

RAPARA

OR

THE RIGHT OF THE INDIVIDUAL
IN THE STATE

ARCHIBALD FORSYTH





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THE RIGHTS OF THE INDIVIDUAL
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BY

ARCHIBALD FORSYTH



✓
LONDON

T. FISHER UNWIN
PATERNOSTER SQUARE

T. Fisher Unwin 1897

Dedication.

TO ALL THOSE WHO DO NOT KNOW THAT HUN-
DREDS OF THOUSANDS ARE STARVING IN THE
MIDST OF PLENTY. AND TO ALL WHO,
KNOWING THIS, NEGLECT TO GIVE
A HELPING HAND TO HAVE
THIS PLENTY JUSTLY
DISTRIBUTED

RAPARA ;

OR,

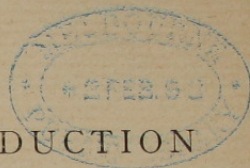
THE RIGHTS OF THE INDIVIDUAL IN THE STATE
constitutes a polity which is best expressed by the name
EQUALISTIC INDIVIDUALISM, the basis of which is—

That all natural wealth and gifts of Nature belong to the community, and should therefore be treated so as to bestow the greatest benefits on its individual members ; and that all produced wealth belongs to the individuals that produced it, and should therefore be their exclusive property.

That any polity which disregards these natural conditions violates the natural right of individuals.

That our present polity of MONOPOLISTIC INDIVIDUALISM, which grants private property in land with its stores of natural wealth, and COMMUNISTIC COLLECTIVISM, which claims produced wealth as the common property of the community, both violate the natural rights of individuals, while the polity of Equalistic Individualism conforms to both, and therefore recognises the Rights of the Individual in the State.

Many eminent sociologists, and economists now hold the doctrine that individuals have no natural rights, all rights being merged in social law based on expediency. The acceptance of this doctrine amounts to an acknowledgment that *what is, is right*, and therefore that slavery and every other violation of natural right is justified. The American slave laws were based on expediency. The black-haired men, if they considered it expedient, could make all the red-haired men their slaves, and in the absence of the recognition of natural right there would be no criterion by which to judge the justice or injustice of such a measure. Society would be in the position of a ship at sea, without either chronometer, quadrant, or compass. Society law, in curtailing many of the rights claimed by individuals, have for their object the preservation, not the destruction of natural rights. Hence the rights of individuals in a civilised country are greater than in a savage one. This doctrine of the non-existence of natural rights is doubtless a useful one to those in possession of hereditary privileges, pensions, and monopolies, because it asserts what is, is right, and recognises no criterion by which its justice can be judged. It therefore stands as a barrier to just and necessary measures of reform.



INTRODUCTION

COMPLAINTS against the barriers that stand between land and labour in the production of the necessities of life, and against the laws of distribution, have been heard in ancient as well as in modern times ; but the introduction of machinery, railways and ships operated by steam have intensified these complaints, have increased the volume and lowered the cost of production of nearly all the necessities and luxuries of life, and have thereby benefited the great mass of the people ; but it is a deplorable fact that under existing laws of production and distribution this increased stream of wealth flows largely into useless channels, making the very rich richer and the very poor poorer in an accelerated degree from year to year, and we now have hundreds of thousands starving in the midst of plenty.

Politicians, economists, and social philosophers throughout Europe and America are aware of these facts, and have been occupied in preparing and discussing remedial measures. Several of these proposed measures have been attempted to be carried into practice with, in most cases, dis-

couraging results, and no real advance has been made, and now the outlook is darker than ever, for we have now a new problem to face—the problem of invested capital, which threatens to swallow up all available wealth in a few generations.

The polity of individual competition under just conditions should be conducive to the general welfare, but the conditions under which individual competition is now being carried out assuredly produces great and unnecessary inequality and injustice.

