

# THE SINGLE TAX REVIEW

A Record of the Progress of Single Tax and Tax Reform  
Throughout the World.

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## NEW ZEALAND.

THE COUNTRY AND THE WAR FOR ITS GOVERNMENT  
BY THE PEOPLE.

THE STORY OF THE SINGLE TAX MOVEMENT UNDER THE  
SOUTHERN CROSS.

*(For the Review.)*

By ARTHUR WITHEY.

### DISCOVERY, RESOURCES AND CLIMATE.

New Zealand, discovered by Abel Jansen Tasman, the Dutch navigator, in 1642, and next thereafter visited by Captain Cook in 1769, consists of three main islands—the North, the South, and Stewart Islands, together with several groups of smaller islands. The main islands have a coast line 4,330 miles in length—North Island, 2,200; South Island, 2,000; and Stewart Island, 130 miles. And their area is, in round figures, 66,000,000 acres, as against 77,000,000 acres for the British Isles.

New Zealand, in the language of the official Year Book, is firstly a pastoral and secondly an agricultural country. Sown grasses are grown almost everywhere, the extent of land laid down being more than thirteen millions and a half acres. The soil is admirably adapted for receiving these grasses, and after the bush has been burnt off, is mostly sown over without previous ploughing. In the South Island a large area is covered with native grasses, all used for grazing purposes. The large extent of good grazing land has made the Dominion a great wool, meat and dairy produce country; while its agricultural capabilities are, speaking generally, very considerable. The abundance of water and the quantity of valuable timber are other natural advantages.

New Zealand is, besides, a mining country. Large deposits of coal are met with, chiefly on the west coast of the South Island. Gold, alluvial and quartz, is found in both Islands, the yield having been over seventy-seven millions (385 million dollars) in value to the present time (1911).

## POSSESSED OF EVERY NATURAL ADVANTAGE

New Zealand, in short, possessed of every natural advantage and with an area only 11,000,000 acres less than that of the British Isles, could readily support a population of forty to fifty millions; just as the United States, with an area about thirty times that of the British Isles, could readily support the entire present population of the whole world, and yet be no more overcrowded than is the United Kingdom, which, as Prince Krapotkin and other authorities assure us, could easily support on home grown food three times its existing population.

But, to many short-sighted people, New Zealand seems to be just as overcrowded with little more than a million people all told, as the United Kingdom with its forty-five millions and the United States with less than one hundred millions. To these short-sighted folk the foolish and blasphemous teaching of the Rev. Dr. Malthus, that population is constantly pressing against the natural barriers of subsistence, seems to be a simple statement of self-evident facts. They do not realize that the Creator has provided enough and far more than enough for all the children of men. They cannot, or will not, see that population is pressing all the time, not against the natural barriers of subsistence, but against the artificial man-made barriers of a dog-in-the-manger land-lordism.

Thanks to land monopoly and land speculation slum conditions obtain in all the cities of New Zealand. These slum conditions, of course, are not so bad as those to be found in the Old Country or in American cities. But, manifestly, as population increases, the people will become "piled upon one another" in New Zealand as in older lands. And New Zealand has already had a sweating system only too nearly approaching that which blights and disgraces the Mother Country and the States. Fancy a labor market so "overstocked" as to develop sweating conditions in a country with at that time, little more than 600,000 souls to its 66,000,000 acres!

And all these evils might so easily have been avoided!

## HOUSE OF COMMONS COMMITTEE SUGGESTS A LAND TAX.

Nor must it be supposed that the founders of the laws and institutions of this colony started on their work entirely unassisted. That was not so. "In the year 1844," said Mr. H. W. Farnall in an address—"The Industrial Depression in New Zealand: Its Cause and Its Only Cure"—delivered to the Auckland Knights of Labor, January 8th, 1890, "a Committee of the House of Commons was appointed to take the affairs of New Zealand into consideration, and make suggestions as to the course she should steer. Some of Britain's ablest statesmen were on this committee; they sat for a long time and examined a host of witnesses, the report of the proceedings occupies a very bulky volume, but in their report they make a great point of one thing, and this they most earnestly impressed upon the English Parliament and those engaged in framing our institutions. That was, that before all else a

land tax should be at once imposed. The committee points out that unless this be done precisely what we see before our eyes in this year of jubilee, would happen. The whole country would be monopolized by a few in large estates, *bona fide* settlement would stagnate, and the masses would be pauperized. It seems rather a singular thing (added Mr. Farnall) that a committee of Englishmen, chiefly landowners, who it is to be supposed fully realized the comfortable position that they themselves were in through land monopoly, should have strongly warned this colony against the same thing. But they did so in the most emphatic manner, though nothing came of it. I claim (he said) that the neglect to impose this land tax was one of the main causes of the trouble from which we have for years been suffering, and from which we shall continue to suffer and go from bad to worse until such a tax is imposed."

The Report of the Select Committee of the House of Commons, appointed "to inquire into the state of the colony of New Zealand, and into the proceedings of the New Zealand Company, and to report thereon to the House," was ordered by the House of Commons to be printed, "together with the minutes of evidence, appendix and index," on July 29th, 1844, and contains close on 1,100 foolscap pages.

#### AS A SAFEGUARD AGAINST LAND SPECULATION.

The Committee consists of Mr. Aglionby, Lord Francis Egerton, Viscount Howick, Mr. Geo. Wm. Hope, Mr. Robert Clive, Mr. Hawes, Sir Robert Harry Inglis, Viscount Ebrington, Mr. Charteris, Sir. John Hanmer, Mr. Milnes, Viscount Joscelyn, Mr. Roebuck and Mr. Wilson Patten. And on pages XI-XII of the Report we read:—"It is an evil of which the experience of other colonies affords frequent examples, that the progress of settlement is impeded by land coming into the possession of persons who endeavor to derive a profit, not from its improvement, but by suffering it to lie waste until it acquires a value from labor and capital expended in the surrounding districts; it, therefore, appears to us, that means should be taken to guard against this abuse in New Zealand. This will, we trust, be to a great extent effected by the regulations which will prevent property in land being acquired otherwise than by purchase; but as a further security, we would recommend that some part of the colonial revenue should be raised by means of a tax upon land. On the North American continent, when a tax has been imposed upon land with a view of checking its being held by persons not really intending to make use of it, we believe the tax has been levied upon wild land only. Looking, however, to the difficulty of accurately determining the degree of improvement which should exempt land from a tax applying only to that which is designated as wild, and to the facility thus afforded for evading the burden, it appears to us more advisable that such a tax should be imposed on all land, whether wild or otherwise. If the tax were low (we think it ought not to exceed 2d. an acre) it would be unfelt as a practical burden on land really turned to profitable account, while even this small payment

recurring annually, would powerfully tend to discourage the retention of land by parties deriving no immediate advantage from it.

#### TO DISCOURAGE THE RETENTION OF LAND.

"Such a tax (the Report proceeds) ought not, of course, to apply to land now occupied by the Natives. or to that held as reserves for their benefit. The land granted to the New Zealand Company ought also to be regarded in a different light from that held by private individuals; they have obtained that land in the character of agents for the public in carrying on the work of colonization; so long, therefore, as they adequately discharge the duties belonging to that character, they ought not to be subjected to the tax in respect of land they hold for this purpose; at the same time, care should be taken that no privilege capable of being abused should be given to them. We would, therefore, suggest, that the land remaining unsold in the hands of the Company should be free from the tax, so long as the extent of land so held should not exceed that which would remain to them supposing that from the commencement of their operations they had sold one year with another one-twenty-fifth part of the land assigned to them by the Crown. Should their sales upon the whole fall short of this, they might fairly be required to pay the tax upon the difference. It might also be proper to insist, as a condition to their enjoying the proposed exemption, that a fixed proportion of the proceeds of their land sales should be applied to the promotion of immigration. \* \* \*

The exemption of the lands of the New Zealand Company was, to say the least, a very dubious policy; and to-day it is recognized that a land value tax, not an acreage tax, is the best form of land tax, while even the Natives would be benefited rather than injured by a form of taxation which, instead of taxing necessities and discouraging improvement, would encourage them to put their land to its best use. But the Committee clearly recognized the

#### DANGERS INSEPARABLE FROM LAND SPECULATION

and dog-in-the-manger land monopoly, and they realized at least that the taxing power of the State affords an effective means of checking such speculation and monopoly. It may be objected that their suggested land tax (2d. per acre) is extremely low; but, seeing that much of the land would not be worth more than a pound per acre, at the very outside, the tax would be equivalent to one of 2d. in the £ on the selling value, or about 4/ in the £ on the yearly value of the land; and the Committee's recommendation was manifestly directed against large idle holdings of country lands rather than against speculation in town sites, the towns being at that date very small and very few and very far between.

#### THE COLONY'S EVIL GENIUS.

Had the Committee's warning been heeded the history of New Zealand—industrial, social and political, would have followed a very different course



from that which alas! has been its history. But the warning of the select Committee, based though it was upon the bitter experience of older colonies, passed unheeded. There was present at the birth of the young colony the same evil genius who had inveigled the other Australasian colonies from the right path—Edward Gibbon Wakefield, a man who understood the land question possibly as well as Henry George understood it, but who used his knowledge, not to free the people, but to enslave them.

