

used against the land tax," he adds, "was that it checked the flow of capital into the country for investment. I would remark that it was only deterrent in the case of capitalists seeking to buy large estates—a class we are most undoubtedly better without; whereas the property tax deters the man of small capital, seeking a place to settle on with a view to farming, or a town property in which to start a new industry; and this is the very class we are admittedly most urgently in need of at this time."

CONDITIONS AT THE CLOSE OF THE PROPERTY TAX ERA —THE YEAR OF NEW ZEALAND'S JUBILEE.

In his address, already quoted, on "The Industrial Depression in New Zealand; Its Cause and Its Only Cure," January, 1890, Mr. H. W. Farnall pointed out that that was "the year of New Zealand's jubilee!" But, he asked, "concerning what, in all that has taken place in New Zealand in the last fifty years, are we called upon especially to rejoice? Are we to rejoice that one absentee New Zealand land owner draws an income from this country of £85,000 a year, and lives in ease and affluence in England? Are we to rejoice that there are 1,140 of these absentees, all living in ease and luxury in England and elsewhere, all drawing large sums from this colony, and positively drawing its life-blood, whilst they contribute nothing hardly to the national revenue? Are we to rejoice because we allow ourselves to be robbed of our small and hardly-won earnings, and be brought to poverty and destitution in order that the wealthiest class in this colony may escape their share of taxation? Are we to rejoice over that huge debt, on which, though spent wholly in the interests of one class, the land owners, the other, the down trodden, the governed class, is called upon to pay all the interest?"

Of these holders 34 are permanent absentees. They own between them 721,897 acres of an unimproved value of £1,041,984. Thirteen companies own 1,070,900 acres of land of an unimproved value of £2,000,000 sterling, and one bank, the Bank of New Zealand, owns a quarter of a million acres, of an unimproved value of considerably over half a million pounds sterling. Forty-eight of these holders have their properties still in a state of nature; they have spent no money upon them whatever. They hold amongst them 1,400,668 acres of an unimproved value of nearly a million pounds sterling.

"To go a little further into detail we find that there are twenty-four holders of land, the unimproved value of the holdings of each of whom is from £100,000 to £1,000,000 sterling. There are three holders, the unimproved value of whose land is between £90,000 and £100,000; there are six between £80,000 and £90,000; there are eleven between £70,000 and £80,000; there are twelve between £60,000 and £70,000; and twenty-one between £50,000 and £60,000; or a total of seventy-six persons who own between them land of the unimproved value of £8,498,541. "Now the value of the

improvements made upon these valuable properties is in many cases of a very trifling character. We have seen that forty-eight are still absolutely in a state of nature, although their actual value is over a million pounds sterling. But on looking through the return we find that one owner acknowledges having spent £5 upon an estate of 7,000 acres, and another has spent £450 on an estate of 68,000 acres. This latter is an absentee, and draws £650 a year rent from a tenant. Another draws £1,000 a year from a property on which he has only spent £50. But, as I said before, the above only represents the large freeholds of over 5,000 acres. If to these we add the leaseholds, we at once become acquainted with a fact that every one must acknowledge throws a liquid light upon the cause of the poverty, want of employment, and low wages in this country, and practically explains the whole position. The total freehold and leasehold properties of over 5,000 acres, held in New Zealand at the present moment, are as follows:—

HOW THE LAND WAS MONOPOLIZED

	Freehold.	Leasehold.	
Auckland	1,664,415	119,743	1,784,158
Hawkes' Bay	1,429,779	130,339	1,560,108
Wellington	1,014,260	26,249	1,040,509
Nelson	89,702	811,170	900,870
Marlborough	522,011	1,627,323	2,149,334
Canterbury	1,253,063	2,869,000	4,122,063
Otago	1,243,070	5,187,386	6,430,456
			<hr/>
			17,987,507

"The total number of holders of these freeholds and leaseholds, comprised in the aggregate nearly eighteen million acres, is 1615.