Under the late feudal system the land with its stores of mineral wealth was held by the feudal lords as trustees for their dependents; and had the discovery of improved machinery, railways and steam been made during the feudal tenure the resultant benefit would have been shared by all classes; but when the system of individualism took the place of feudalism the feudal lords seized the land and declared it to be their private property, and used their power to transfer the taxes and duties attached to the land on to the shoulders of the people. Subsequently a permanent land tax, or rather rent-charge, of 4s. in the pound of annual value was imposed, which still remains the law of England; but although the discoveries in machinery, railways and steam, combined with the increase of population, has increased the value of rural land three to five-fold, and town and city land ten to fifty-fold, no fresh valuation has been made, and instead of paying 4s. in the pound of annual value in accordance with the Act, the payment does not average more than 3d. in the pound, so that the people of the United Kingdom have virtually

lost their land and have to pay some £65,000,000 per annum for the right to mine, fish, cultivate and live on their own land to a class that in no way assists in the production of the necessaries of life.

With all this increase in the production of all the necessaries and luxuries of life, the greater their superabundance the greater is the number of starving people. To relieve this destitution a poor law has been established in the United Kingdom, but at the best it is only an act of relief, and is not, nor is it intended to form, a remedy for preventing wealth accumulating where it is not required, or for directing it into the possession of the very poor who cannot command sufficient of the bare necessaries of life.

With the view of remedying this state of things, trades unions have been formed and carried on for many years; and although they did considerable good in their early stages, many intelligent friends of the working classes believe that during the last decade their good effects are balanced by the bad ones, and that they have not touched the seat of the evil which they were intended to cure. If trades unions in their efforts to increase the rate of wages—to which they are doubtless entitled—decrease the volume of employment—for this is undoubtedly its effect—shared their earnings with those thrown out of employment, no objection could justly be taken on the score of unfairness to the great mass of working men and women; but, unfortunately, when strikes succeed in raising wages in the industries which have to compete with foreign-made goods, and employment is thereby diminished, the

strong and expert workman reaps the benefit of increased wages, while the weak and less expert are thrown out of employment; for it goes without saying that when the number of workmen exceeds the demand, the strongest and ablest will have the preference over the weak and less expert workmen, so that in strict justice those without employment should share with those that are in work; but even under this condition, although trades unions may benefit its members, they are powerless to benefit the great mass of those dependent on the sale of their labour while shut out from land, the great raw material of the earth from which all necessities have to be extracted.

As a rebound from existing Monopolistic Individualism, the doctrine of Communistic Socialism sprang into existence and went to the other extreme in claiming the produce of labour as the common property of the community. Socialists blame the law of competition as the main cause of the evil, and advocate its entire abolition in favour of associated production and distribution. This system has had several trials, but all have failed. Yet many earnest and intelligent men cling to it as the only harbour of refuge from present and future evils. State socialism or State production has many able advocates, and that form of it which contemplates the State as an employer and the people as its employés is certainly more promising than communism. At the same time thoughtful and intelligent observers of the working of large joint-stock companies and firms engaged in successful production, are of opinion that these large firms and joint-stock companies have the benefit of self-interested owners

or directors to watch over the changes in methods and machinery, and thereby keep the cost of production at its lowest point; while production by the State would have none of this self-interest to watch over its industries, and being free from the spur of competition, new methods and machinery would, it is feared, be neglected, and the cost of production become greater than in countries where self-interest and competition have full play. If State socialism succeeds in getting a trial, it may be found that State managers are as vigilant and efficient as self-interested owners or directors. Even at the present time various States are carrying out duties and services in an efficient manner which some years back it was considered could only be carried out by private enterprise and supervision. England carries out the post and telegraph service. The Australasian Colonies, South Africa and Ceylon, own and control the railways, post and telegraphs, wharf and docks, and a considerable portion of the railways in India, Germany, and several other countries are owned and controlled by the State. These State services are economically and efficiently carried out, and doubtless it will be found that other services can be undertaken either directly by the State or through the medium of municipalities. "THE LONDON COUNTY COUNCIL" and the "GLASGOW TOWN COUNCIL" are now efficiently carrying out duties which a few years back were considered to be outside the duties and beyond the control of Government; but it is altogether different as regards production, for in addition to the danger of not keeping abreast of the times, there is the danger and difficulty connected with the rates of

