

pregnable even to the clearest abstract reasoning. We think it worth while, therefore, to give the following particulars of a typical transaction in illustration of the beneficence of the protective tariff. The house of C. N. D. Robbins Co., of Columbus, O., bought a consignment of cloth from a Glasgow firm through a New York commission house. The bill rendered to the Robbins company by the commission house was \$233.00—seven per cent. off for cash. Deducting \$16.31 (seven per cent. of the face of the bill), the Robbins company paid a balance of \$216.69. Of that amount \$64.52 was sent to the Glasgow house in a London draft, that being the foreign cost of the goods. The remainder, \$152.17, was the expense of getting them to Columbus. This expense consisted of \$7.17 (\$23.48 less discount for cash) in commission to the New York house; \$12.00 freight from Glasgow to Columbus; and \$133 for tariff duties. What profit the Robbins company realized upon selling the goods to retailers we do not know, but assuming it to have been 25 per cent., and that the retailer disposed of them at like profit to the consumers, the matter would stand like this:

|   |          |
|---|----------|
| Cost of goods in Glasgow.....             | \$64 52  |
| Freight .....                             | 12 00    |
| Commission .....                          | 23 48    |
| Tariff duties.....                        | 133 00   |
|   | <hr/>    |
|   | \$233 00 |
| Less discount for cash.....               | 16 31    |
|   | <hr/>    |
| Cost to Robbins Co.....                   | \$216 69 |
| Robbins Co.'s profit at 25 per cent ..... | 54 17    |
|   | <hr/>    |
| Cost to American retailer.....            | \$270 86 |
| Retailers' profit at 25 per cent.         | 67 71    |
|   | <hr/>    |
| Cost to American consumer..               | \$338 57 |

So those Scotch goods, which brought the Glasgow manufacturer only \$64.52, cost the American consumers about \$338.57.

Some of the extra expense to consumers consisted, of course, of freightage, commissions, and profits, inclusive of labor; but the bulk of it was neither more nor less than tariff

duties plus profits on tariff duties. Thus:

|  |          |
|--|----------|
| Tariff duties.....                                 | \$133 00 |
| Importer's profit on same at 25 per cent.....      | 33 25    |
|  | <hr/>    |
| Paid by retailers on account of tariff duties..... | \$166 25 |
| Retailer's profit on same at 25 per cent.....      | 41 56    |
|  | <hr/>    |
| Paid by consumers on account of tariff duties..... | \$207 81 |

Deducting the tariff duties, then, from the cost to consumers, as shown above, namely—

|  |          |
|--|----------|
| Cost to American consumers with tariff duties..... | \$338 57 |
| Less tariff duties and profits on same.....        | 207 81   |
|  | <hr/>    |

Cost to American consumers without tariff duties.....\$130 76

we find that but for the tariff American consumers, instead of paying \$338.57 for those goods would have got them for \$130.76—only \$66.24, instead of \$274.05, more than they were bought for in Glasgow.

**OBJECT LESSONS FROM NEW ZEALAND.**

When we of this country felt the need of a reform in election methods we turned to Australasia for a ballot system which had for years been in successful operation in those obscure countries of the antipodes. And now the Australian ballot is used, with more or less imperfect adaptation, in nearly if not quite all the states of the union. When we began to weary of our expensive and exasperating method of transferring real estate titles, an inheritance from feudal times only slightly reformed, we turned again to Australasia, for their simple Torrens method which is infinitely better in every way than our relic of antiquity; and though the Torrens system has but just begun to work its way into American use, against the stubborn opposition of selfish special interests, there is no longer any good reason to doubt that it will in time, and perhaps in no very long time, be accepted here as generally as is the Australian ballot system. But these two reforms are not likely to measure the full extent of our borrowing from Australasia. Those countries, fast coming to be recognized as the happy hunting ground of the reformer,

are not only experimenting extensively and radically, but are attracting the attention of the outer world by the success of their experiments.

