in our social and economic systems which invite that application are clear and definite. Wherever men are forbidden to produce wealth, wherever

the rent exacted for land must be drawn from capital, or from the earnings of capital and labour, wherever rent, which is the fruit of common labour, goes to enrich an individual who has performed no service in return, wherever Governments exact rates and taxes on the basis of a man's production or trade, wherever it takes individual earnings to pay common expenses, there everything calls for the application of Cobden's principle, there trade is fettered, there men are impoverished.

J. O.

COLONIAL AND FOREIGN NEWS.

LOCAL TAXATION ON LAND VALUES IN NEW SOUTH WALES.

The purpose of this article is to give your readers some idea of the remarkable success which has attended the movement to tax land values in the State of New South Wales—the premier State of the Commonwealth of Australia. The ex-Premier, Sir J. H. Carruthers, piloted a Local Government Bill through Parliament, which gave local authorities power to tax land values only for all local purposes. As that power was to some extent optional, it became a matter for the ratepayers to settle for themselves. Everything was in our favour. The old system of electing one-third of the Aldermen annually had been abolished. If the elected Council proved hostile, we could, with some minor exceptions, demand a poll of the ratepayers to decide how the rates should be imposed. Such was the prospect before us some four or five months prior to the Municipal Elections of February 1st, 1908.

Now, here, as elsewhere, there are many people who heartily endorse the principle of municipal rating on the unimproved value of land, but who are unwilling to be connected with the Single Tax Movement. To secure the adhesion of these people was a matter of urgent importance, so there came into existence a Rating on Unimproved Values League. The principal offices were filled as follows: Patron, the Right Hon. Thomas Hughes, Lord Mayor of Sydney; President, Mr. J. B. Magney; Hon. Secretary, Mr. W. S. Lloyd; Organising Secretary, Mr. A. G. Huie; Hon. Treasurer, Mr. J. R. Firth. The first three are public-spirited men, but not Single-taxers, and the actual work of conducting the campaign fell to a very large extent upon Mr. Firth and myself. There were 191 Municipalities to deal with, and very little money to carry on the work. Two general lines were followed: First, forming branches of the League, and wherever possible, selecting candidates; second, supplying matter to the Press, and writing letters on the subject, more especially in reply to hostile critics.

The general results of the campaign were highly satisfactory. The meetings to form branches and the addresses delivered on such occasions aroused public interest and attention, but did not arouse the owners of vacant land and slums to make a move against us. These gentlemen are now bewailing their lost opportunities.

Let me give you one example. Some local reformers at Rockdale invited me to give an address on the Rating Provisions of the Act, with a view of forming a branch of the League. The branch was formed with Alderman H. Broe as President. Shortly afterwards the Mayor, Alderman Taylor, wrote a minute favouring a dual rate; that is, to impose part of the rates on the value of the land only, and the balance on the improved value, the improved value being, of course, the total value of the land and of the improvements in or on it. This could not bind the new Council yet to be elected, but it was significant for

all that. The local League proceeded to select candidates. There was a rush to get in out of the wet, and the Mayor soon realised that he was in serious danger of losing his seat. He was equal to the occasion: he climbed down. Two of the old Aldermen, one of them being the Deputy Mayor, and the other the President of the Sydney Chamber of Manufactures, stood out and were defeated. We won the whole of the nine contested seats; Taylor was re-elected Mayor; and a rate of 3½d. in the £ on unimproved values only for all purposes was imposed in due course.

The work of forming branches was confined mainly to the Sydney suburbs. I wrote circular letters for the country papers, sending one at intervals of a week or ten days to about 100 papers, one in each town or suburb. These were generally published, and helped to place the issue plainly before the people. From the country we received numerous invitations for speakers, but could not send them. The moral effect of our work was excellent. It encouraged those who favoured reform, and tended to bring rail-sitters down on the right side of the fence.

The elections over, the next step was for the new Councils to put the machinery of the new Act into operation. The first Council to rate on land values only was the little country town of Warren. It imposed one general rate of 5d. in the £. Up to the time of writing, 147 Councils have rated solely upon land values; 26 have rated partly on improved values, but fully three-fourths of their revenue will be drawn from land values and the balance from improvements. As to the remaining Councils we have as yet no information, but doubtless the proportion rating on absolutely sound principles will be maintained.

The 147, however, includes seven Councils who sought to rate partly on improvements. As already explained, an option to rate partly on improvements was allowed to the local people. The Act stipulated that not less than 1d. in the £ must be on land values, but the local people had a free hand as to how they should be rated for the balance required. The policy of the Act, however, favoured our view in several ways. For instance, Crown lands in use for public schools, police stations, fire stations, Court houses, and so on, were rateable, but only on the unimproved value. Under the Old Act, the Crown was exempt; under the new it pays rates, but insists that its improvements shall be exempt. So that if a Council proposed—as that of Waverley did—to put 2d. on land values and ¾d. on improved values, it was in reality putting 2¾d. on land values and ¾d. on improvements. And the ¾d. would be payable only on improvements belonging to private individuals, but not on improvements belonging to the State Government. With one rate of 4½d. on unimproved values, every ratepayer, including the State Government, is on the same footing and pays according to the unimproved value of his land. Again, the imposition of one uniform rate only materially reduces the necessary book-keeping and simplifies municipal finance. Moreover, when one uniform rate on the unimproved value of the land has been imposed, it is not subject to a demand for a poll of the ratepayers. These and other features of the Act made the straight way easy, and were of great assistance in establishing the new system. They clearly show the prescience of Sir Joseph Carruthers in dealing with the question.