wages, and what is still more difficult, the relative rate of wages of different trades, and the danger of favouritism and bribery. It therefore appears that while State duties are likely to be extended, a complete system of State socialism embracing all classes of production is neither workable nor attainable. Now had State Socialists bestowed the same amount of ability and energy to remove the barriers that stand between land and labour by the nationalisation of land as they did on State socialism, land nationalisation would now at least be within the lines of practical politics. Several methods for nationalising the land have been proposed, but unfortunately Mr. Henry George came upon the scene. He has shown more ably than any previous writer the evil effect of private property in land, but his proposed remedy of confiscation has done more to discredit and damn the movement than his exposure of its evil effects did to help it. Had he advocated nationalisation with compensation, land nationalisation would now be a burning political question instead of being thrust back for two or three generations. Many hold that the great bulk of landowners in England are not entitled to compensation for land when resumed by the State. The question is one open to discussion, but in any case it will be impossible to carry land nationalisation without paying compensation to the owners.

Unfortunately the land and labour problem, for they are both one, is not the only one calling for solution, for during the last twenty years a new disease has made its appearance, which is increasing at an alarming rate. This is the progressive increase

in invested capital, which threatens to swallow up all wealth except enough to yield a bare subsistence to labour in ten to twenty years. Doubtless the rate of interest is being gradually reduced, but the aggregate amount is gradually increasing and must eventually make nine-tenths of the community pay interest to the remainder. It would be pleasant to believe that the reduction in the rate of interest is due to the increased wealth of the producing classes, enabling them to do with smaller advances from capitalists, but statistical information shows that the great and increasing volume of interest and dividends derived from investment in debentures, bonds, manufactures, railways, canals, ships, mortgages, and rents show that this is not the case, but that the reduction in interest is due to the enormous amount of wealth which investments have already enabled capitalists to accumulate. A considerable portion of their wealth arises from rents of land, and particularly from ground rents, in the great centres of population. The nationalisation of all land under a scheme of compensation to owners, in which all forms of wealth should be assessed to raise the necessary funds, would divert this portion into the national revenue; but to fully meet this new evil the only remedy in view is the adaption of Adam Smith's principle of "equal sacrifice" in taxation; but in the face of the Conservative reaction, and particularly the iniquitous Agricultural Rating Act, passed by a House of Commons elected on all but universal suffrage, the prospect of carrying a measure of taxation based on the principles of "equal sacrifice" must at best be looked upon as a distant remedy.

On the other hand, we have the reductions in rents of land in Ireland and Scotland, passed in the interests of producers, and although the Finance Act of 1894 does not diminish the flow of wealth into the hands of the very rich, it appropriates a portion of the accumulations of deceased persons and uses it for the benefit of the community. The outlook is doubtless a dark one, but as sure as night follows day a Radical reaction will follow the Conservative boom, when the iniquitous legislation passed by the Conservatives will be repealed, and the Conservative party, now disgracing the national honour by voting £2,000,000 per annum to themselves out of the general revenue, be placed beyond the power of committing further acts of disguised robbery.

Rapara is comparatively a small community, but it is sufficiently large and sufficiently civilised to enable readers to see and estimate the value of its laws and institutions, free from the complexity which necessarily prevail in old and densely populated countries. Rapara is a model Radical State, where the gifts of Nature are open to all, and where wealth, the result of labour, is secured by individuals in proportion to their enterprise, energy, and thrift, while indolence and extravagance is visited with poverty in varying degrees; but all have sources of employment that enable the industrious and provident to live in comfort, rear a family, and save something for old age. The chances of making a fortune, so as to leave their children well provided for, is not great, but the easy acquisition of land, which secures employment, is a better guarantee against want than the fortunes which parents in

Europe are enabled to leave their children. In Europe fortunes are frequently lost from misfortune and other causes, leaving the losers in a worse position than those who inherited nothing from their parents or relatives.

Read the history of Rapara and see whether several of its laws are not calculated to ameliorate the condition of the "submerged tenth," and therefore worthy of adaption in England and Australia.



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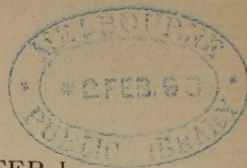
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CHAPTER I

PIONEER SETTLEMENT

Visit of pioneers—Conference with chiefs—Settlement agreed on—
Pioneers returned, 1843—Eastern end ceded to Europeans—
Agreement with chiefs—Settlement commenced.