In a former issue (page 564) we commented upon the official visit to Australasia which a state senator of Colorado, James W. Bucklin, had made for the purpose especially of investigating the experiments of those colonies in taxation.\* The result of Senator Bucklin's visit, so far realized, is a majority report of "The Revenue Commission of Colorado," of which he is chairman, recommending the adoption by Colorado of the Australasian land value tax; and a unanimous report recommending the Australasian system of local option in taxation. We have now before us another New Zealand report. Somewhat earlier than Senator Bucklin's official visit to the enterprising Australasians, Mr. Henry D. Lloyd, the author of that tremendous indictment of the Standard Oil company and its defenders—"Wealth Against Commonwealth"—made a private visit to New Zealand, one of the countries of the Australasian group, for the purpose especially of gathering materials for an American book on its politico-industrial experiments. The result of his visit is a volume about New Zealand, which he has suggestively entitled "Newest England."\*\*\*

New Zealand approximates Italy in area, but has a population of only 780,000, of which 40,000 are Maoris or New Zealand natives. It is half as far away from Australia—which is as large in area as the United States without Alaska and has hardly more than one-twentieth of the population—as America is from Europe. "Its isolation," writes Mr. Lloyd,

\* Senator Bucklin's exceedingly interesting and instructive report has since been published by the Smith - Prooks Printing company, the state printers, of Denver, from whom copies can doubtless be obtained upon remittance of stamps sufficient to cover postage—say five cents. The same remittance to Senator Bucklin at the capitol, Denver, might more certainly secure attention.

\*\* "Newest England. Notes of a Democratic Traveler in New Zealand, with some Australian Comparisons. By Henry Demarest Lloyd." New York: Doubleday, Page & Co.

"protects it from tidal waves of heat, cold, immigration, fashion, speculation or invasion."

The soil in the valleys and between the mountains and the sea is in patches wonderfully fertile; but great stretches are fit only for sheep and cattle ranges. Mineral wealth, including gold, iron and coal, is abundant.

Politically the country is a British colony, which, like Canada, is practically free from British authority, the actual government being in the hands of a local ministry, which is responsible only to the local parliament. Great Britain is represented by a governor general, appointed by the queen, who, though he has nominally a veto power, as the queen herself has, follows the time-honored example of the British executive in never using it. He is simply a figure-head. New Zealand is more independent than a state of the American union, and her people are in all respects as free as Americans and in many respects freer still.

In the exercise of her freedom she has within living memory raised the native Maoris from a state of cannibalism into citizenship and admitted them to seats in parliament. She has enfranchised all women as well as all men. And she has made marked progress in social experimentation.

Among her experiments is a public insurance department. Also a public trustee. The one does business in competition with private insurance companies; the other accepts and administers all sorts of private trusts. This public trusteeship is ranked by Mr. Lloyd, among the important additions which New Zealand has made to the art of society, as second only to the system of compulsory arbitration in labor controversies, a subject which has been discussed more fully in a previous book.\*\*\*

The system of publicly owned and operated railways figures extensively, of course, in Mr. Lloyd's account of his New Zealand visit. These are run virtually at cost, any profit ex-

ceeding three per cent. on the cost being returned to the people in lower rates and better accommodations. In freight rates there is no discrimination between shippers. One ton or a thousand makes no difference; the rate per ton is the same. Railroad employes are not allowed to strike. When their complaints to superior officers are not redressed, they may appeal to an appeal board and thence to parliament. The construction of private railway lines is allowed, but the plans must be approved by the government. Land for right of way cannot be condemned; private lines must buy their right of way under private contract. Telegraphs, telephones and the post office also are under public ownership and operation; and with the post office go postal savings banks and some other minor banking functions.

Subletting of contracts in the construction of railroads and public buildings has been abolished. Contracts are let directly from the government to the workmen themselves, upon a cooperative plan which has proved, after a trial of five years, to be better and more economical than the old contract and subcontract, or sweating, system. This result is attributed by Mr. Lloyd to the fact that "under the cooperative system every workman is a contractor and has a personal interest in the economical and the successful carrying out of the work." He adds that the workman "is also his own master."