Edward Gibbon Wakefield, "that observant economist and cold-blooded Philistine," as Max Hirsch calls him in the concluding chapter of "Democracy versus Socialism," found the land so free that the people also were free, land so cheap that labor was, from the point of view of the would-be exploiters, unconscionably dear; and he did not rest till he had made the land dear and labor cheap, till by means of land monopoly he had artificially manufactured wage slaves for the benefit of the exploiters.

This is shown in detail in the final chapter of "Capital," which Karl Marx, the great German Socialist writer, devotes to an exposition of Wakefield's "Modern Theory of Colonization."

#### THE MANUFACTURE OF WAGE-WORKERS.

"It is the great merit of E. G. Wakefield," says Marx, "to have discovered, not anything new about the colonies, but to have discovered in the colonies the truth as to the conditions of capitalist production in the Mother-country. As the system of Protection at its origin attempted to manufacture capitalists artificially in the Mother-country, so Wakefield's colonisation theory \* \* \* attempted to effect the manufacture of wage-workers in the colonies. \* \* \*

"First of all, Wakefield discovered that in the colonies property in money, means of subsistence, machines, and other means of production, does not as yet stamp a man as a capitalist (*i. e.*, as an exploiter of labor, for it is in this sense that Marx uses the word "capitalist") if there be wanting the correlative—the wage-worker, the other man who is compelled to sell himself of his own free will. (Much as in comic opera one is *compelled to volunteer*!) He discovered that capital is not a thing, but a social relation between persons, established by the instrumentality of things. Mr. Peel, he moans, took with him from England to Swan River, West Australia, means of subsistence and of production, to the amount of £50,000. Mr. Peel had the foresight to bring with him, besides, 3,000 persons of the working class—men, women, and children. Once arrived at his destination, 'Mr. Peel was left without a servant to make his bed or fetch him water from the river.'

"SLAVERY, THE SOLE NATURAL BASIS OF COLONIAL WEALTH."

" 'In the Northern States of the American Union,' says Wakefield, 'it may be doubted whether so many as a tenth of the people would fall under the description of hired laborers \* \* \* In England \* \* \* the laboring class compose the bulk of the people.' Nay, the impulse to self-expropriation, on the part of laboring humanity, for the glory of capital,

exists so little, that slavery, according to Wakefield himself, is the sole natural basis of colonial wealth \* \* \* 'The first Spanish settlers in San Domingo did not obtain laborers from Spain. But without laborers their capital must have perished or at least must soon have diminished to that small amount which each individual could employ with his own hands.'

#### EXPROPRIATION FROM THE SOIL THE BASIS OF EXPLOITATION.

We have seen that the expropriation of the mass of the people from the soil forms the basis of the capitalist mode of production. The essence of a free colony, on the contrary, consists in this: that the bulk of the soil is still public property, and every settler on it, therefore, can turn part of it into his private property and individual means of production without hindering later settlers in the same operation. This is the secret both of the prosperity of the colonies and of their inveterate vice—opposition to the establishment of capital (as an exploiter, of course). 'Where land is very cheap, and all men are free, where everyone who pleases can easily obtain a piece of land for himself, not only is labor very dear, as respects the laborer's share of the produce, but the difficulty is to obtain combined labor at any price \* \* \*'

Wakefield, in short, shows that free access to land, by enabling some laborers to employ themselves, raises the wages of all labor to a high level, and substitutes for the existing competition between laborers for employment the competition of capitalists with each other for laborers. In short, free access to land results in

#### COMPETITION FOR WORKERS, NOT FOR WORK.

And he further shows that, under such conditions, labor having access to land, the position of labor in higgling for its reward is stronger than that of capitalists, for, he declares, "Without laborers their capital must have perished, or at least must soon have been diminished to that small amount which each individual could employ with his own hands."

Marx concludes the chapter from which these quotations have been taken, and his book, as follows:—

"However, we are not concerned with the condition of the colonies. The only thing that interests us is the secret discovered in the New World by the political economy of the Old World, and proclaimed on the house-tops, that the capitalist mode of production and accumulation, and therefore capitalist private property, have for their fundamental condition the annihilation of self-earned private property—in other words, the expropriation of the laborer"—that is, the exclusion of labor from the land.

"Open the land to labor, (comments Max Hirsch), give to all equal rights and equal access to land, and what Marx terms "the capitalist mode of production"—the subjection of labor—is ended, as he himself shows."

That Wakefield's plan for the artificial manufacture of wage slaves proved

## ONLY TOO SUCCESSFUL,

the industrial history of the Australasian colonies very clearly shows. But happily, the Australasian colonies, under the guidance of the brilliant genius of Henry George, are now turning their faces to the light, and are realizing, surely if slowly, that in the Single Tax lies the way out of "darkest capitalism."

They have made a beginning, as yet only a beginning, of opening the land to labor and giving to all equal rights and equal access to land. In each one of the Australasian Colonies to-day taxation of land values is in force in a small measure for national or local purposes, or for both. But, small though the taxes are, enough has already been done to show that the colonies have at last entered upon the right path, and that, if they but continue in well-doing, all will yet be well.

But, in the beginning of the work of colonization, the exploiting classes had it pretty well all their own way.

## THE NEW ZEALAND COMPANY A FAILURE.

"Taking the side of public opinion, on his system of colonization, at the flood, Mr. Edward Gibbon Wakefield, and a large circle of friends and admirers, had registered a joint stock company destined to become famous, or rather, infamous, as "The New Zealand Company." This corporate body was formed for the purpose of colonizing New Zealand upon Mr. Edward Gibbon Wakefield's plan, and to make money."

We take the above quotations from a short history of the Company, given in W. L. Rees' "Life and Times of Sir George Grey."

The formation of the Company, about the year 1838, marks the beginning of the infamous system of land speculation which has cursed this country ever since. It was formed for the express purpose of putting in practice the Wakefield scheme of colonization—a scheme which depended on securing cheap labor by keeping land at a price beyond the reach of laborers.

Wakefield, in his book on the "Art of Colonization" declared, with perfect truth, that dear land would always make labor cheap, and that cheap land would always make labor dear, and therefore he said (page 370):—"If the colony could depend for labor upon nothing but the increase of people by births on the spot, it would be requisite to make the sufficient price of land high enough to keep wages down to an Old Country rate, and to prevent most laborers from ever becoming landlords."

Thus we see that the Company's leading idea was to give effect to Wakefield's plan for securing cheap labor by making land dear.

In January, 1840, the Company's first detachment of settlers landed in Wellington at Petoué. "They were allured," says Mr. Rees, "by the prospects held out to them, and had paid large sums of money in London for the lands which they were to occupy in New Zealand. At the time of these sales the company had no land, nor did it until the period of its dissolution ever place a solitary settler upon a single acre of land with a good title acquired by it from the natives. It sent a fleet with immigrants to Wellington, and it had no land there on which to place them. It then located them at the

Hutt and other places upon disputed lands, which led to a long series of sanguinary conflicts and murders. It dispatched a large party to Nelson, and its efforts there to take the lands of the natives by force ended in the conflict and massacre at Wairau."

The promoters and share holders of the company seem to have been possessed of the idea "that New Zealand was made especially for them, that they had, or ought to have the right to rule, to legislate for their own benefit, to acquire great estates in land as their own inheritance, to use the public money, the public credit, and the public patronage for themselves and their friends."

The natural successors and representatives of the base aims and false ideas of the company fill the ranks of the landlord party today, and it is as true now as it was twenty years ago when Mr. Rees wrote that:—"The same struggle is being maintained now as commenced between Captain Hobson and the Wakefields (*i. e.*, *E. G. Wakefield, the author of the brilliant idea of the perpetual enslavement of labor by land monopoly, and his relative Colonel Wakefield who was hurriedly despatched to obtain land from the natives,*) in 1840; continued between the Wakefields and Captain Fitzroy in 1843; and afterwards between Sir George Grey, aided by Bishop Selwyn and Sir William Martin on the one side, and Sir William Fox, Sir Charles Clifford, Dr. Featherston, Mr. Weld, and the whole host of land speculators and land jobbers who sided with them."

Finally the company, after a mischievous existence of about twelve years, closed its ignominious career, "without having given a single legal title to a single individual" and "leaving the whole colony burdened with a debt of £268,000."

#### BUT WAKEFIELD'S IDEALS IN THE ASCENDANT.

Wakefield's ideals, however, if we may call them such, were in the ascendant; and thanks in the first place to the great power of the landlords in the early Provincial Councils and later to the Plural voting system, which gave a landholder a vote in every constituency in which he held land, the land laws were made by land monopolists for land monopolists. The country was, for the most part, parcelled out amongst big runholders, of "squatters" as they were termed, and the small settlers were forced away into the back-blocks. The evil effects of this system became very manifest even as early as 1858, manifest to the monopolists themselves; and in "The Canterbury Rhymes," published in that year, the late Crosbie Ward (then Editor of the *Lyttelton Times*), satirised as follows the willingness of the runholders to shed the last drop of their brother's blood in order to remedy matters:—

\* \* \* \* \*

When he stopped, rose Jonniol-tok,\*  
Shrewd and subtle Jonniol-tok  
He the double-barrelled justice  
Ever brought to give opinions;

\*"Johnny-all-talk," Sir John Hall.