RAPARA had been visited by several whalers and a few merchant vessels between 1830 and 1840. These visitors spread reports all over the Pacific of its beauty, fine climate, rich soil, friendly inhabitants, and unoccupied land. During the visits of these vessels some twenty runaway sailors had become residents; but being, for the most part, ignorant men and without any means they conferred little benefit on the natives, as they contented themselves with leading a comparatively idle life. In 1840 the island was visited by the whaling barque *Ranger* of Sydney, owned and commanded by Captain Black. She had five passengers, all men of means, who came to inspect the island in order to ascertain whether it possessed the advantages for settlement with which it had been credited. These visitors were Mr. Brown, a Ceylon coffee planter; Mr. Hay, a sugar planter from Jamaica; Mr. Petresen, a Swedish farmer; Mr. Grant, an experienced farmer

from Scotland; and Mr. Innes, a settler from New South Wales. They were kindly received by the native chiefs, shown over the island, and invited to come and settle amongst them. After conferring with the principal chiefs, they agreed with Captain Black to join in forming a settlement provided they could purchase a large tract of land. The chiefs, however, refused to sell land, but offered to give them as much as they could cultivate. This promise was too indefinite to satisfy the visitors; they asked for seven miles on the south side of Opara Bay, with a depth of three miles, stipulating that succeeding settlers should be allowed to take up half of this quantity. After protracted negotiations the chiefs agreed to grant them seven miles along the south side of Opara Bay, with a depth of two miles, for which the visitors consented to give a quantity of goods, consisting of cotton and linen, cloth, axes, knives, saws, guns, and ammunition. About one-third of these goods was delivered to the chiefs at the time; the remainder was to be forthcoming when the visitors returned. Subsequent settlers were to be allowed as much land as they could cultivate, subject to an annual payment in goods and produce for the use of the Arikis. This was agreed to, and the visitors divided their grant into seven lots. Mr. Black was allowed to take the eastern lot as it afforded the best site for a shipping station; the western lot was reserved for a town site; and the five remaining lots were drawn for. The agreement was finally ratified by five of the principal chiefs. The visitors conferred together on the various kind of goods and materials which each of them was to bring for his special industry, and they left the island

to prepare all necessary materials so as to return in some twelve or eighteen months. Captain Black returned early in the following year with a cargo composed of building and whaling material and general stores, and with 106 persons—men, women, and children. He at once commenced to erect a jetty and necessary buildings on his land. By the month of July he had established six whaling stations, distributed over the coast of the mainland and the outlying islands, all furnished with whaleboats and crews. Mr. Hay and Mr. Grant returned together in January, 1842, in a vessel loaded with agricultural implements, cattle, sheep, horses, seeds, and general stores, together with 250 persons, mostly young married couples. Mr. Innes arrived in March and was accompanied by six gentlemen, all possessed of the necessary means to establish themselves in their respective industries. They brought with them a large amount of stores and materials, including a complete foundry and engineering plant, three steam engines, two saw-mills, and 274 men, women, and children, amongst whom were a number of mechanics and professional men. Mr. Petresen arrived in May and brought with him seven Swedish and Danish farmers, accompanied in all by 420 men, women, and children; the party had with it a large supply of building materials and stores, some forty head of live stock, and a large supply of grain and other seeds. These all took possession of their various lots and proceeded with the erection of temporary houses and buildings. Mr. Petresen and Mr. Innes sold and leased portions of their land to those whom they brought with them.

Before any selections were made outside the

boundaries of the pioneers' grant it was considered advisable to consult the native chiefs in further determining matters connected with the selection and occupation of land. Five of the principal chiefs attended, and all the Europeans except hired servants. After considerable discussion it was agreed that all the land, with two small exceptions to the east of a line passing through Opara Bay, River, and Lake, then south to the ocean, should be handed over to the Europeans for settlement; whilst all the land to the west of this line should for ever remain in the possession of the Maoris. The European land was to be subject to payment of goods and services for State purposes. It was afterwards agreed amongst the Europeans that, until otherwise determined in public meeting, settlers should be allowed to take up 80 acres of land at an annual rent of one shilling per acre, out of which the chiefs should be paid their share in money in lieu of goods and services. Several Europeans demanded that they should be allowed to purchase land on the same terms as the pioneers; but the chiefs refused, and insisted that the purchase of land was unknown in Rapara, and that the goods given by the pioneers were accepted as an equivalent for State contributions. This was denied by the pioneers, and the question remained at this time unsettled. It was agreed that the town site, consisting of two square miles, was to be under the entire control of the Europeans. It was further agreed that, as the harbour, the river, and the lake at its head all went under the name of Opara, the harbour and the European town should be named Raoto.

