

Commonweal of New Zealand

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POLITICAL AND ECONOMIC DEMOCRACY

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SURVEYING activities of the Natural Justice movement throughout the world during 1939, and the general ascertainable reactions thereto, the opinion that has been forming in our mind for some years becomes strengthened into a conviction. Shortly put, our view is that little or no real and enduring progress can be made by old methods, original constructive, dynamic ideas being imperatively needed for advancement. This applies to the Cause over the English-speaking world at least, but we shall confine ourselves to our own especial field—New Zealand.

We do not see the slightest indication that the policy for an economic democracy, that of publicly collecting the social values (commonly called land rent) for public revenue, and the abolition of taxation, is likely to be nationally accepted within any predictable period of time. On the contrary, there are many signs that we shall presently have to fight for the retention of what partial measures the veterans of the Cause fought for and obtained in days gone by. For example, Auckland colleagues have been drawing our attention to the tentative onslaughts upon even the unimproved values system of rating, these preliminary thrusts being reported in the press, but answers thereto being suppressed.

This threatened move by landlord vested interests to upset U.V. rating may well prove a blessing in disguise, since the need of defence must force our followers to do what we have for some time now

been urging upon them: to seek membership on local bodies, our view being that local bodies (councils and boards) should be empowered to collect the full annual social values, and not a portion thereof only, as is now the position:

General rate.—2/6 in the £ on the annual value, or 2d in the £ on the capital value of all rateable property, or its equivalent on the unimproved value.

The above is the maximum allowed by general rate, and any further revenue required must come from special rates, special charges, or licenses. The result is that all economic rent above the maximum the local body can take by rates goes into the pockets of the ground rent landlords. As we have shown before, this partial application, being of some temporary benefit, inevitably goes the way of all other social gains; that is, it results in still further increases in social values where applied, so that in the long run the landlords scoop up all the gains of progress as usual. To a New Zealand student, it was very amusing to read in the 'Square Deal' (Canada) that Mr E. J. Craigie, M.P. for Flinders in South Australia had said at the H.G. Conference in New York that even the landlords in South Australia voted to retain the system of rating on the unimproved values. But it seems that the inwardness of that fact was not grasped. Why should landlords—except out of ignorance of the results of merely partial collection of the land rent in a given area—not vote for the retention of U.V.

rating, since it finally adds to their unearned rake-off? The following is extracted from a paper prepared by Mr G. M. Fowlds, son of the late Sir George Fowlds, for the H.G. Foundation in London:

A few years after Mr Seddon's death in 1906, a Swedish economist, Mr Johan Hanson, after a visit to New Zealand, published a booklet in which he gave some impressive figures regarding the incidence of land value rating. He found that the population of the towns which adopted rating on land values had increased by 29 per cent., while the population of the towns rating on the old system had increased by only 15.5 per cent. The value of the improvements in the former towns had increased by 82.3 per cent, as compared with 36 per cent in the latter; and last, but not least the land values in the towns where land value was exclusively rated had increased by 105.2 per cent, while land values in the towns on the old system of rating had increased by only 51.9 per cent.

For space reasons, we must condense, but the plain truth is that there is no final gain to the People as a whole in partial collecting in a given area. The full annual rental value must be publicly collected. Because this has not been done, a position of stalemate has obtained in New Zealand now for many years, and a retrograde movement has already started! Incidentally, even the U.V. system has been partly evaded because the U.V. men were misled by their deceptive laurels, and allowed the landlord vested interests to monopolise the membership of most local bodies, and to tax property by way of special charges before they had collected all the economic rent allowed under the legal maximum. Our followers must see to it that men and women well versed in this Natural Justice policy are candidates for local bodies at every opportunity, and resolutions must be passed calling upon the Government to do two things: (1) To make U.V. rating mandatory, as Seddon

wished it to be under his Bill of 1901, this provision being defeated by the 'ratting' of four Liberal members; (2) a demand must be made that local bodies be empowered to collect the full annual ground rent.