"It is only by encouraging a large and settled agricultural population in this country that it can ever make satisfactory progress, and this at the present time is practically an impossibility, as *all the best, all the most available, and most accessible land is monopolized by these 1,615 large land owners.*

"The statement frequently made by some New Zealand newspapers and some public men that there is no country in the world where land is so equally distributed as in New Zealand is most atrociously false. The agricultural returns show us that the largest number of settlers living and supporting themselves on their own land are actually existing upon from one to ten acres each, and they number in all 9,172 families; then come a smaller number, 7,507, who are existing on plots of from ten to fifty acres, or a total in all of 16,679 families, and these represent the bulk of the settled agricultural population of this colony. And how much land is occupied by this goodly number of families, 16,679? Taking them at the lowest estimation they must number, all told, upwards of 80,000 *souls*, and what is the area of land occupied by them, think you? It is *something under 300,000 acres!* just

enough, in fact, to make one good sized sheep run. But what a contrast, and if it be true that the land is the source of all wealth, what a catastrophe to find in this young country that sixteen hundred people monopolize between them nearly 18,000,000 acres of land, whilst seventeen thousand families are vegetating upon 300,000 acres.

AND HOW THE TAX BURDEN WAS DISTRIBUTED.

"Take," he added, "another view of the case, that is, the question of taxation. The amount contributed by the 1,600 large land owners towards the national revenue would be barely one-tenth of what the others would be called upon to pay, although those who paid the least would be occupying and monopolizing 18,000,000 acres of the only source of wealth—the land; whereas the larger number would be occupying only 300,000 acres. This is one great cause of the inequality of wealth, low wages, and scarcity and uncertainty of employment in this country."

Mr. Farnall very strongly condemns Customs taxes as a means of raising revenue. "It has been computed that, although the Custom's revenue may be a million and a half, yet the people pay, in consequence of the extra charges, nearly half a million more. Customs duties do not fall upon all alike, as it stands to reason a man with a wife and family, and who is earning £2 to £2-10-0 a week, cannot afford to pay them so well as a man with £85,000 a year. In the case of a man earning wages or having an income of £100 in the year, the duties at present raised would mean a deduction of 20 per cent. per annum from his yearly income, thereby reducing his earnings to £80. If the £85,000 a year man was treated in just proportion he would pay £17,000.

A MEAN AND CUNNING DEVICE TO MAKE THE POOR PAY THE TAXES OF THE RICH.

Customs duties (he declares) are nothing more nor less than a mean and cunning device for abstracting from the little hoards of the poor huge aggregate sums that ought to be drawn from the treasuries of the rich. The great bulk of our taxation is drawn through the Customs, and the wealthiest men in the colony *need pay* no more than the poorest. Our absentees, of course, pay no Customs duties, and as according to an official return laid before Parliament there are 1,140 of them, all drawing large incomes from the colony, the making the Customs duties our principal source of national revenue is shown to be outrageously wrong, and robbery of those who do pay it.

"Sir Harry Atkinson was asked in the House if it was not possible to frame a tax that would reach the absentees, and he said he could not see his way to do it. Some people innocently imagined that the property tax catches them, but it doesn't. The property tax after all only returns £380,000 a year * * * where do they appear on the property tax returns published by the Government? * * * The number of property tax payers in 1886-87 was 27,286, and out of that large number only 548 pay over £67. In what part of this return are we to look for the 1,140 absentees, who, contributing nothing

to our national revenue through the Customs, our chief source of revenue should certainly be contributing at least that much to the property tax? In what part of the return are we to look for the 1,615 landholders who monopolize the source from which all wealth is derived to the tune of 18,000,000 acres, the unimproved value of 7,000,000 acres of which is over £15,000,000 sterling? The property tax return knows them not. If it does account for them, it is evident they are not paying to this tax in proportion to the value of their property and the wealth obtained by them from it." It will be seen that this tax is not a property tax in the true sense of the term, and that it is

A FRAUD AND A DELUSION.

In 1899 Senator James W. Bucklin, of Colorado, U. S. A., as chairman of a Commission appointed by the State Senate, visited the Southern Hemisphere to "investigate the tax laws of New Zealand and the Australian colonies, and the effect of such laws," reporting to the Senate in due course. In his Report, ordered to be printed, February 28th, 1901, and reprinted with corrections, January 27th, 1902, Senator Bucklin notes that the New Zealand land-value tax "is the only Australasian land-value tax ever repealed in any of the colonies, and New Zealand has since repented and corrected this mistake." At the time of Bucklin's visit land-value taxes were in operation for national purposes in New Zealand, New South Wales and South Australia; with a compulsory land-value rating system for all local purposes in Queensland, and optional rating systems in New Zealand and South Australia. Since then national land-value taxes have been adopted by Western Australia, Victoria and Tasmania, and the local rating of land values is now practically universal in New South Wales, the State land-value tax being merged in the local rate, while a Federal land-value tax has also been adopted by the Australian Commonwealth, under its Labor Premier, Mr. Andrew Fisher.