At a subsequent meeting held by the Europeans

it was agreed that one square mile of the town site should be surveyed into quarter-acre allotments and selectors should have the option of taking up one or two lots subject to conditions of building a house on one within one year, and one on the other lots within two years; in default the lot or lots were to be open to be taken up by others. The annual rent was fixed at £3 per lot until otherwise determined. It was agreed to hold the other square mile in reserve for parks, roads, and suburban settlement.

A Mr. White was appointed State surveyor, with power to employ such assistants as he required; and as there were several experienced surveyors available it was agreed that the survey should be prosecuted vigorously, and that no land should be allotted until surveyed.

To avoid delay only a small part of the town was laid out in allotments. Two survey lines were carried out some twenty miles in the country, and their extremities connected. On the nearest and best soil along these lines lots of 20, 40, 60, and 80 acres were surveyed. So great was the expedition in surveying that in four months 60 town and 340 country lots were ready for selection, the grant being decided by lot when there was more than one applicant. The greater portion of the lots were quickly taken up, and all available labour was brought into play in erecting houses; these were mostly of a temporary character, to be replaced by permanent edifices as soon as the saw-mills could supply the necessary timber.

Mr. Brown arrived in February, 1843, and brought with him twenty Europeans, several being men of means, and forty Indian coolies. He agreed to

exchange his lot adjoining the town for three square miles in the district of Koran. The introduction of the Indian coolies was viewed with great displeasure by a majority of settlers. Mr. Brown, and others who accompanied him, intending to go into coffee and sugar growing, pointed out that the cultivation of coffee could not be carried out successfully by European labour; and that, although he expected to get native labour, it could not be supposed that natives would work for others until they had acquired a taste for European goods. At a meeting of native chiefs and Europeans called to consider the question it was agreed that Mr. Brown should be allowed to carry out his agreement with the coolies, but that, until otherwise determined, no settler should be allowed to bring into Rapara under an agreement of service any but persons of European or Polynesian race.

CHAPTER II

RAPARA AND ITS PEOPLE, 1840

Physical features—Soil and climate—Visited by Spanish and Dutch navigators—Introduction of missionaries and schools—Christianity and code of laws adopted—Opara Harbour, River, and Lake—Native settlements and productions—Maori characteristics and chiefs.

RAPARA is situated in the South Pacific some 200 miles to the south of Austral Island. It consists of Rapara the mainland, about 88 miles long from east to west, and about 60 miles in breadth from north to south, and contains about 5,200 square miles. There are three small islands, having a total area of some 1,100 square miles, making a total of 6,370 square miles, or 3,470,000 acres. The western end of Rapara is mountainous and of volcanic formation. Some of the peaks attain an elevation of about 1,800 feet. The upper portion of the hills is rocky, precipitous, and barren; but the foothills rise in gentle slopes, and are clothed with an evergreen mantle of shrubs and of palms and other trees. This mountainous district occupies about one-third of the island. It is well watered, and, with the exception of the hilltops, is covered with rich volcanic soil. On the

west it is penetrated by a number of bays, with valleys of considerable size. These valleys are separated by ridges which terminate in steep cliffs on the sea shore. The eastern side of this district is bounded by the Opara River, running from south to north through a broad and rich valley which reaches two-thirds across the island. The eastern and northern portion of the island forms an undulating plain, with a mean elevation of some 200 feet above sea level. The Bay of Opara lies on the north coast, and forms the only secure harbour for large vessels in the island. The valley of Opara runs in a south-western direction for some thirty miles, when it bends round to the south-east, along the foot of the hills, and in ten miles reaches its source—Opara Lake covering an area of about nine square miles. About half of this valley is covered with forest, the other half being clad with a coarse but nutritious grass. The eastern portion of the island contains belts of timber in various places; over two-thirds of it the same coarse, nutritious grass spreads its mantle. The soil on the greater portion of the island is of good quality, one-half being very rich, and three-fourths fit for cultivation. In most parts of the main island several species of wild taro, and arrowroot, and other farinaceous roots grow in great abundance, and afford, or rather once afforded, food for an immense number of wild pigs and goats.