And at once he shoved his oar in  
 In his customary manner:—  
 "I assent to these proposals  
 With a trifling reservation,  
 Ye will sweep away conditions  
 Which tie up the land so closely,  
 Only ye'll except the squatters—  
 Will not touch the rights of squatters,  
 Of the shepherds and the stockmen.  
 Ye shall take the rights of farmers,  
 Of the millers, bakers, butchers,  
 Tailors, drapers, clothiers, hatters,  
 Soldiers, doctors, undertakers,  
 Of storekeepers and bootmakers ,  
 Of all trades and occupations,  
 Of all persons in the province,  
 But the shepherds, the runholders;  
 Them ye shall not touch or injure."  
 Thus he spake and gave no reason,  
 Shrewd and supple Jonniol-tok.

\* \* \* \* \*

Then spoke ragged Bobirodi,\*  
 The hard-headed one from Yorkshire;  
 He the prince of all the squatters,  
 Largest holder of runholders—  
 "Ye remember old Suellis,†  
 Councillor with us of old time:  
 Crafty statesman, cunning prophet,  
 He who taught us all our wisdom,  
 He arranged the matter for us,  
 And he said it should not alter,  
 Should remain as he had left it,  
 As he prophesied, so be it."

\* \* \* \* \*

And the very big man Stunnem,  
 Moving only eyes and shoulders,  
 Mutely making demonstrations;  
 Saying nought was most impressive;  
 Then the shepherds in a chorus,  
 Squatters and the friends of squatters,  
 Begged, implored, and prayed the Council  
 To consider all their hardships;  
 How their rents were so oppressive,  
 How their wool was sold for nothing,  
 How they could not sell their wethers  
 For the paltry price of mutton,  
 How the market rate of stations  
 Showed it was a losing business,  
 And they begged and prayed the Council  
 To maintain the old conditions  
 That had tied the land so closely,

\*Robert Rhodes. †Sewell.



Only on behalf of squatters,  
Sweeping quite away the others.

\* \* \* \* \*

Few were bold enough to argue  
In reply to Bobirodi  
To the very big man Stunnem,  
To the subtle Jonniol-tok.  
And the few that stood their ground there—  
Stood their ground and asked for justice,  
Simple justice to all classes—  
They were bullied and brow-beaten,  
Called to order, reprimanded  
By the big men, the stock owners,  
Squatters, and the friends of squatters,  
And the timid ones around them,  
Who would fain be friends of squatters.  
So the fluent Secretary,  
Oloware, the rapid speaker,  
With his colleague sitting by him,  
Tomicas, the Chief Surveyor,  
Gave them all that they demanded,  
Granted all the boon they asked for,  
Never dared to raise objections,  
For they feared the mighty squatters.

\* \* \* \* \*

And they kicked the farmer backward,  
From the fertile spots of country  
In the region of the Westward,—  
Never minding the hereafter.

#### SIR JULIUS VOGEL'S GREAT PUBLIC WORKS AND BORROWING POLICY

The next outstanding incident in the history of New Zealand was the introduction by Sir Julius (then Mr.) Vogel in 1870 of his great public works and borrowing policy. For two or three years prior to 1870, the colony had, as a result of the suicidal land policy above indicated, been in a state of complete stagnation and depression; immigration had almost entirely ceased; the revenue had fallen off from £1,862,000 in 1866 to £1,287,000 in 1870; all enterprise was checked, and a spirit of doubt as to the future had fallen like a dark shadow over all classes of the community—in short, all the conditions were about as bad as they could be.

In introducing his scheme in the House of Representatives, Mr. Vogel, who held the office of Colonial Treasurer, said:—"I now ask you to recognize that the time has arrived when we must set ourselves afresh to the task of actively promoting the settlement of the country. We recognize that the great wants of the colony are public works in the shape of roads, railways and immigration. I do not pretend to say which is the more important, because the two are, or ought to be, inseparably united \* \* \* Speaking broadly, I contend that during the next ten years the colony will run no

risk if it commit itself to an expenditure (or a proportional liability for guarantee of interest) of ten millions for railways and other purposes comprised in these proposals \* \* \* But there is another source from which to anticipate a reduction in the money cost—*the land should be made to bear a considerable portion of the burden.* We propose that authority should be given to contract for the railways by borrowing money, by guaranteeing a minimum rate of profit or interest, *by payments in land*, by subsidies, or by a union of any two or more of these plans. The contractors may want some money, but they should be glad to receive some land to yield them a profit consequent upon the effects of the railway; and similarly, if the routes be judiciously selected, the contractors should be glad to keep the railways with the security of a minimum guarantee \* \* \* In some cases the Government might take as collateral security *the results of a special tax*, or a mortgage over particular properties, such as railways in course of construction, or over rents and tolls \* \* \* I suppose that some 1,500 or 1,600 miles of railway will require to be constructed, and that this can be effected at a cost of £7,500,000, together with two and a half million acres of land, and that in addition, about a million will be required to carry out the other proposals I am making \* \* \* Suppose that this money is expended at the rate of £850,000 a year for ten years \* \* \* So confident are we that a great deal of the work comprised in these proposals can be effected by guarantees or subsidies, and *by land payments*, that we seek authority to directly borrow only six millions to carry out our proposals, including immigration. For the first three years the payments will be so inconsiderable as to leave little room for apprehension of difficulty in finding the money. After three years, supposing that extraordinary sums are required, will it be a great hardship to increase the stamp duties, or to have a house tax, or an income tax, or some tax which will

## TOUCH THAT LUCKY CLASS, THE ABSENTEES

who enjoy all the advantages, whilst they share not the burden of the hard colonizing labors, without which the most favored country on the globe's surface could not attain permanent prosperity?" Dealing in the same speech with the question of immigration, Mr. Vogel said, "It is essentially one of the greatest questions of the day, a question of transferring to lands sparsely populated portions of the excessive populations of old countries. From whatever point of view you regard it, whether from the highest social, or the narrowest pecuniary view, immigration is a profit to the State, if the immigrants can settle down and support themselves \* \* \* what cultivation is to the farmer, what sheep breeding to the runholder, what an increase of clients to the professional man, are *immigrants, if they become settlers*, to the State.

Other speakers in the course of the debate emphasized even more strongly the necessity for retaining permanently in the country by settling them on the land the immigrants attracted to New Zealand by the public works policy.

Mr. Richmond, for example, speaking of the West Coast of the North

Island, and evidently impressed with the enormous possibilities of New Zealand under a proper system of settlement, said:—

"My conviction is, that the carrying capacity of the West Coast (now the most prosperous dairying district in the Dominion) is enormous. I believe that the whole district from Manawatu to the White Cliffs, is capable of supporting a family for every 50 acres. There is a point of great importance that should be considered in our immigration scheme; it is one thing to bring immigrants to a colony, but it is another thing to keep them there. I think that we shall fail if we neglect to provide that great attraction which all accustomed to rural life look forward to when coming to a strange land, *I mean a footing on the soil.* My belief is, that an essential condition of permanent settlement in this country is *a liberal land law for immigrants.*" "For the present at all events," added Mr. Richmond, "I have not the boldness to propose that we in this House should undertake in any serious degree to modify the local

#### LAND LAWS, WHICH ARE THE ABOMINATION OF THE COUNTRY.

I think it would be quite possible \* \* \* Without bringing on my back the squatting interests of New Zealand, it appears to me that I could conceive of some regulations running parallel with the whole of the land regulations, with the single view to the settlement of immigrants. The men who have most certainly improved their position in this country are the laborers *who have got on their own land* and worked it for themselves. I would not throw any difficulties in the way of their occupying the land, but would facilitate it by every means."

Mr. Stafford spoke very strongly on the same lines, declaring that in order to "make provisions for settling these immigrants throughout the length and breadth of the country, especially upon the arterial lines of communication which it is proposed to construct," he would be "*prepared to walk over the heads of the whole existing land laws of New Zealand.*" There is," he added, "a large part of the Middle Island of New Zealand familiar to me, where at the present time it is

#### ALMOST IMPOSSIBLE FOR WORKING MEN TO OBTAIN A PLACE FOR THE SOLE OF THEIR FEET.

Where whole districts have been carved out into large estates by the operation of a most pernicious system of land laws, a system adopted in 1853, and against which, at the time, I emphatically protested. Large estates have been allowed to accumulate, upon which nothing but sheep are permitted to run, while large portions of them are fit to maintain industrious settlers."