THE LAND TAX RESTORED—SENATOR BUCKLIN'S REPORT.

Senator Bucklin summarizes the position so well that I cannot do better than quote his report. "The general property tax," he says, "remained in operation in New Zealand for twelve years during which time a deficiency in the revenue appeared of \$9,910,000. *The general property tax* of New Zealand, like that of the several American States, was not only a fiscal failure but also an instrument of injustice and oppression. So unpopular did it become that the people, in memory of the previous short experience of the land tax, in 1890 turned out those who were responsible for the property tax and elected a parliament pledged to re-enact the land tax, the change in the incidence of taxation being the chief issue in the campaign * * * After having thoroughly tested the general property tax, and compared it with the Australasian land-value tax the former system was deliberately abolished and the Australasian system finally established; thus, after a thorough trial, rendering a complete judgment on the relative merits of the two methods

of taxation * * * The adoption of the present land-value tax in New Zealand grew out of the disgust with the general property tax, and the fact that the great labor strike of 1890, involving thousands of laboring men, was beaten and crushed out. Hon. John Ballance who had introduced and most ably advocated the Land Tax Bill of 1878, had, notwithstanding its repeal, never ceased to urge the principle upon the people. The working classes now, defeated in their strike, turned to Mr. Ballance, elected a parliament to support him, and have ever since maintained their control.

"Prior to the land tax of 1891, there had been an enormously extravagant government in control of affairs, who had plunged the country largely in debt, and, in many ways, ran it in the interest of the privileged classes. Land speculation was rife and the country was apparently on the verge of a great panic. In 1891 *thousands* of unemployed gathered in all cities of New Zealand asking for work, and the people were actually fleeing from the country in search of the right to labor.

"As the chief measure of relief the Ballance government had demanded during the campaign, and now passed, the Australasian land-value tax law. At once, without the 'Industrial Conciliation and Arbitration Act,' or any new labor laws, the condition of labor began greatly to improve. Wages increased, the hours of toil shortened, the cost of living decreased, and the idle received employment. From 1891 to 1898 the cultivated lands of New Zealand increased 3,522,091 acres (sown grass lands increased 3,278,501 acres), the value of improvements increased \$39,000,000, and nearly all business greatly improved. Wages in New Zealand are not high, but the cost of living is cheap, and the people generally seem to be most prosperous and happy. For nearly a day I walked through the streets of Auckland, a city of more than 60,000 people, in search of an idle workingman, and was unable to find one. In the four years immediately preceding the land tax, in spite of government ownership and management of railroads, telegraphs, telephones, insurance, etc., there was actual decrease of immigration over emigration of 17,789 persons, being a loss each year. At once on the passage of the land-value tax the tide of emigration turned, population has increased 122,447, and the first two years after adoption of the land tax the immigration of New Zealand exceeded the emigration 15,370 persons, and has continued in excess each of the eight years since its passage."

LAND TAX AND COMPULSORY ARBITRATION COMPARED.

It used to be claimed at one time that the great improvement in the conditions of labor since 1891 was due to the "Industrial Conciliation and Arbitration Act." But, says Mr. Bucklin, "Since the passage of the compulsory arbitration law in 1894, and its coming into operation a year or so later, there has been no such great improvement in the condition of wages or labor as took place on the passage of the land tax in 1891. The excess of immigration into New Zealand for the three years following the adoption of the Australasian system, and prior to the adoption of the compulsory arbi-

tration law, was 3,777 persons, more than twice the number for the three years immediately following the arbitration law. It is sometimes contended that the arbitration law has not even tended to improve the conditions of labor, but has retarded such improvement. It has not had a very long life and has not been fully tested as yet, but so far it has done but little if any direct harm. Under any view its benefits to labor or the public are far less than those of the land-value tax. H. D. Lloyd, in his book eulogising the New Zealand compulsory arbitration law, entitled 'A Country Without Strikes,' says:—'But it is not really correct to say that this is a case of wages 'fixed by law.' The law has not fixed the prices. The price is fixed by the facts of the economic situation, and it (the compulsory arbitration law) does not attempt to create or modify economic conditions.