A description of the contest in Waverley will serve to illustrate the powers possessed by the ratepayers, and how they may be made use of. By a majority of 10 to 2, the Waverley Council proposed to impose a general rate of 2d. on unimproved values, and an additional general rate of ¾d. on improved values. Under the Act, when a Council proposes an additional general rate—whether on improved or unimproved values—it must give 14 days' notice of its intention. During that time 100 ratepayers may demand a poll in writing. The Waverley Council did not properly notify its intention, so we interviewed

one of the friendly Aldermen, who soon saw that this was done. Waverley is one of the best of the 40 suburbs of Sydney, but from our point of view it was a difficult place to deal with. Our friend, Alderman Parkhill, told us that he was convinced there were not 100 people in favour of rating land values only, but we managed to obtain 167 signatures to our requisition. Then we issued a special leaflet, and held eight open-air meetings. The other side, too, was active, and made such a show that we feared the result. When the numbers were announced, however, we found we had won by 413 to 333, though we had had to go to the ratepayers and ask them to vote for 4½d. on land values only, as that was the equivalent of the Council's proposals. This fact indicates the strength of our position, and the possibility of arousing strong public feeling when our proposals are properly placed before the ratepayers. The utmost influence of 10 of the 12 Aldermen was used against us in vain. In other places where polls were taken, our local friends obtained the necessary signatures to the requisition, we gave as much help as possible, and we won them all. Alexandria was won by 221 to 50; Wollahra, 271 to 171; Mosman, 388 to 84; Randwick, 322 to 248; Liverpool, 169 to 20; and Wickham, 222 to 39.

The Act provides power to enable Councils to impose a special, or local, or loan rate for a specific purpose. If such a rate is merely to continue an existing service, it is not subject to a review of the ratepayers; and the Council may impose it on unimproved or improved values as in its wisdom it thinks fit. But on all new proposals, whether for a special service, or a local service of any kind, or a proposal to borrow money, the ratepayers may demand a poll, when they have the power to vote: (a) As to whether they want the service; and (b) as to whether the necessary rate shall be on improved or on unimproved values. In the case of a loan permission to borrow must first be obtained from the Local Government Branch of the Public Works Department, and then a poll must be taken; the loan rate has to provide both interest and sinking fund on the amount borrowed. Only one poll under these provisions has yet been taken. It was on a special rate for lighting at Broken Hill. On the first question, as to whether they would have the service, there were 345 votes for, and 350 against, so it was defeated by five votes. The vote as to the incidence of the rate, however, was 421 for unimproved, and 266 for improved values. Thus, while the ratepayers were very evenly divided as to the wisdom of establishing the service, they plainly showed how they thought the rate should be imposed had the service been approved of.

As already pointed out, 26 Councils are still rating partly on improved values. No poll was demanded, though it could have been done in most cases had there been anyone to take the matter up. With two exceptions they are all country centres. In 14 instances, the improved values rate does not exceed ½d. in the £; in only two cases does it exceed 1d. Of course, any rate on improved values is injurious and a blot on our victory, but when we consider that the whole rating system last year in every centre was injurious, the change this year amounts to a peaceful and beneficial revolution.

Until the official figures are published it is impossible to give a complete summary of results. The following, however, will give some idea of the position in the 40 suburbs of Sydney. These cover an area of 88,340 acres, with a population of 430,000; and the land is valued at £25,000,000. The average general rate on unimproved values is nearly 3½d. in the £, which should produce £350,000 as against £275,000 raised last year. There are two small blots in the Sydney suburbs; the one is a small local rate of ½d., and the other is an additional general rate, also of ½d. But the amount of revenue which will be raised from improvements will not exceed £800. These figures show the completeness of our victory in Sydney and

suburbs. And there is little doubt but that if the limits of time, space, and money had permitted, a poll of the ratepayers could have been successfully demanded in various country centres. It should be noted, however, that even in these cases, taking the 26 altogether, more than three-fourths of their revenue will be derived from land values.