Mr. Fitzherbert declared "the land question is the great theme \* \* \* *The land must be opened to the people,*" and in committee on the Bill, he averred that "the very eyes of the country were being picked out every day, and it was impossible to form anything like systematic settlements." While Mr. Gillies and other members pointed out that the speculators were already

buying up land in advance of the railways. "Orders," he said, "had gone from this city, since the Bill had been placed in the hands of honorable members

#### TO PURCHASE LANDS WHEREVER THE RAILWAY WOULD PASS THROUGH.

He would suggest to the Colonial Treasurer, that unless some mode of valuing the Land before and after occupation were adopted, it would be ruinous to attempt to make a railway \* \* \*

The Hon. Mr. Rolleston, one of the largest free holders in the colony, a man who for many years kept almost a whole county locked up from settlement, expressed the most liberal and patriotic sentiments with regard to other people's leasehold runs, and incidentally threw an instructive sidelight on some of the provincial land laws. "He saw around him," he said, "many honorable members who had possession in the shape of lease holds, who probably thought they ran no risk, but let them not think they would go scot free. The people—the power of this country—would sweep those leases away, and turn those lands to their proper legitimate account, by *converting them into homesteads for families*, and populating the country, instead of letting it remain

#### A WILDERNESS IN THE SHAPE OF A SHEEP-STATION \* \* \*

While money was being expended (on the Maori war) in conquering a peace and reclaiming land in the North Island, the land in the South Island had been tied up in faster ratio. All the land in Nelson and Marlborough was leased for twenty-eight years, and was much more alienated from purposes of settlement than freehold land \* \* \* *Those leaseholders were like dogs in the manger*; they could not put population on their land, and they would take care that nobody else did. \* \* \* In the Province of Otago \* \* \* they might call their land laws legion; and so complicated were those laws that any one arriving with, say £500, would find his money all gone before he could find out the land laws."

The whole debate, in short, emphasized the fact that little could be done to settle people on the soil, without a drastic settlement of the land question; and it was recognized that the proposed public works would greatly enhance land values, and that land monopolists and land speculators were likely to reap these values that should by rights have gone into the State coffers to pay for the roads, railways and other public improvements that created the values. But Mr. Vogel showed that he was

#### AFRAID TO DEAL WITH THE LAND QUESTION

lest the squatters should combine to defeat his proposals altogether. Thus he said—"The honorable member for Grey and Bell (Mr. Richmond) endeavored once more to obtrude that irritating question, the alteration of the land laws. If the honorable member were sincere in desiring to see our measures passed, he would not endeavor to obstruct their passage by obtruding

questions which he knows are of a nature likely to divert honorable members' minds from the consideration of those measures. He is sufficiently familiar with the interest which in this House centres in all questions relating to the land laws of the colony, to know, that if the question of a radical alteration in the land laws is raised, it will *supersede the consideration of the Government proposals.*"

Mr. Richmond followed in a short speech, in which he said—"We are providing means for bringing people here. but we are not providing attractions for the purpose of retaining them here. There is no attraction to the rural settlers which will compare with the attraction of settlement upon the land; and there is nothing on an American Continent which presents so powerful an attraction to emigrants as the facilities which are afforded them of settling down upon their own land." In the end Mr. Richmond voted against the Public Works Policy, "apparently foreseeing what has actually happened, viz., that the immigrants would be introduced and the railways made, not for the benefit of the people at large, but for that of the runholders, who in the meantime would find means to secure nearly all the cream of the country for themselves."

Thus comments Mr. H. J. Sealy, of Timaru, in a pamphlet significantly entitled, "Are We to Stay Here?" published in 1881, a pamphlet to which I am indebted for much of the foregoing in regard to Mr. Vogel's policy of 1870. Mr. Sealy was in 1881 a colonist of 22 years standing, and having been engaged for three years on the Government Survey Department in Hawke's Bay, and for twelve years in surveying for the Provincial Government in South Canterbury, while for the last five years he was a farmer and grain grower on an extensive scale, he was in a position to speak with some authority on the land question. "I am firmly convinced," says Mr. Sealy, "that

#### THE PRINCIPAL CAUSE OF THE FAILURE OF THE SCHEME OF 1870

has been the monopoly of the land of the colony by the holders of large estates;" and he adds, "I know, from personal experience, that so long ago as 1859, all the best land in Hawke's Bay had been bought up in large blocks at the price of 5/ per acre, and most of it has been locked up from settlement to this very day," and "the greater part of Canterbury is held in large blocks to the exclusion of small settlers."

The population of New Zealand in 1881 was just over half a million; and says Mr. Sealy, "according to published returns, there had been sold, up to the 30th of June, 1879, 14,014,000 acres. If this land had been settled on the American system of small farms, it would have provided homes for 91,600 farmers \* \* \* This would have meant a rural population of about 733,000, and a correspondingly large increase in the town population, whereas we find from Census returns that there were only 13,767 freeholds of over one acre in extent—say, a population of about 110,000 engaged in farming."

Quoting the following list of great estates from a table prepared by the late Edward Jerningham Wakefield shortly before his death—



Estates			Acres
In Chertot	County	3 aggregating.....	170000
" Waikato	"	1 " .....	80,000
" Piako	"	1 " .....	38,000
" Marlborough	"	11 " .....	309,000
" Kaikora	"	2 " .....	41,000
" Amuri	"	8 " .....	248,000
" Ashley	"	4 " .....	116,000
" Selwyn	"	2 " .....	35,000
" Ashburton	"	4 " .....	44,000
" Gualomi	"	4 " .....	60,000
" Waimate	"	11 " .....	282,000
" Waitaki	"	8 " .....	153,000
" Waikouaiti	"	2 " .....	39,000
" Clutha	"	4 " .....	125,000
" Taupeka	"	4 " .....	115,600
" Southland	"	16 " .....	431,000
" Wallace	"	7 " .....	110,500
Total			2,398,100

Mr. Sealy says, "from this list you will see that ninety-two estates (all but two of which are in this South Island) embrace between them no less than 2,398,100 acres of freehold land, or an average of 26,175 acres each. These ninety-two estates, if divided into farms of the average size of those of the United States, *would provide homes for nearly 16,000 farmers*; whilst, if we allow for each farmer a wife, an average of four children, a ploughman, and a servant girl, we should have no less than 128,000 people subsisting on these ninety-two estates alone, which probably do not now average more than 30 souls on each, or about 2,700 in all."

#### BIG ESTATES VS. SMALL SETTLEMENT.

In contrast with these great estates, Mr. Sealy quotes portions of the report of Mr. James McKerrow, the Surveyor General and Secretary for Crown Lands, as to the "Deferred Payments, Agricultural Lease, Homestead, Village and Small Farm Settlements." "Summarizing the results of all the settlements," says Mr. McKerrow, "we had in New Zealand on the 30th June last, 3160 selectors, holding 374,425 acres, and liable for an annual payment of £65,000," which, as Mr. Sealy points out, "is half as much as the rent paid to the Government for the use of all the 13 millions and a half of acres of land, held under Pastoral Leases by the squatters of the colony, viz., £113,000."

And Mr. Sealy shows how large estates were acquired by the runholders at very little cost by juggling with "Improvement Pre-emptive Rights," "gridironing," "spotting," and other

## METHODS THAT AMOUNTED TO DOWNRIGHT SWINDLING.

"The system of Improvement Pre-emptive Rights," he tells us, "secured enormous acres of land on each run without the owner having to pay anything at all for it. Thus, for putting up each shepherds hut (of one room!) a 50 acre Pre-emptive Right was granted, besides a 250 acre Home Pre-emptive over the head station; but most of all was the system of giving Improvement Pre-emptive Rights over wire fences, as 50 acres of Pre-emptive was given over every  $38\frac{3}{4}$  chains of wire fence, these Pre-emptives were  $38\frac{3}{4}$  chains long, and nearly 13 chains wide, so that by running sub-division fences up all the watered valleys, and across all the open flats nearby the whole of the run could be secured from purchase. In two cases in this particular district, fences were run along the main roads and then Pre-emptives taken out over them in such a way as to secure all the frontage. These fencing Pre-emptives could be taken parallel with the roads, whereas a *bona fide* settler wishing to purchase land, could only front on a road and run 40 chains back; but more than this, he was not allowed to buy within 40 chains of a road unless he fronted on it; so that, by taking a string of Pre-emptives along parallel to a road, the runholder actually secured from purchase 320 acres of land for every mile of fence he erected, at a cost of say £60, whereas the farmer would have to pay £640 in cash for the same amount of land, and then fence it at his own cost \* \* \* On one run at least, huts and wire fences were shifted after Pre-emptives had been granted over them, to fresh sites, and then fresh Pre-emptives taken out for them. The total amount of Pre-emptives actually granted was very large, being over 55,000 acres in South Canterbury alone—8,000 odd acres being thus covered on the Levels Station, to say nothing of the much larger extent of country indirectly secured by the Pre-emptives as already explained. These 55,000 acres may be said to have been held unbought for ten years on the average, thus saving the interest on £110,000 annually to the runholders, and losing the same to the Government. Gridironing \* \* \* consists in buying a series of 20 acre sections fronting five chains on a road and running 40 chains back, leaving 19 acres between each section unbought, as by the regulations no one could buy less than 20 acres without going to auction; this, however, was not very extensively resorted to, as it required too much cash outlay in proportion to results. *Spotting*, however, did much more harm, but was resorted to as a matter of course upon every run; this consisted in buying numerous small sections varying from 20 acres to 100 acres or upwards, scattered in such a way as to spoil as much as possible of the country for purchase by a farmer or any outsider; frequently these were taken in such a way as to cover all the small creeks in the valleys, thus leaving the adjacent downs and ridges