"The Australasian land-value tax, however, like all other tax laws does modify economic conditions, while the compulsory arbitration law only aims at a peaceable adjustment of industrial disputes under existing economic conditions. After consultation with numerous classes of persons in New Zealand, including both laborers and employers, I am convinced that, taken as a whole, wages are not any higher, nor the hours of toil any shorter, nor the chance of employment any better because of the compulsory arbitration law. It may perhaps have had some effect in allaying the friction of industrial disputes, but even this is not yet fully proven. If it were true that a compulsory arbitration board could arbitrarily raise and maintain wages, why does not the board fix wages at a minimum of a sovereign or \$5 per day? There can be no doubt that workmen produce and are consequently entitled to receive at least that amount of daily wages * * * All that arbitration can do, if ideally perfect, is to palliate, not cure public evils. If economic conditions are forcing wages down and throwing men out of work, no compulsory arbitration board can prevent such results; while if economic conditions are forcing wages up, arbitration boards will not be able to prevent such increase."

The truth of this was shown during the depression caused by the backwash of the great American panic of 1907; and, as a matter of fact, the New Zealand workers have now largely lost faith in the efficiency of the Conciliation and Arbitration Act and other labor legislation, and are beginning to realize once more that if they would improve labor conditions they must improve economic conditions, and that the true way to do this is to untax industry and to tax land-values instead on the lines first laid down by Sir George Grey and the Hon. John Ballance and since popularized by Henry George and his many devoted followers.

THE FAILURE OF THE INDUSTRIAL CONCILIATION AND ARBITRATION ACT, and the root cause of that failure are brought out very clearly in the following memorandum addressed by M. Edward Tregear (Secretary for Labor) to the Rt. Hon. R. J. Seddon (Premier and Minister for Labor). The failure of the Act is all the more striking in that Mr. Tregear, who may be regarded

almost as the father of the measure, undoubtedly puts forward the best case he can for it:—

Department of Labor,
Wellington, 31st May, 1904.

It may fairly be said without boasting that the Industrial Conciliation and Arbitration Act of New Zealand has drawn the attention of the civilized world to the progressive legislation of this colony. The very large number of inquiries made of the Labor Department by people in Europe and America, combined with the extensive literature relating to the subject of our laws recently published abroad (particularly in the United States), are proofs of how widely the subject engages the attention of persons occupied in the study or administration of socio-political matters. It therefore would be little short of a world-wide calamity should anything cause false inferences to be drawn from the effects or results of institutions working under any but fair and impartial conditions. The New Zealand Arbitration Act is not working under such conditions, nor is its beneficent power available to the full in the cause of public utility. The work of the Court is being neutralised by malignant collateral action. It is in the position of a single regiment or division of an army sent far into the enemy's country without reserves or supports. Or, to use a still closer metaphor, it is like a fair edifice the foundations of which are being destroyed by cunning miners working from every side.

The general effect of the Act has been to benefit the whole community by insuring to the employer stability of business and output, to the worker higher wages and shorter hours, to the general public that continuity of trade and business which was formerly too often dislocated by the mischievous waste of strike and lockout. These results have been of high advantage to the whole colony, as the great prosperity shown by every indication of the economic barometer denotes. Such effects are, however, rapidly becoming neutralized, and soon only the empty shell of an apparent prosperity will be left us if the unbridled covetousness of a few be not regulated and checked. Some of the necessities of life cost more than in former years; their price is rapidly advancing, and this out of all proportion to the rise in wages of producers. Of course the rise in wages given by the Arbitration Court to certain classes of workers is asserted by some to be the reason for the increased cost of articles and services, but this argument runs in a vicious circle, for it is the increased cost of necessities which has caused the concession of higher wages. There has been no fair ratio between the rise in wages and the rise in prices. The fact is that there is a third hand in the game besides the employer and employee, and it is this third man, the non-producing ground-landlord of city and suburban property, who alone will rise a winner in the end.