It is rather too soon to give any idea of how ratepayers are affected individually; and this for several reasons. In the first place, the Act gives ratepayers who think their land has been overvalued, the right to appeal. Most of the Appeal Courts have yet to sit. Then there are many considerations which make comparison difficult, unless one can get hold of the actual ratepayers and get correct particulars. Where the land is less than £240 in value, the rates both for last year and this year can be readily ascertained at the Council Chambers; but even this in most cases fails to provide a true comparison. The old Act hampered the operations of Councils. The new Act gives them wider powers, and consequently they need a larger revenue to exercise them. One suburban Council, for instance, is raising more than double last year's revenue. In such a case it is clearly impossible to show what the change really means to individual ratepayers. Then, again, there was a State Land Tax of 1d. in the £ collected by the State Government, under which the Sydney suburbs contributed last year £50,113 to the revenue of the State. (This £50,113 is included in the item of £275,000 mentioned in the above paragraph.) Under the State Land Tax there was an exemption of holdings of £240 of unimproved value, and also exemptions in respect of mortgages. Under the Local Government Act there are no exemptions. Further, in nearly all cases the Councils have made a new valuation of the land within their area; and whilst the new valuation is readily obtainable, the old is practically unobtainable. It is quite safe to say, however, that in spite of the fact that largely increased revenues are being generally raised, about 60 per cent. of the ratepayers are paying materially lower rates. Many owners of homes are paying less than half the amounts paid last year. The most startling reduction that has come under my personal notice was from £10 2s. 6d. to 10s. 5d. This was the case of a man carrying on an industry on land of little unimproved value, and in the past he had been outrageously rated on the value of the buildings and other improvements he had made.

Our opponents have been making use of the astonishing increases in the rates in some individual cases. For instance, one man's rates are said to have gone up from £6 3s. to £833. It is quite true that his rates last year on that special property—it is only one of his properties—were only £6 3s., and that he will be billed for £833 this year. Still the statement is rather misleading. For last year he had to pay in addition the State Land Tax, which this year is included in the rate. The amount he paid in State Land Tax is not available, so correct comparison is simply out of question; but doubtless the increase is a very substantial one, for the rate in that particular suburb is 4d. in the £. There are many similar cases, and we have the same difficulty in getting at the real differences in payments where important industries are being carried on. Broadly speaking, however, though largely increased local revenues are being raised, those who are putting their land to effective uses will pay lower rates, while those who are holding their land idle or are putting it to inferior uses will have to pay increased rates, and in some cases considerably increased rates.

It should be noted, however, that it is the owners of rateable land only who can sign a requisition for a poll of the ratepayers, and who alone have the right to vote at such a poll. Occupiers have the right to vote for the election of Aldermen, but when it comes to deciding by referendum what shall be the basis for a rate, landowners only can vote. If the landless could vote they would

doubtless in all cases insist upon the taxation of land values; but in the case of a poll they have no vote. It is, therefore, a case of the landowner who is putting his land to use against the land monopolist and the land speculator. All landowners, whether large or small, have but one vote at a poll.

When the campaign was over it was my pleasing privilege to write to the two leading papers, both opposed to us, to set out the measure of success which had attended our efforts. The one inserted it, the other left it out, but made the subject the text for an article in its leading columns, some extracts from which will doubtless interest your readers, and suitably close this long letter. Under the heading, "Municipal Taxation," the paper referred to, "The Sydney Morning Herald," of May 13th, 1908, says:—

"When the extreme land value taxers among us claim that their cause has just achieved an overwhelming victory, they make no idle boast. Broadly speaking, the whole of suburban Sydney, covering some forty municipalities, has decided to throw the main burden of local taxation upon unimproved land values. That there should be general endorsement by such a number of municipalities, widely diversified in local conditions, of any given line of policy, would be testimony either to the peculiarly alluring character of the policy itself, or to the campaigning energy and persuasiveness of its advocates. In this case it is testimony to both. The Georgian doctrine of unimproved land value taxation has always made a powerful appeal to the man who does not own land [as explained above, he could not vote at all on the question] and also because it appeared to furnish a method of making the big man carry the big burden, it found favour in the eyes of the small improved allotment holder. But perhaps even this large body of prepossessed opinion might not have been ultimately effective were it not that it was organised, cajoled, and implored by the members of the single-tax priesthood, to whom the utmost taxation of land values is not merely a matter of economic expediency, but a religion. The significance of their achievement will be more completely grasped when it is reflected that Mr. Reid, after a mighty struggle, succeeded in imposing an unimproved value tax of only one penny in the pound for general government purposes, whereas under the new law there is not a single metropolitan municipality that does not propose double that rate, the majority impose more than treble, and in at least one case five times as much."

A. G. HUIE,

Hon. Sec. Sydney Single Tax League.

"I believe Sir R. Peel is frequently talking of a due consideration to the great and important interests that have grown up under this law. I plead for the vastly greater and more important interests that have been crushed to earth under this law. If they want any proof of this, I bring their own Home Secretary, with his prison report and the statistical tables, into the witness box, to prove what the law has done. Now then, for the sake of that class—the most numerous of all—for the sake of all the unprivileged classes of this country, I plead for the total and immediate repeal of this Corn Law. I do it upon the ground of expediency, as being better at this moment than any other time in which you could repeal the law. I do it on the ground of justice, because I say, if it is not a good law you have not a right to retain it one instant. . . . Now, these are the points I want to see urged upon the Government at the present moment. **Throw on the Government—as a Government, do not let us be misunderstood—throw on them the whole of the responsibility of this state of things.**"—RICHARD COBDEN. London. June 18th, 1845.