## SECURE FROM PURCHASE, OWING TO THE LACK OF WATER.

Shepherds and other employees had orders to watch strangers seen on the run, and report them at headquarters; and so many an unfortunate farmer

(or would-be farmer), after wasting days in picking out a suitable selection, has found on going to the Land Office that he was too late, and that the piece of land he had chosen had just been secured for the runholder \* \* \*

With regard to young men of the higher classes at home coming out with small capitals, they were generally well received and hospitably treated until they spoke of buying land, when they were quickly made to understand that they would lose caste if they did so; for, inconceivable as it might sound to American ears, or even in England, a public opinion had grown up, led by the runholders and their friends, that it was a mean action to buy land on a run; and, as the whole country was parcelled out into runs, it followed that a man could not buy land anywhere without offending the prejudices of the runholding class \* \* \*

In South Canterbury, as in Hawkes' Bay, and doubtless in all other runholding districts of New Zealand and the colonies generally, public opinion had been so warped that the original end and aim of colonization—viz., the founding of homes for the people, was lost sight of; and the runholders and their managers, so far from being ashamed of the means they resorted to, to obstruct settlement, and circumvent the small farmer (the despised 'cockatoo'), rather plumed themselves on the discomfiture of the unfortunate men whose only crime consisted in attempting to get what had been the chief bait held out in inducing them to come to the colony—viz., a piece of land of their own on which they could live and bring up their family at peace with their neighbors; and where their own success and advancement in comfort would contribute to the welfare of the colony they had settled in. I have no hesitation in saying (he adds) that in New Zealand, as in other Australian colonies, hundreds, aye, thousands of promising young men, who, if they had been encouraged to buy land with a view to farming, would have turned out prosperous and successful colonists, have had their whole lives wasted through the fear of being thought to have acted dishonorably in buying land on a run, and sunk at last out of sight as aimless wanderers or improvident 'roustabouts' \* \* \*

Even the bullock-drivers and other men employed on the runs were looked upon with suspicion if they saved up their wages, for fear they should buy land on their employers' run or that of one of his friends. The men were

#### ENCOURAGED TO 'KNOCK DOWN' THEIR EARNINGS

periodically, for two reasons—first, to keep them in the condition of willing servants, and secondly to avoid any risk of their buying land. Men seen on the runs were contemptuously designated 'land sharks' by the runholders; but the day will come when public opinion will acknowledge that the real 'land sharks' were the runholders themselves, who bought up enormous blocks, not because they wanted to cultivate them themselves, but solely in order to prevent other men getting a footing on the soil on which to make homes and rear their children."

If a visitor from another planet were shown the land laws and regulations

of New Zealand, as they existed up to 1881, and indeed for at least ten years later, he would at once exclaim; "Those laws and regulations were

MADE BY RUNHOLDERS FOR RUNHOLDERS."

And so in fact they were. "You must remember," says Mr. Sealy, "that in the early days the Provincial Councils in all the provinces, except Auckland and Taranaki, were composed mainly of runholders and of those merchants and others who depended chiefly on the runholders, and could not afford to quarrel with them; the farmers were mostly unable to spare the time and money required for attendance at the Council, whereas the squatters, with superior wealth and leisure, had no such difficulty, consequently the whole tendency of the Provincial Legislation naturally was still further to increase the privileges of the runholders and obstruct the advance of the small farmers." And, after the Provincial Councils were abolished (in 1875), the plural voting system still remained as a very effective buttress for the land monopolists. One can readily see why the squatters strenuously opposed the payment of Members of Parliament and adult suffrage, and why they were so bitterly hostile to Sir Geo. Gray, the one outstanding man of leisure, wealth, and influence who had both the will and the courage to uphold against their selfish tyranny, the rights of the common people.

"The Fencing Ordinances, the Impounding Ordinances, and other enactments (adds Mr. Sealy) were \* \* \* framed entirely in the interest of the runholder as against the freeholder. Even the Road Boards were so constituted as to be potent engines for preventing the spread of settlement. The boards were generally composed of runholders and those immediately under their influence; so the working of the Boards tended in this direction. The money was all spent along the main roads where the land had been already secured for the run either by purchase or pre-emptive; care was taken not to open any new block or district, by making a road into it, until it had first been 'secured' by the runholders interested. If a 'cockatoo' bought fronting on a road which had been merely surveyed and not made, it might be years before he could get his applications attended to, and his land remained in the meantime almost useless; whereas, on the other hand, large sums were spent in making roads through the extensive blocks bought up by the runholders for their sheep to run on.

HUNDREDS OF MILES OF ROAD THROUGH UNINHABITED ESTATES.

I know that in South Canterbury alone there are hundreds of miles of roads formed, and in many cases also metalled, through uninhabited estates where you may travel for 10, 15, or 20 miles at a stretch without seeing a soul or the least sign of human habitation; and in some cases where no traffic has ever gone over the road except the carts used in its construction, until it has been rendered quite useless by the action of the rain cutting into what had been a road, when it became converted into a small gully. Roads described by the Lincolnshire Delegates, who visited New Zealand in 1880,

as even better than they had been accustomed to in parts of England. Roads "made during the height of the good times, when pick and shovel men were getting 10/ to 12/ per day!"

Mr. Sealy declares also that "most of the

RAILWAYS RUN FOR MILES AT A STRETCH THROUGH LARGE ESTATES,

which are now in progress of being rapidly *laid down in permanent pasture*, instead of being devoted to grain growing."

"Again," says Mr. Sealy, "*the system of rating* adopted by the Road Boards —(of course, the very opposite of the Single Tax or rating on unimproved values system)—*told against settlement*, as under it good land, if left unfenced and uncultivated, was let-off at a very low valuation, whilst similar *land under cultivation had to pay on an excessive valuation*. The rates on the leaseholds (runs) were most trifling, being based on the rental paid by the leaseholders; thus leasehold land was charged 1/ in the £ on, say 2d. per acre rental, whilst the same land on being bought would be rated as being worth from 5/ to 11/ per acre. Another anomalous regulation was, that though the runholder's stock could graze with impunity on a man's freehold block until he had ring-fenced it, yet the freeholders' stock could be impounded the moment they trespassed on the leasehold of the runholder, though altogether unfenced."

Referring to "the stations held by the New Zealand and Australian Land Company and the other large Absentee Companies holding properties in New Zealand," Mr. Sealy says, "Here you have enormous blocks of good agricultural land held idle merely as a speculation by absentees belonging to the commercial classes \* \* \* It is well-known that the large investments made in New Zealand land by the Company, under the auspices of Mr. Morton, was one of the principal causes of the disastrous failure of the notorious Glasgow Bank—an event which carried ruin and misery into thousands of previously happy homes; and which failure indirectly brought on the financial crisis in this colony, and which has caused such irretrievable disaster here also \* \* \* A short time ago we saw a paragraph in the papers, saying that the Committee of the Glasgow Bank had decided not to realize their New Zealand assets in the shape of land till the times became more favorable for selling. What meaning has this for the people of New Zealand? Why, sir, it means that every struggling 'cockatoo' or small tradesman has to contribute so much annually in taxation to meet the deficiency in the colonial revenue, caused by the payment of interest on money expended on the construction of railways through, and for the benefit of those estates; and has to pay this extra amount in order that the company may be able to hold those estates uninhabited, till other parts of the districts surrounding shall have become more densely peopled and highly improved, so as to give these estates enhanced value in the market. To put it more plainly; the New Zealand and Australian Land Company hold in Canterbury, Otago and Southland some 340,000 acres of freehold land, whilst the whole of the land



sold up to date in those provinces is only 6,600,000 acres, so that the above company actually holds about one-twentieth of the whole.

#### RAILWAYS MADE FOR BENEFIT OF ABSENTEES!

There has been spent on railway construction in those three provinces, according to the latest returns, about £5,473,000, a twentieth part of which sum would amount to about £273,500, which latter sum has, therefore, I maintain, been *spent practically for the benefit of the company's estates by the people of New Zealand*, and consequently the interest on that sum has to be found annually by the people of New Zealand, until such time as the company, by the sale of those estates, allow new contributors of the revenue to step in and relieve the present population of New Zealand of part of the burden. Or, to put it in another way, the company will have bought the Canterbury estates at £2 per acre, and the Otago and Southland ones at £1 per acre, say £500,000, the total purchase money; this land they expect to sell at an *average rate of about £8 per acre*, the enhanced value being due to the railways and other public works, and to immigration. If they succeed in selling at that price, then about £2,700,000 will be withdrawn from New Zealand and sent to Scotland for distribution amongst proprietors; and to allow of their realizing this great profit, all of us who remain in New Zealand will have to bear the burden of paying interest on the proportion of the Public Works Loan expended for the benefit of those estates. The same argument, of course, applies to all the other great freeholds, but the evil is not so glaring in the case of resident proprietors who spend their profits within the colony."