Another New Zealand reform is the public loaning agency. A settler in New Zealand who needs to borrow money has only to go to the nearest post office to get into communication with a governmental loaning department, which will lend from \$125 to \$5,000, on approved security, repayable in installments and at low interest. There has never been a foreclosure.

A system of old age pensions is also in operation. "The idea of the law is that the wornout veterans of work shall, with the help of the state, have an income, if possible, of £52 a year. To such a one, therefore, who already possesses £34 of income, the state pays £18 more, making the £52 which is the minimum set by New Zealand as the income which it thinks the old

soldiers of the industrial army should have."

The compulsory arbitration law, mentioned above, was devised by the Hon. William Pember Reeves. It is characterized by Mr. Lloyd as one of the landmarks in labor legislation in Australasia, the other being the minimum wage law of Victoria, one of the states of the Australian commonwealth. But he emphatically prefers it to the Victorian law. The arbitration law is based upon the Massachusetts law for arbitration and conciliation, but is compulsory, whereas that is voluntary; and so, says Mr. Lloyd, "New Zealand has succeeded where Massachusetts failed." Under this law labor disputes come before a court of arbitration, both striking and locking out being meanwhile prohibited. Each side is represented by a committee.

In concluding that compulsory arbitration in New Zealand and the minimum wage in Victoria are the two landmarks in labor legislation in Australasia, Mr. Lloyd evidently regards as labor legislation only such reforms as operate directly upon specific manifestations. For his book discloses other reforms that have been more beneficial to labor than the compulsory arbitration law. That this is true of the land reforms, his account of New Zealand affairs leaves no room to question, though he repeatedly emphasizes what appears to be his own conviction that ameliorative expedients, compulsory arbitration for instance, are more important to workingmen than such fundamental labor reforms as those relating to the land.

From one point of view it is an objection to "Newest England" that it deals thus superficially with New Zealand reforms, considering each by itself, somewhat after the manner of the doctor who should lay stress upon the value of his numerous external applications for the numerous manifestations of dyspepsia and ignore the value of radical treatment for the disordered stomach, which is the seat of all the trouble. From another point of view, however, this defect in Mr. Lloyd's book is a virtue. By giving the reader the facts, very fully, without attempting to compare

\*\*\* "A Country Without Strikes. A Visit to the Compulsory Arbitration Court of New Zealand." By Henry Demarest Lloyd, with introduction by William Pember Reeves, ex-minister of labor in New Zealand and author of the compulsory arbitration law. New York: Doubleday, Page & Co.

them critically or to connect them at all, he has made a more interesting book, and doubtless a more instructive one, than if he had indulged in economic philosophy. And in truth he has given the facts with much detail and evident fidelity.

In only one or two important particulars does the book appear to be defective on that score. The more important of these relates to the law permitting local bodies to raise their revenues in accordance with the "single tax" method. To this law Mr. Lloyd gives but one short paragraph (page 120), saying that public opinion in favor of it "is so feeble that in the three years the law has been in force only twenty local bodies, none important, have voted on the proposition," and adding that "twelve adopted and eight rejected it." Yet the premier of New Zealand writes to Senator Bucklin, under date of February 13, 1900 (Colorado revenue commission report, page 39), that the law "has proved a success, and the opinion of the government, which is generally shared throughout the colony, is that it should be made compulsory." That does not indicate that the public opinion in favor of the law is feeble.

As to the true number of localities that have adopted the single tax under this permissive law, Mr. Lloyd's figures are not far wrong, but they are not right. Up to May 15, 1899 (see New Zealand Official Year Book for 1899, page 414), twenty-three instead of twenty local bodies had voted on the question and thirteen instead of twelve had adopted, while ten instead of eight had rejected. And since then (Colorado revenue report, page 22) two more have voted on the question, both of which have adopted the reform.

But these discrepancies are not very important. What is objectionable in Mr. Lloyd's slight upon this, the most democratic of all the New Zealand reforms, is his omission to explain why so many localities have rejected the single tax, when, according to the New Zealand Year Book for 1899, page 414, in all but two of the twenty-three in which the single tax had been voted upon, it was supported by a large majority of those voting. The reason for its de-

feat in the ten localities in which it failed was that less than the minimum number of local tax payers required by the law had voted. The law had been so constructed, in the interest of the landlord class, as to give those not voting a weight in determining the result. That defect in the law has been remedied, however, and up to February 19, 1900, says the Bucklin revenue report, page 22, "over 82 per cent. of all the votes cast were in favor of the land tax." These facts, omitted by Mr. Lloyd, discredit his view of the feeble popularity of the law.