A small volcanic island, called Arroa, to the west of the mainland, is entirely covered with semi-tropical vegetation; it has an area of about 110 square miles, but has no resident population except pigs and goats. The island of Bora is separated by a channel two miles wide from the mainland on the

eastern end. It has an area of about 450 square miles, and stands about 200 feet above sea level; it has very little timber, but is covered with good grass, on which many thousands of sheep and cattle now find pasturage.

The third island, Tontabu, is situated four miles to the south-east of Bora, and is of the same character; it is now used entirely for pasturing cattle. It has an area of 430 square miles.

There are several other small islands, but they are of little use, and need not be enumerated.

Rapara is well watered, having the benefit of tropical rains in summer and southern rains in winter. It enjoys a delightful climate, the temperature ranging between 55° and 65° in winter, and between 70° and 85° in summer; but for the greater part of the year the temperature is only a few degrees above or below 66°; and although it was visited by several epidemics some thirty years back, it is now one of the healthiest islands in the South Pacific.

The Rapareese are a fair type of the Polynesian race both in features and customs. Their institutions and laws resemble those of the Cook group more than the Georgian or Austral Islands. In 1840 the population was estimated at 2,400, but by their own account the population was more than double this some thirty years back. The decrease is confirmed by the traces of abandoned villages and cultivation discontinued. This decline is accounted for partly by tribal wars and partly by two epidemics which ravaged the island—the last one as late as 1805—and reduced the population by one-half. About 1760 the island was visited by a Spanish

vessel, from which the inhabitants received presents of pigs and goats, whilst some ten years later a Dutch navigator enriched them with a variety of seeds, plants, and fruits. Owing to their isolated position, they had little intercourse with neighbouring islands.

Between 1820 and 1840 a number of whalers had visited the island several times, and some members of their crews deserted and took up their residence there. In 1830 several natives of Rapara visited the Society Islands, where they were instructed by native missionaries, several of whom accompanied them back to Rapara and were kindly received. Schools were opened in several districts, and a strong desire to be taught was shown; but although a few conversions to Christianity ensued, the great mass of the people refused to discard the gods of their forefathers. Several other missionaries and teachers followed, and great progress was made in reading and writing, whereby the teacher was enabled to reach the ears of those who refused to attend the schools. The pupils were provided with short essays showing the advantages to be gained by the adoption of Christianity, and with a code of laws similar to those adopted on the Cook and Georgian groups. The code thus circulated amongst the pupils was communicated verbally to the chiefs and people. Several of the chiefs were greatly impressed with the information so derived, but were afraid to confess their opinions openly. At this time their laws did not extend to one-half of the ordinary offences that should have come under legal cognisance. The petty chiefs and ratiras, whenever they had the power, compelled the cultivators to hand over to

them a part of their produce. Offences were sometimes punished without proof, and proved offences often escaped without punishment. Light offences were often visited with heavy punishment, and heavy ones with light penalties. These evils were seen and felt before the arrival of the missionaries; but when it became known that a code of laws had been adopted in other islands which put an end to these wrongs, the burden could no longer be endured, and the adoption of Christianity and a code of laws began to be openly advocated. At this juncture Tira, the chief of Opara, who was considered the most powerful chief, openly declared for Christianity (1835), and the whole of his tribe pursued the same course. In less than twelve months all the chiefs with their people followed this lead. No sooner was Christianity adopted than the cry arose for its complement—a code of laws similar to those adopted in the Cook group of islands. At this juncture the missionaries used every effort to induce the chiefs to call a meeting to consider the question; for although each chief exercised all but supreme power in his own district, Tira was recognised as the “Ariki Sui,” or Head Chief, and, had he opposed the change, the code could not have become general. At length a conference of the six principal chiefs was held, at which the matter was submitted to a meeting of chiefs and ratiras, or petty chiefs. This meeting was held at Meroo, as Temba, the chief of that district, claimed to be the hereditary Ariki Sui, or Head Chief, and was supposed to be more hostile to the new code than any of the other chiefs. During the interval between the two meetings the missionaries and their pupils got the proposed code