Moreover, amalgamation of towns and counties into large land districts should be advocated, as we have been urging for some time. Confirmation of the wisdom of this reform was forthcoming in evidence submitted to the assessment Court at Morrinsville, on behalf of Piako County ratepayers. It was pointed out, with some show of truth, that in certain places the nominal unimproved value was unduly high, kept so for the purpose of securing the necessary rate revenue. The fact is that social value tends more and more to leave farming sites and 'attach' to urban areas, it being a 'population' value. Amalgamation on the lines we advocate would correct this weakness, converting each locality under a local body into a true economic and community-of-interest land unit. What we are advocating is, after all, merely the taking of the U.V. rating system to its logical and sound conclusion, collecting the whole of the land value, so-called, (the economic value of the social environment) by the same justice as now only a part is publicly collected.

POLITICAL DEMOCRACY

ADVOCACY of economic democracy is contained in the above article, but our survey also strengthens the view that original methods are called for in the political field as well, and that until we really obtain political democracy we shall never get economic justice. In a pamphlet on Proportional Representation, a very recent one by Mr E. F. Hallard, B. Sc. (Melbourne) issued by the P.R. Society, 105 Collins Street, the author writes:—

Politics under the present deposit system is nothing but a

gamble. The swing of a small body of votes supporting some sectional interest may sweep a government away. This scanty number has tremendous power, and they can put pressure on candidates. Is it too much to say that the vote of this changeable clique is up for sale?

Our followers must carry the local bodies' elections all over the Dominion, and each local body that is thus captured must then seek to set up in its electorate an electoral advisory council, composed of delegates from each local body in its electorate. Each local body, whose members should be elected by P.R., would then instruct its electoral council delegate how to act in respect of all political measures. The electoral council would convey to the M.P. for the electorate the crystallised view of the People, as thus obtained per medium of their local bodies, requesting the M.P. to speak and vote accordingly in Parliament. The electors undoubtedly would support only the candidate who abided by the decisions of the electoral council, and in time these councils would assuredly be the virtual nominators of all members of Parliament. Power of immediate recall would soon be acquired. When, combined with this reform, the local bodies collected the full ground rent, passing some on to the State in lieu of taxation, the power of the purse would then be in the hands, not of King or Parliament, but of the People.

People may possess freedom under almost any form of limited government, unlimited government by any name must in the end destroy freedom if it can, for one is bound to the other. There is no political history but this. The first problem of a free people is how to limit government; and the only solution that has ever been found to that problem is to limit the government's purse.—Editorial in Saturday Evening Post.

The electoral and revenue systems and method we advocate would give effect to the above, completely reversing

the present process whereby the State first gets the revenue, and then distributes it. The reform would give the local bodies, which are easily manageable by the People, the revenue in the first place. The members of Parliament would really be delegates, acting on instructions, recallable at will. This is the road to political and economic freedom.

PERFECT DEMOCRACY

CORRECTNESS of a theory depends upon whether the theory works out in practice, so we will give an example showing how the delegate system provides perfectly democratic government.

Some years ago the editor of this journal happened to be a member of the executive of the Matamata District Returned Soldiers' Association. At that time there was an agitation in some quarters to change the sacred and loyal character of the observance of Anzac Day. The president (Mr G. Gilmore Griffiths) asked us to compose a motion urging that the form of the commemoration be not altered. We duly composed a suitable resolution, and proposed it at the annual general meeting of the local branch of the R.S.A. It was carried unanimously, and forwarded as a remit to the annual Dominion R.S.A. Conference at Wellington. There it was also carried unanimously, and adopted for the Dominion. It is still R.S.A. law for New Zealand. This is, to our mind, an example of democracy in perfection, and very much the same fruits could be easily garnered by reforming the political system along the local government lines herein advocated. For emphasis, we say once more that economic democracy will not come until we have the essential instrument for its implementation—political democracy in the place of the present fraud of democracy so-called. The first and most fundamental requirement is political justice.