#### NO LAND-SHARKING UNDER SINGLE TAX.

Throughout the whole of Mr. Sealy's address there stands out plainly for all who have eyes to see the facts; (1) that if New Zealand had been colonized from the first on Single Tax principles (dimly glimpsed by the House of Commons Committee of 1844), instead of on the Wakefieldian utter want of principle, no landsharking would have been done by the runholders and by absentee land companies or others, for the simple reason that landsharking would not have paid; (2) that small farmers and others, instead of being driven into the backblocks or mercilessly bled by land monopoly and land speculation, would have had a fair chance to take up and settle comfortably upon the first land they came to not in actual use; (3) that roads, bridges, railways, and other public works, instead of being diverted, at great cost and great sacrifice of their usefulness to the public, by the "political pull" exercised by the great landholders who wanted their land to be enhanced in value—would have been placed just where they could be most economically made and at the same time best serve the public; and (4) that the increased land values created by loan expenditure on public works and on immigration, etc., being taken for public purposes, instead of being supinely allowed to flow into private pockets, the immigration policy, and roads, railway, bridges, breakwaters, schools, and other public works and services

would not only have paid for themselves but would have returned such a handsome surplus to the community that no local rates and no national taxes need ever have been levied upon the homes, the necessities, or the trade and industry of the people, and we need not now be in debt a single penny.

How different under such conditions would have been the history—industrial, social and political—of New Zealand! How different the history, for the past half century or so, of the whole civilized world! For the logic of events would soon have compelled all nations to follow New Zealand's example.

What ought to have been done was dimly recognized by Mr. Sealy. "I confess," he said, "I can see no possible solution of the difficulty but by reverting to the land tax, and making each estate pay something in proportion to the amount it would contribute to the revenue if it were held by numbers of small farmers, instead of by one proprietor or by a company of absentees. To do this equitably, it would be necessary to have a sliding scale, (as has been adopted, after violent opposition by the monopolists, in the neighboring colony of Victoria), according to the size of the estate, something after the following fashion, viz:—

Freehold Estates under	200 acres	Free
" " over	200 " and under 500 acres	1d. per acre
" " " 500	" " " 1,000	2d. " "
" " " 1,000	" " " 5,000	4d. " "
" " " 5,000	" " " 10,000	6d. " "
" " " 10,000	" " " 20,000	9d. " "
" " " 20,000	" " " 50,000	1s. 0d. " "
" " " 50,000	" " " 100,000	1s. 6d. " "
" " " 100,000	" " "	2s. 6d. " "

Two or more estates belonging to the same owners or company to count as one, for the purpose of computing the rate per acre. "Of course," he adds, thus showing that he recognizes that the value of the land should at least be taken into account, though he does not see that it is the true basis for taxation, "there would have to be modifications of the above scale according to the quality of the land \* \* \* At any rate, the principle is perfectly just and fair, as the theory is, that *people should contribute towards the expense of the State in exact proportion to the benefit they derive from the protection of the State*; and if it suits a capitalist to hold a large tract of land to the exclusion of other people, it is quite fair that

"HE SHOULD PAY FOR HIS PRIVILEGE."

"The average customs revenue of this colony (he adds) is about £3-10-0 per head of the population; let us take this as a basis for comparing the tax payable under this scale by the land in large estates, with the same land if held in small farms \* \* \* Take the estates of the New Zealand and

Australian Land Company, which \* \* \* holds 340,000 acres of good land in New Zealand. Well, then, 340,000 acres at two shillings per acre would amount to a total of £34,000 per annum, but what would the same land give if divided into small farms? It would divide into 2,266 farms of 150 acres each; allowing as before eight souls to each farm, we should have 18,128 souls without reckoning dependent tradesmen. This, at £3-10-0 per head would mean a contribution to Customs revenue alone of £63,448 per annum, to say nothing of stamps, post office and other sources of revenue from the additional population, and the enormous increase of railway revenue which that population would ensure. Look at the subject in whatever light you may (he declares), whether as a matter of justice to the people who have been induced to come out here, expediency for the general welfare, or even absolute necessity in the interest of self preservation. I think most people studying the subject earnestly must admit, that some such *radical change in the incidence of taxation is necessary*; and not until it is made can we hope to escape from the depression and gloom which now overshadow and stifle the energies of the whole colony."

Mr. Sealy gives "the number of acres sold in New Zealand up to the end of 1878 as 13,820,281, of which 11,478,300 were sold for cash realizing £10,208,282. The land remaining in the hands of the Government is 5,080,000 in the North Island, and 29,786,000 in the South Island, but this nearly all consists of rugged mountain ranges and other waste country, which would not in all probability sell if offered at an average of 5/- per acre all round."

#### THE BALLANCE-GREY LAND TAX OF 1878.

The land tax that Mr. Sealy urged the country must revert to was the Ballance-Grey Land Tax of 1878, introduced by the Hon. John Ballance, then Colonial Treasurer, under the premiership of Sir George Grey; a tax of ½d. in the £ on all land values with an exemption up to £500, and accompanied by sweeping reductions of the Customs taxes on necessities of life. In his financial statement Mr. Ballance gave the net indebtedness of the colony as £20,906,118, and the annual debt charge, interest and sinking fund, as £1,915,318. Introducing the Land Tax Bill, he declared, "in a word," that "the people had come to the conclusion that, considering the increased value which the Public Works and Immigration Policy (of Sir Julius Vogel) had given to real property in the colony, it was not fair that the whole revenue should be derived from the Customs, and so come out of the pockets of the large mass of the people \* \* \* It was necessary, therefore, that the Government should give the matter their earnest consideration \* \* \* We propose to reduce the taxation on the necessities of life \* \* \* The change we propose \* \* \* will relieve the laboring classes of this country from a sense of unfairness, and from grievance which ought to be removed \* \* \* *Land should be taxed owing to its enhanced value arising not from the industry expended by the owner, but from other circumstances—the increase of population, the general progress of society, the making of railways, etc.* This is one reason

why *improvements* which are the result of industry, the result of labor, *should be exempted from the tax.*"

In the course of the debate, Mr. Alf. Saunders (Cheviot) declared "The great principle in this Bill appears to me to be one of great importance.\* \* \* I am exceedingly glad to find, after a discussion of some 25 years amongst us, that great and important principle is now brought forward by the Government in this House, and I believe it is likely to be carried through in this House. To me it appears to be a principle that we should have adopted from the very first. It is one that was considered necessary for us by Lord John Russell in 1845. It is one which, I am bound to say, has been studiously avoided and opposed, not with much reason, but with very much animation, wherever it has been suggested in the legislation of New Zealand. The reason is obvious. So long as land speculators and large land holders are predominant in any legislative assembly there is nothing they will fight for so strongly as that they should not be taxed, unless all other industries are taxed in equal proportion—that is, that we should not exercise discretionary power and tax those most able to bear it, but that we should associate the taxation of land with other taxes which would press injuriously upon other portions of the community, so as to ensure that the land tax should not be largely resorted to." The Bill, he contended, "doesn't impose a tax anything like they had a right to expect," and he added, "I consider it a mistake to exempt any land from taxation. By so doing you violate a great principle."

#### SIR GEO. GREY ON THE LAND TAX.

Sir George Grey, who was accused of having "stumped" the country in a disgraceful manner in support of the Land Tax, said, "I say that it is a fair and righteous tax in every respect \* \* \* *The construction of public works has improved the value of the land and the taxation is to be paid on the value.* The lands which have been improved by public works will pay a higher tax than those which have not been improved by the same means. It has been seen that in all communities, as children are born and population increases, and as public works are carried out, the land increases in value, not in consequence of the expenditure of money on it by the proprietors, but in consequence of the expenditure of money by the Government on Public Works, and through the natural increase of population. It is perfectly just that land improved by public works, and increased in value by the competition for land arising from a dense population, *should bear a share of the taxation* \* \* \* It has been said that our tax falls only on the land, and not on the improvements. Well, I say that that is *the very essence of the measure.* We see land speculators buying large tracts of land with the object of selling it hereafter at enormously increased prices; we see them acquiring large tracts of land which they will not improve, while all around their land are small farmers upon their small holdings. Under such circumstances it would be *cruel to tax men who have improved their small properties* for the improvements they have made, while allowing the owners of large tracts of

land to go free. It must be remembered that these *large owners* are *interfering with the success in life of their poorer neighbors*. They keep the small farmers widely separated from each other, without roads. The value of the land held by the large holder will be increased by the improvements made by the small farmer; and I ask whether it would be just, under such circumstances, to tax the poor man's improvements as well as his land. I say it would not. What we require is a tax upon land, and not upon property or improvements. The great land owners cry out 'give us a property tax, and not a land tax.' Why if we did that, we should be getting rid of every benefit that we propose to confer. If we did that, unimproved lands would not be taxed fairly, while improved lands would have to bear a large share of the burdens of taxation; and the whole benefit of the measure would be lost. I feel certain that the more the measure is considered the more just will the action of the Government appear to have been. The Bill, first of all, says that we ensure to every living being in New Zealand, who can get a small home, that he will not be required to pay any tax on that small home. We say that what is only necessary for the comfort and contentment of a family shall not be taxed. We give every man the opportunity of forming a home for himself and his family; but the moment he goes beyond that—the moment a man, in the pursuit of his own interests, grasps large blocks of land and keeps other people from having the homes necessary for the comfort and decency of a family—we say 'let taxation begin.' It appears to me that that is eminently fair."