drafted, which they read over and explained to the chiefs and ratiras. The heads of families put in a claim to be represented at the meeting in accordance with the ancient custom; but to this the chiefs objected, as they foresaw that no agreement in respect to any laws relating to land could be dealt with if the cultivators were allowed to attend and vote at the meeting. Up to 1770 the tenure of land was a semi-feudal one, in which occupiers of land had to contribute produce and service to their respective chiefs only; but from that date the petty chiefs or ratiras had gradually enforced the payment of produce and services, the greater part of which they retained for their own use. By 1780 these enforcements had become so general that the ratiras openly claimed them as rent for the land occupied. To resist this payment a civil war ensued (about 1790), in which the ratiras proved the victors; and, although a number of influential men with their followers were able to resist these exactions, the great mass of the cultivators had to submit to increasing demands from year to year to support the retiras, their retainers (tiras), and servants (tagatoes). Previously the tiras performed all personal services required by the ratiras, while the tagatoes were employed in fishing, in cultivation, and other labour required for the support of the ratiras and tiras. In this position the goods and services contributed by the great body of the people went to support the Arikis and pay for other Government expenses. But from 1770 things had undergone a gradual change, in which the tagatoes had been made the personal servants of the ratiras and tiras, who now enforced payment in goods and

services as for rent of land from the cultivators, and got this rent-charge sanctioned by the Assembly. The severity of this rent burden can be seen from the fact that in 1810 the ratiras and their followers amounted to nearly one-fourth of the population, and that they performed no useful labour towards their own support, but lived a life of idleness and pleasure at other people's expense.¹

The convention met at the appointed time and numbered about ninety persons, made up of independent chiefs and petty chiefs and ratiras. The new code was read and explained by the native compilers. All were agreed that its adoption was desirable, but several members took objection to some of its provisions. All the provisions in the code were fully considered and debated, some were struck out, others amended, new ones added, and on the fourth day the code of Rapara was passed subject to amendment and ratification at a meeting to be held in six months. At this second convention the subject of succession to the head chieftainship was brought up; but it was seen that to adjudge the succession either to Tira or to Temba would split the convention into two parties, and the country into two hostile camps; the adop-

¹ The folly and injustice of granting monopolies in land to a few individuals is easily seen under the primitive laws and institutions of Rapara. But although this injustice is not as apparent under the complex laws and institutions of England and other countries, the injustice of the system is equal, if not greater. The repeal of the duty on corn freed the English community from one part of the burden they had to bear for the benefit of landowners, but the land rent portion (amounting to some £60,000,000 per annum) still remains a charge on all kinds of productions. Free industry from this burden, and none but the indolent, the extravagant, and the drunkard need suffer the pangs of hunger and starvation.

tion of the code would thus be prevented and in all probability war would ensue. It was therefore agreed that Tira should remain head chief during his lifetime. The completed code of 1836 consisted of twenty-eight sections and embraced murder, theft, restitution of lost and stolen property, neglect to maintain family, trespass or damage to crops, Sunday observance, administration of justice, marriage, bigamy, adultery, slander, drunkenness, rents of land, State contributions, trial by jury in certain cases, appeals to Governor or head chief of district for pardon or mitigation of sentence. In the case of some offences magistrates were given discretionary power of punishment; in others they were bound between the maximum and minimum penalties; but for the majority of offences they were bound to inflict the penalty stated in the code. In practice the code was found to be far from perfect, but a great improvement on the cruel and barbarous laws previously in existence. It put an end to many unjust and oppressive acts of which the previous laws took no cognisance; and although offences against the laws continued after the adoption of the new code, these offences became fewer from year to year, so that in 1840 the people had become comparatively industrious, moral, religious, and peaceful.