The chief devourer of the wages of the worker and of the profits of the employer is excessive rent. That an equitable payment for the use of land and dwellings should be made to their owners is, under the present constitution of society, proper and desirable; but a greedy rent-racking system, which transfers gradually almost the whole earnings of the industrial and commercial classes to the pockets of the non-producer, is indefensible. It partakes of three characters; it is unauthorized taxation by private persons, it is tribute to a conqueror, and ransom of a captive. In Wellington the rents have not only increased during the last ten years, but they have acquired an utter disproportion to earnings. It is difficult for a clerk or foreman at £250 a year to get a decent house near the city under £1 10s. a week, which means about one-third of his income. A laborer earning (taking wet days, illness, etc.) on an average £1 10s. a week, must pay at least 10s. to 12s. a week for a house; he too, then, finds that a roof over his head costs one-third of his income. This may be accepted as a general rule in the capital city—viz., one-third of the income goes to the landlord. The shopkeeper who by his industry and capability improves his business enhances the value of his holding, and discovers as soon as his short lease expires that if he wishes renewal, he must sacrifice

the profits of his business. In a certain southern city there is a striking instance of this process. A small piece of land, now in the centre of the town, was bought many years ago (almost by chance) for a person living in England, who paid £50 for it. That person has drawn £800 a year from it for twenty years, and now receives £2,000 a year therefrom. The tribute levied on the struggling colonists of New Zealand by this absentee would, if capitalized, "stagger humanity." IT REPRESENTS NO HONEST PROFIT ON INVESTMENT.

Other items of necessities, such as meat, bacon, eggs, coal, fire-wood, etc., have also risen in price, considerably, and have helped to minimize any advance in workers' wages. These, however, are more defensible in their deductions than unfair rentals, because some part of the profits made in such case go to producers. Unfortunately for the operative or laborer, he is seldom the owner of the means of production, and the point he is made to realize is that mutton is far more costly than it was years ago, while the increased cheques for frozen meat, freights, commissions, etc., do not come his way. Nevertheless, a certain number of his class are employed in the production or distribution of meat, and therefore advances in its price do not stand on the same footing as those of ground-rents. Even the farmers indirectly suffer by such mulcting of wages, for less farm-produce is consumed when the spending-power of the masses is checked and directed aside into private banking accounts of the owners of city and suburban lands.

With the above considerations in mind, I very earnestly ask the Government to take into consideration the question of legislating for the acquirement of suburban land and the housing of the citizens. Whether such consideration should take the direction of State or municipal control of compulsorily acquired properties I do not presume to suggest. Some scheme, however, should be earnestly pondered over having for its determination the breaking-up of the land ring. Just as Russia acquired by an Imperial ukase possession of petroleum wells at Baku, and so controlled the market in order to prevent the cupidity of individuals destroying the transport service, etc., of the Empire (carried on by oil-burning steamers), so in New Zealand there is reason for the State to interfere to prevent the exploitation of its citizens and the draining of the earnings of the community into the possession of a few private persons.

It is beyond doubt that the advantages bestowed by progressive legislation are gradually being nullified, and will eventually be destroyed by certain adverse influences. Those influences must be sought out and neutralized fearlessly and effectively in the interests of all classes of workers—i.e., of the vast majority of the citizens of the colony.

EDW. TREGGAR,

Secretary of Labor.

In October of the same year Mr. Coghlan, Government Statistician of New South Wales, affirmed that "wages have risen $8\frac{1}{2}$ per cent. in New Zealand during the last fifteen years," while "in the large centres during that time meat has advanced 100 per cent., house rent 30 per cent. to 50 per cent., and other items from 10 per cent. to 50 per cent." And, addressing the Australian Labor League at Sydney, in 1906, shortly before his death, the Rt. Hon. R. J. Seddon declared that, "Up to the present the labor laws of New Zealand have benefited one class only, and that the landlord class."

THE BANK PANIC OF 1893.

One of the most striking evidences of the great benefits resulting from the land-value tax of 1891, is the fact that New Zealand passed practically unscathed through the great bank panic of 1893.