#### WILL GIVE A NEW LIFE TO THE COUNTRY.

Sir George then gave a trenchant exposure of the "gridironing" swindle by which large estates had been acquired—an exposure much on the line taken by M. Sealy; and added, "I say that our Bill provides that enough land for a home for any family in the country shall be absolutely free from taxation; and then it provides that all the remaining land shall be taxed in proportion to its value. It provides also that no man shall hold a large extent of land for speculative purposes. The tax being levied year by year will force such holders to break up their land and sell it, as they ought to be required to do \* \* \* It will put an end to abuses that have prevailed. To pass this tax is to give a new life to the country. It is to tell every inhabitant of New Zealand that every advance in the prosperity of the colony shall bring prosperity to all. When (he continued) I hear the proposition made, a proposition which I hardly believed could be made, that the tax we propose to levy should be added to the Land (sales) Fund, and that the whole should be devoted to public improvements, I say that the meaning of that was, that the country should *give back to the great proprietors that which it took from them!* This tax is on the '*unearned increment*,' as it is called, *which is the property of the whole nation* of New Zealand, and the people have a *right to it*. The people have a right to it for purposes of education; for the purpose of relieving them from their taxation; for purposes of the general welfare



of the country. It is a common boon that belongs to all alike, and which I know all alike will henceforth insist upon having \* \* \* *If there is a class in the community which dreads the common good as an injury to themselves, that class is noxious to the community. Of that there can be no doubt \* \* \* Undoubtedly that which is for the good of almost the entire community can only injure others on the supposition that those who are injured have interests adverse to the interests of the mass.*"

The Hon. Wm. Gisborne, speaking on the third reading of the Bill, said, "there are many persons who own large properties who don't improve the land or contribute a penny towards the taxation of the country, and yet we find that, owing to settlement and labor of others, their

LAND HAS INCREASED IN VALUE FROM £2 TO £20 AN ACRE.

Is it not right that they should pay the tax proposed?"

In the course of his Financial Statement, the Hon. John Ballance, dealing with this point, said, "The policy of opening up for settlement the land of the colony by means of railways, roads, and other works, executed out of loans contracted in the foreign market, has entailed upon the colony a heavy responsibility in the form of interest, which has reached on the total debt a sum of about a million and a quarter annually. On the other hand one of the most marked effects of that operation has been to enhance the value of all property—especially land—which derives a permanent benefit from the extension of the railway system and other means of communication. The increase in the value of land is due to the additions which the population has received by means of assisted immigration in a degree scarcely inferior to that caused by public works, and as the same causes will continue in existence, a similar increase may confidently be expected. The exemption of this accumulating wealth—land—from contributing to the general revenue of the colony has been condemned by the House as unjust to those who have been paying on the perishable necessities of life the principal portion of the taxation \* \* \* We believe that no form of wealth is more legitimately called upon to contribute a portion of the public revenue of the colony than the value of land *minus* improvements, which, for brevity, I shall call the unimproved value, as no other commodity increases so rapidly in value from the increase of population, and the natural progress of a country. By exempting improvements we

AWARD A PREMIUM TO INDUSTRY AND DISCOURAGE SPECULATION,

which thrives only on the industry of others \* \* \* The principle, then, we propose is to tax the actual value of the soil, *minus* improvements, embracing both town and country, with a re-valuation every third year. The natural increase of wealth, thus ascertained, from one period to another, will indicate one peculiar and remarkable kind of progress—namely, that arising from the general prosperity of the community, apart from the enhanced value which labor gives to the land itself. A man in making improvements

will know that he is not at the same time swelling the exactions of the tax-gatherer, but that the reward of his industry is altogether his own." He estimated the revenue from the land tax at "£104,166, or, in round numbers, say £100,000."

Again, at a later stage of the debate, Mr. Ballance said that "Land should be taxed because it had greatly increased in value from the making of railways and from the introduction of immigrants. Land should be taxed owing to its enhanced value arising, not from the industry expended by the owner, but from other circumstances, adventitious circumstances—the increase of population; the general progress of society; the making of railways. This is one reason why improvements which are the result of industry, the result of labor, should be exempted from the tax." And he showed that he had given some consideration to the application of the same principle to local taxation; for, referring to the local rating system, he said, "I am not going to maintain that local rates should be based upon the value of lands *minus* improvements—that is fairly open to discussion; but I would allude to a fact well-known amongst the settlers of this country, that nothing bears upon them with more hardship, that there is nothing which they feel more acutely, or to which there is greater resistance, than to the system of rating on improvements and on the results of industry. It is a common cry,

#### THE MORE I IMPROVE THE MORE THEY RATE ME.

I am paying for my improvements; while so-and-so, whose property is not very far removed from mine, and consists of the same quality of land, and who doesn't improve at all, or not to the same extent, is rated at so much less. It appears to me that, if it were only for the encouragement which would be given to what must be the basis of the prosperity of the colony, the agricultural interest—by that I mean the tillage of the land—it is wise to consider how far this tax will interfere with the industry of the people. Who are those who take up land in this colony and improve it? The men who have got sufficient capital, sufficient experience, and sufficient energy to bring to bear successfully on the work which they undertake. Who are those that take up land for speculation purposes, and don't improve it? Speculators and residents in towns who have accumulated a certain amount of money, and who invest it in land for an object. That object is this: that the land shall remain uncultivated and untended until the wave of industry comes up to its borders and until the actual settler improves his property. Then, when an enhanced value has been given to it by the industry of others, he perhaps sells out at a greatly increased price. We don't intend to impose upon him, what might be called 'penal' taxation, but only a tax upon the value which has been given to his land, not by his own labor or by his own industry, but by the industry of others. This is the main principle which runs through our proposal to exempt improvements \* \* \* The primary idea is that this tax is for revenue purposes, and, secondly, in order to promote what we believe to be for the advantage of the whole community—namely,

to encourage industry." He quoted Fawcett and John Stuart Mill in support of his proposals, and cited the experience of America as to the gross unfairness and the demoralizing character of a general property tax.

#### THE LAND TAX CARRIED BUT REPEALED.

The Land Tax Bill became law, but not for long. The privileged classes realized at once what it meant so far as their "vested rights" in public wrongs were concerned, but the working-farmers and the workers generally did not realize what glorious prospects it held out to them. An election followed almost immediately, the monopolists made a desperate rally, and Sir George Grey was returned with a majority of four only. One can readily imagine what followed. Four of his followers deserted the great tribune of the people and he was turned out of office, and "the knight of the Gridiron" succeeded him as Premier.

On the second reading of the Land Tax Bill Major Atkinson, one of the hard-shell reactionaries, had declared that "It is the desire of almost every man in the House that a property tax should be placed on property all over the colony \* \* \* I think we should at once impose an income and property tax." We "have pointed out, clearly enough, that the taxation they have proposed is placed upon a struggling class, a class which, above all others, we wish to encourage—the cultivators of the soil." This was their battle-cry (or battle-lie?) throughout the elections. The big land speculators and monopolists wept copious crocodile tears over the evil fate of the "poor, poor, 'cockatoos,'" whom they fooled to the very top of their bent (as in far too many cases their successors are only too successfully doing even to the present day). As so often before and since the farmers who farmed the land took to their bosoms the "farmers who farm the farmers;" the great lying press lied artistically and manfully (as it lies even unto this day); and so wrong triumphed once more. The Land Bill was repealed and the Property Tax, which repeated on a material scale the evil and injustice of the improvement rating system, denounced by Mr. Ballance, was imposed in its stead.

#### ERA OF THE GENERAL PROPERTY TAX—1879-1891.

Major Atkinson was Colonial Treasurer in the New Ministry, and in his Financial Statement, while saying that "there is much to be said for the policy of specially taxing unused land held for speculative purposes" he declared such taxation to be impracticable; and, dealing with the land tax, he said, "I am unable to see upon what principle of justice or expediency it is held that this is the only form of property which should be taxed.

#### DON'T TAX LAND ONLY! TAX ALL FORMS OF WEALTH.

Why, I wish to know, should the farm of the hard-working pioneer settler or the frontage of the struggling city merchant be taxed, while bank shares, mortgages, and such property are allowed to go free? I wish, therefore, to ask the House to impose a property tax upon the American model

excluding incomes, and thereby to affirm the principle that realized wealth, in whatever form, shall bear its fair share of the burdens of the State \* \* \* The Government will ask Parliament to merge the land tax in the property tax which we intend to introduce, thus including land in the same category as all other property, making it equally but not specially liable to general taxation \* \* \* What justice or wisdom (he demanded) is there in specially taxing that class whose growth is essential to the advancement of the colony, in order to prevent a probable (problematical) abuse in the acquisition of large quantities of land, or unfair profits, by a few individuals? \* \* \* I entirely disapprove (he declared, in the hypocritical vein still popular with his successors) of land being held for speculative purposes. I entirely disapprove of land being held in large blocks, to the injury of settlement. I desire to see the country in the possession of a population cultivating their own freeholds \* \* \* That there are some large estates which I should be glad to see occupied by small freeholders is true; but \* \* \* I have satisfied myself that the tendency is towards disintegration rather than accumulation of large properties, and that speculation in land to an injurious extent does not exist in such a form as to be removable by legislation, and, most certainly, will not be remedied by a land tax on all land."