But if in his treatment of the local option tax law Mr. Lloyd has lessened the value of his book as an account of the radical reforms of New Zealand, and in his partiality for the compulsory arbitration law has exhibited a tendency to prefer patchwork legislation to radical reform, his story of the colonial land tax confirms his enviable reputation as a fact collector.

New Zealand was cursed with monopolies. Though these are variously classified by Mr. Lloyd, they were all either land monopolies or monopolies resting upon or buttressed by land monopoly. In 1891, 1,600 persons owned 18,000,000 acres of land and 11 owned \$24,000,000 worth of land. Land was so monopolized that settlers were forced to cross vast areas of thinly populated country to find homes in the wilderness. Great fortunes grew out of increased values of land, and enormous estates were threatening the country with something worse than feudalism. It was in these circumstances that the leader of the liberal party, Premier Balance, decided to attack land monopoly with "that ancient, constitutional and inalienable weapon—the tax." At that time the general property tax, which is familiar to the people of this country, was in vogue. It was abolished and for it was substituted a progressive land value tax, under which improvements are exempt.

An income tax was tagged on, but this, though it raises revenue—more revenue than the land tax—clearly plays no part in the industrial regeneration of New Zealand. Men of Mr. Lloyd's way of thinking doubtless suppose it does. But in his book

Mr. Lloyd appears to lay no stress upon that feature of the reform, and it needs no argument to show that a small tax which opens up land to use would diminish the evils of land monopoly, whereas a large tax levied upon incomes without regard to their source, would have no such effect.

Besides the progressive land value tax laws, land tenure laws were adopted in the early nineties for the prevention of future monopoly in the public lands and to break up the existing monopoly of private lands through purchase—compulsory if necessary. The tendency of these laws is to create 999-year leaseholds under the state, in place of freeholds. The rent for these leaseholds is fixed at the time of their creation, but increasing values of the land may be appropriated through the land value tax. It is the tax reform, therefore, rather than the land tenure reform, that stands between the people and landlordism.

These laws have operated, says Mr. Lloyd, to break up the large holdings that formerly cursed the country.

The land tax went into effect in 1892; and nearly every year since then its operation has been extended. The beneficial effect has been marvelous. Not because the tax is high, for it is not; but because it can so easily be increased. "One of the most effective features of these taxes," said a high official to Mr. Lloyd (page 112), "is not that they are heavy, for they are very light, but that they can be so easily made heavy by a few words of legislation." The possibility of an increase is a constant menace to land speculation. To the same effect is the Bucklin report, page 37, wherein the bank panic of 1893 is attributed to speculation in land, and the escape of New Zealand from its ravages is accounted for largely by the land value tax. "It may be asked," reads the report, "how such a small tax could produce such prodigious results? The answer is that in so far as the land tax contributed to these results, it was not entirely the existing tax that prevented land speculation and the collapse following thereupon, but, more largely still, a wholesome fear of its increase. Certain it is that no land boom or serious financial panic ever yet occurred

where the Australasian land value tax has been established for general purposes." That is undoubtedly the true explanation of the reformatory efficacy of this tax. By discouraging land speculation it lessens the power of land monopoly, and thereby eases the labor market.

This is what justifies the Colorado labor commission (report, page 35) in taking issue with Mr. Lloyd as to the relative benefits of the land value tax and the compulsory arbitration law. The compulsory arbitration law does not fix wages. They are fixed—as Mr. Lloyd himself well says in his "A Country Without Strikes"—by the facts of the economic situation. All that the board of arbitration can do is to pass judgment on the rate of wages that the economic situation fixes, and enforce their judgment. But the land value tax modifies economic conditions. By diminishing the power of land monopoly it enhances opportunity for labor and thereby increases wages.