"In comparing the colonies with one another," says Mr. Bucklin, "it

must be remembered that they are all colonies of the same mother country; that they are inhabited by the same class of people; their markets are the same; they derive their laws and institutions from the same source; the people freely emigrate from one colony to another; one-half of the banks and many business houses are located in more than one colony; their financial systems are the same; the internal affairs of the several colonies, such as the government ownership of railroads, telegraphs and telephones, are of a similar character; and the prosperity or adversity of each colony naturally fluctuates with that of the others.

"Yet the bank panic of 1893, which extended all over the civilized world, *did not close a single bank doing business in New Zealand*; nor did it close any in South Australia (which had adopted a land value tax of $\frac{1}{2}$ d. in the £ in 1884), except the branches of those banks having headquarters in other colonies. In other words, the bank panic of 1893, with its storm center in Melbourne, and Victoria, where there had been an enormous speculation in land, a panic which raged in New South Wales, and in all other colonies unprotected by the Australasian tax system, did not make itself seriously felt in either of the then land tax colonies. What the full cause of this was I shall not attempt to say. New Zealand, a year later, came to the aid of one of its banks by guaranteeing its paper. But Victoria did not dare to venture in that line, and it is certain that it could not have saved its banks had it done so.

"One of the chief causes of the panic was that both the banks and their patrons had speculated largely in land, and coincident with the panic a terrible shrinkage in values occurred that made thousands of bank debtors insolvent and their paper worthless. In New Zealand the land tax which was passed nearly two years before the land speculation culminated, checked the land boom and correspondingly checked the credit based on land speculation in that colony. The speculation, however, had proceeded so far that although the banks and their patrons had nearly two years time in which to retrieve themselves, they were seriously threatened, not entirely and perhaps not mainly, by their New Zealand business, but largely because they had branches doing business in other colonies. *In South Australia, where there had been no land boom, there were no failures of banks caused by the South Australian business.* Thirteen out of the twenty-five banks of issue in Australasia, with their hundreds of branches, closed, with liabilities of \$516,576,000.

"It may be asked 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 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."

"South Australia (he adds) adopted the Australasian tax in 1884, just at the culmination of a boom when land values were highest; New Zealand's

present law was adopted in 1891, more than a year before the climax of speculation and panic; while New South Wales adopted the tax in 1895, going into effect in 1896, nearly three years after the panic, when business and industry were greatly depressed. The improved conditions which took place in New Zealand in 1892 did not take place in New South Wales till 1896. It can thus be seen that the land tax has been tested in such a variety of public conditions as to make reasonably certain that there is no truth in the evils predicated of its adoption.

"In 1898 the four colonies having the land tax in operation, New Zealand New South Wales, South Australia and Queensland had an excess of immigration over emigration of 12,580 persons, being a gain in every colony, while the three colonies having no land value tax lost that year, by an excess of emigrants over immigrants, 4,910 persons."

"ONE OF THE PICTURESQUE HISTORICAL FACTS

in connection with the Australasian land value tax," says Mr. Bucklin, "is that it should have first sprung up and been adopted by two colonies, South Australia and New Zealand, which were colonized under the directly opposite influences and theories of Edward Gibbon Wakefield.

"Mr. Wakefield contended that colonial land should be sold at a "sufficient" price, at a uniform rate, so high as to prevent laborers from buying it; that it should be sold in large blocks and the purchase money expended in bringing to the colonies healthy and capable young men and women of the laboring classes, who, being debarred from becoming land owners themselves, should continue to work for wages, and thus guarantee a perpetual abundance of cheap labor for the benefit of the capitalist."

"This frank acknowledgment and practical object lesson of the power of untaxed landlordism was doubtless an important factor in arousing the thought which has begun to check its power."

THE GREAT CHANGE.

REINS OF GOVERNMENT CAPTURED BY THE PEOPLE.

THE RESTORATION OF CONFIDENCE.

Under the above headings, *The New Zealand Times* (a Government organ), in a "Special Pre-Election Edition" issued on November 18th, 1911, very ably summarizes the benefits accruing from the Land Tax of 1891, which it very evidently and very rightly regarded as the brightest jewel in the crown of Liberalism.

"The general election at the end of 1890 and the change of Government following at the beginning of 1891, when the Conservatives bade their last sad farewell to the Treasury benches marks a turning-point of momentous