SIR GEO. GREY: A LAND TAX OUR ONLY SAFETY.

Sir George Grey strongly denounced the Government's proposals. "Let us consider," he said, "what is proposed to be done by this Financial Statement. Let us look at it fairly. Can there be any doubt that under the present system the class which the Government represents have already got possession of the very best portions of the land in the country? \* \* \* And I know it is a fact that at this moment large agencies are at work by whose operations large blocks of native land will be swept away from competition, and will pass into the hands of a few speculators \* \* \* Such being the case, our only safety is \* \* \* to take care that there is a tax upon land; and that that taxation shall be increased in the proportion as property increases, so that a necessity is laid upon the large landholders to give up their estates, or, if they refuse to do that, they shall be compelled to bear a fair share of the taxation. But it is unjust that, under any circumstances, men should be allowed to *shut up a large portion of the earth's surface from their fellow-men, and to provide beforehand that New Zealand shall become a State in which there shall be two classes of large landholders with many privileges, and another class, by far the larger, which for generations and generations to elapse shall serve these men, and have no hope of getting homes of their own.* That is the system for which these gentlemen have been repeatedly contending, and it is in furtherance of that system that they now come down and ask to have the tax taken off the land \* \* \* Now what they are going to do is to do away with the land tax, and put on what they are pleased to call a property tax, the meaning of which is that every man will have to pay for his improvements as well as for the value of his land, while the speculator will have to

pay nothing. The speculator is to be allowed to hold vast tracts of land for the purposes of speculation, without paying a single penny of taxation because he doesn't improve it. Still it increases in value from the improvements which his neighbors all around him make; but he himself is to be taxed in no way whatever for the land which he holds purely for speculative purposes. For many years he may shut out all improvements from it, and use it simply for sheep, or not at all; while the poor man of small property is year by year bound to pay more and more, because he will have improved his land to the highest degree and increased its value. Such a system as that must destroy all hope for the future in this colony. All hope must be gone from the people of this colony if such a system is adopted \* \* \* It is a gross misrepresentation to say that the land tax is to be merged in the property tax.

#### GREAT LANDLORDS HARDLY TO BE TAXED AT ALL!

It simply means that the great landholders, who have put that Government into office, are to escape altogether that taxation to which they are justly and properly subject at the present time, and that all hope of preventing people from acquiring large properties in future is to be taken away from the inhabitants of New Zealand \* \* \* It is to say this: that *the future burdens of the country are to fall, as hitherto, upon those classes who labor to make the country what it is.* Every family is henceforth to be taxed (Customs duties were increased) as largely as it was in the past. Upon them the whole burden of taxation is to fall, whilst those gentlemen whose properties have had enormous value given to them by railways and public works are hardly taxed at all. What is a penny in the pound to a man who has had £20 or £30 an acre added to the value of his property, and who, if he chose, could sell it immediately at that price to any person? It amounts to absolutely nothing at all. But to the poor and struggling farmer, who probably has had to borrow money to enable him to improve his land, and who is now to be taxed for those improvements, it means a great deal—it is a very great burden indeed. I do hope that the House will resist this. I do hope the country will resist it \* \* \* It will be an intolerable burden to New Zealand that every man should have a tax-gatherer going into his house to value the whole of the property he possesses; that every farmer should be taxed for all the improvements that he has made, so that he will dread to make improvements, knowing the further burdens they will bring upon him. If this system is followed out it will be the greatest blow ever given to the prosperity of New Zealand."

Mr. F. J. Moss, a staunch supporter of the land tax, said, "I took the opportunity the session before last, to quote figures to show that property had been immensely benefited by the public expenditure, that the great proportion of these enormous loans, and pretty well the whole of the land revenue had gone in increasing the value of property. It has been



## SO MUCH MONEY PUT DIRECTLY INTO THE POCKETS OF PROPERTY OWNERS.

What permanent benefit have the mass of the people derived from the expenditure of these loans, that now, when settling-day comes, the burden should be thrown upon them? We, the representatives of the people, should take care that such a course is not permitted."

The speech referred to by Mr. Moss was given on the second reading of the Land Tax Bill, Sept. 11th, 1878. He estimated that "out of the total sum (revenue) of £1,946,223, only £130,000 is contributed directly on property of all kinds; the rest is a tax upon labor—that is to say, on articles of general use and consumption \* \* \* In England, of all countries, property is most lightly taxed for Imperial purposes," but "property does not nearly contribute the same proportion in New Zealand \* \* \* But in England the State has not made railroads. It has not undertaken *great public works, which so materially enhance the value of property*, as we have in New Zealand. Let us see what the State has done for property, and then we shall see whether there is any necessity for a change in the incidence of taxation. Out of an expenditure of £2,246,750, I find that the large sum of £1,077,653 is paid as interest and sinking fund on account of loans. Then there is the expenditure in connection with the Civil List and pensions. There are the public departments—law and justice, postal and telegraph, Customs, education, militia and volunteers, constabulary and native. These make up the balance of the £2,246,750 expended during the year ending 30th of June, 1878. How much of this is expended for the direct benefit of property? That is the question. Of the loan expenditure, nearly £1,650,000 has been spent upon immigration, £120,000, on the department of Public Works, £6,900,000 in railways, £928,870 for roads and £887,000 for various other purposes; making, altogether, a sum of at least ten millions and a half. The interest and sinking fund upon that, at 6 per cent. amounts to £650,000, and that sum represents an annual charge for money which has been spent upon the public works which have so largely enhanced the value of property in this country \* \* \* Now that is not all. I see that last year there were subsidies to local bodies, £159,000. They, too, are given to land or property and houses. Then, again, we find there were gold fields revenue and gold duty, and various license fees, amounting to £116,000, making £925,000 spent upon property out of the revenue of the colony. From that I should like to deduct £165,000 which is the excess of receipts over expenditures on railways. (Why?) This would leave £760,000; in addition to which we have £510,000 paid out of the land (sales) revenue, making the annual contribution no less than £1,270,000. Now, if property contributes so little, and is given out of the colonial revenue £1,270,000 a year surely you may fairly say it is time there was some change in the incidence of taxation \* \* \* I shall be told that all these public works have been a great benefit to that portion of the public which does not own property and houses; and I admit that it is, but it is not a greater benefit to them than it is to those who own property.

## THE OWNERS OF PROPERTY GET A DOUBLE BENEFIT

—first, as members of the State, and still more largely as property owners \* \* \* We were told on high authority in Christchurch a day or two ago that we were then celebrating the close of the first act of the great Public Works policy introduced by Sir Julius Vogel. I think that what we are now celebrating (in the passing of the Land Tax) is the second act. We have the works; the original plan on which they were devised of making the districts through which they passed pay for them has been absolutely thrown aside. We have now opened the second act, which will end by settling who ought to pay the cost."

Unhappily this work was undone in the third act—by the substitution of the property tax for the land tax. It was not till twelve years later that the curtain rang up on the fourth act, when the property tax was itself repealed and a tax of 1d. in the £ on land values substituted by the very man who had introduced the tax of ½d. in the £ in 1878, the year before the publication of "Progress and Poverty." It is because the discussions referred to above took place before the publication of Henry George's great work, and yet so closely follow the lines of the "Prophet of San Francisco," that I have quoted at such length from the speeches by Sir George Grey, the Hon. John Ballance, Mr. F. J. Moss, and others.

The repeal of the land tax and the imposition of the property tax in its stead brought about its natural results, hard times, and as Mr. Sealy says in the pamphlet already quoted, "You have the \* \* \* Conservative papers laying the blame of the hard times on the ignorance or want of enterprise of the farmers, on the improvidence of the working men, on the alleged extravagance of the late Ministry of Sir George Grey; in short, on anything except what I believe to be the true cause, or at least one of the principal causes, viz., *the monopoly of nearly all of the best land of the colony in the hands of comparatively few holders.*"

## LAND TAX AND PROPERTY TAX CONTRASTED.

"*The land tax,*" says Mr. Sealy, "told heavily on \* \* \* the holders of the large estates, and comparatively lightly on the mass of small owners of property, whether in town or country, and they (the Hall Government) have substituted in lieu thereof the property tax, which *falls comparatively lightly on the large holders of land, and heavily on the owners of buildings or of improved farms.* Under the property tax every owner of a house or shop in town has to pay a penny in the pound on its capital value, though it may be unlet owing to the general depression and bad times, and the unfortunate tradesman has actually to pay a tax on goods which are lying useless, because he is unable to sell them owing to the depressed state of trade. On the other hand, the great estates owned by the Levels Company and other absentee owners, pay on only one-eighth part of their capital, though they bring in a very large income from wool and other sources." "The great argument

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."

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

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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