But for the Bucklin tax report, Mr. Lloyd's enthusiasm over the reform of his newest England would not be encouraging to social students with individualistic tendencies. Indeed, his ideal of the goal toward which New Zealand tends, "Government & Co., Unlimited," would be somewhat shocking to not a few among us even of those who label themselves socialists. There is little satisfaction in looking forward to a time when government will manage all our affairs, even though the government be one of popular majorities. One might like to see a distinction made between functions that are governmental and those that are not. "Government & Co., Limited," has a more assuring sound than "Government & Co., Unlimited." We can see the propriety, for instance, of government ownership of railways, since railways are public highways and their control is, therefore, essentially a public function. It is assuring, consequently, to be told by Mr. Lloyd that the government railroads of New Zealand, however they may compare with American and European private railroads, are superior—and this is the true test—to the private railroads of New Zealand,

of which there are one or two, and that upon no terms would the people abandon their government roads to private control. But Mr. Lloyd makes no distinctions as to function. The whole question is with him a question of public control or private control, regardless of the nature of the function controlled. Consequently he regards indiscriminately every step of interference with private management as a progressive step, and attributes to each some share of credit for the improvement of New Zealand's social conditions. Like the old toper with his whisky theory, Mr. Lloyd thinks that some of these reforms are better than others, but believes that all are good. In his philosophy there can be no bad reform which tends toward the complete establishment of "Government & Co., Unlimited."

Not so with the Bucklin report. It traces the improved conditions in New Zealand not to reforms that subject private contract to governmental supervision and lead on to unlimited government, but especially to one which tends to the retirement by government from interference with private rights and to its resumption of its own proper functions. This is the reform in taxation that takes land values for public use and leaves improvement values to the improver.

Even Mr. Lloyd, enthusiastic as he is over what he regards as successful experiments in socialism, finds himself, when he enumerates the reforms that have been made and those that are to come, almost exclusively limited to some reform or other with reference to the control of land—to reforms, that is, which are essentially the same in social purpose and economic effect as the tax reform which the Bucklin report commends. And throughout his discussion of the evil conditions which the New Zealand reforms were intended to remedy, it is apparent that one and all were rooted in land monopoly.

The failure of the senate to ratify the Hay-Pauncefote treaty without amendment will be a grievous blow to those idealists that hoped our nation was a tangible expression of altruism.

G. T. E.

## NEWS

South Africa is the center of interest, though but little war news is allowed to come from there. With the exception of a few details, all that is known of the progress of the war is that the Boer invasion of Cape Colony continues and that Cape Town is in a state of panicky fear. The most important detail is mentioned in a dispatch from Lord Kitchener. He tells of an engagement near Lindley, in which Gen. Knox, who is still chasing DeWet, lost 2 officers and 15 men killed and 2 officers and 20 men wounded.

But if Gen. Kitchener suppresses war news, he has taken pains to forward a report of a speech by himself in which he makes the first peace overtures that the British have permitted. The policy of unconditional surrender appears from this speech to have been abandoned. It was delivered on the 21st at Pretoria to a Boer peace committee just formed in that city. Gen. Kitchener expressed his pleasure at meeting a committee desirous of bringing the war to a speedy end, and promised his assistance in every way calculated to further that object. Speaking in general terms of the benevolent intentions of the British government, he urged the uselessness of further strife. Then complimented the Boers upon having made so good a fight that they can without dishonor acknowledge that they have been overpowered, he specifically promised that if they would surrender no one should be sent out of the country but all who had fought fairly, including the leaders, would receive the consideration due their rank. After making this conciliatory speech Lord Kitchener issued orders modifying the policy of burning farmhouses. The new policy of conciliation was further promoted on the 3d at a meeting at Pretoria of surrendered Boers. The chairman stated that the British authorities desired the meeting to consider suggestions looking to the ending of the war. A committee was accordingly appointed and instructed to circulate among the Boers a statement of the hopelessness of further resistance, together with copies of Lord Kitchener's conciliatory speech.

The appointment of Sir Alfred Milner as British governor of "the Or-