About one-third of the natives was located on the western side of the valley of Opara, where the mountain streams supplied the necessary water for irrigating the taro, yams, arrowroot, and other vegetable products. The remaining two-thirds occupied the valleys on the western portion of the island. Opara Bay, or as renamed Raoto, is situated on the

northern coast. It is formed by a narrow peninsula on the north and is about seven miles long, with a mean breadth of two miles. Two small islands at its eastern end protect the entrance, making it a safe and land-locked harbour with ten fathoms of water. The native town of Mana, where Tira resides, is situated at the north-western extremity of the harbour, having the river between it and the European town of Raoto. It contains a population of about 350 inhabitants, consisting of fishermen and dependents of Tira, whose jurisdiction extends over those living on the west side of the Opara River.

There are only a few cultivators in Mana, as the land in its neighbourhood is level and offers no flow of water for irrigation. There is another native town about fifteen miles to the west which contains a population of about 250 people; it is named Meroo, and it is here that the chief Temba resides. There are two small native settlements on the eastern side of the Opara River at Koran and Oraki, but these combined have a population of only about 150. The bulk of the Maoris live on the western coast, where the mountain streams afford water for irrigating their crops. They reside in small villages, seldom containing as many as 150 people. Their crops consist of taro, yams, maize, millet, sweet potatoes, kumeras, oranges, limes, pineapples, bananas, a few cocoanuts, and a great variety of sub-tropical and temperate fruits, several kinds of which they procured from the Spanish and Dutch ships. Pigs and fowls are plentiful; wild goats swarm all over the island. Fish is both abundant and good, and is largely used as an article of food. The Maoris, as they call themselves, vary a good

deal in their complexions, but are on the whole fairer than their northern neighbours in the Austral and Cook groups. They are active, intelligent, and good-tempered, although passionate when excited. They will work with a will to accomplish something they have set their minds on, but will not keep at steady labour for any length of time. They are expert boatmen, either in their own canoes or in European boats; hence they make good sailors, and are now largely employed as whalers on the whaling stations round the island. They practised polygamy in the past, but the institution has nearly died out, only about one in twenty of the natives having more than one wife, who, as a rule, exercises considerable influence in the control of the family. Their greatest fault is dishonesty: even up to 1850 they could seldom resist the temptation to steal when they considered they were not likely to be found out. Yet theft is severely punished by the magistrates, and forms the matter of nearly half the charges that come before the Ariki courts. There is no doubt, however, that larceny is less common than before, and that it will soon bear a normal proportion to the total of offences against the law.

The Maoris readily obey their chiefs, and treat them with respect; at the same time there is none of that abject deference displayed which is to be seen in nearly all the South Sea Islands; and should a chief interfere in matters outside his proper province his subjects are not backward in asserting their rights.

The chieftainship is mostly hereditary, but there are cases in which force of character sets aside

hereditary right. There is every indication that under just and considerate treatment the Maoris will progress and multiply, though such has not been the usual fate of the South Sea Islanders.

CHAPTER III

PROGRESS AND DEVELOPMENT, 1843-1850

Crops planted—Destroyed for want of fencing—State Council formed—Franchise qualification—Import duty imposed—Issue of State notes—Weights, measures, and currency—Commissioners of State land appointed—Increased production—Free education—Excise duty imposed—Discussion on State notes.

AFTER the conference with the native chiefs respecting the land, the settlers began to construct temporary roads and bridges. Houses were built; land was cleared and planted with potatoes, yams, and other vegetables; maize, peas, wheat, and millet were sown, and all did well in their early stages, but the prospect of a good return was blighted owing to the ravages of the wild pigs and goats, and the crops were reduced by one-half; yet the yield was nearly sufficient to supply local wants. In the beginning of 1844 great efforts were made to fence in as much land as possible; but as the native timber was unsuitable for splitting, the amount of fencing was limited to the supply of sawn timber. The settlers, however, succeeded

in fencing in all the land that had been brought under cultivation in the previous year, with the result that agricultural produce of every kind was doubled and proved equal to all demands. In 1843 Mr. Black sent his vessel to Valparaiso with a cargo of whale oil. It brought back a variety of necessaries, as well as some \$5,000 in Spanish money. Five vessels arrived during 1843—two from Europe, two from Australia, and one from Valparaiso. These brought general cargoes and a considerable addition to the live stock, consisting of horses, cattle, and sheep; also some 350 persons—men, women, and children.

Up to June, 1845, there was no settled form of government other than was represented by an European acting in the double capacity of magistrate and steward; nor was there any clear understanding as to the political relations between the Maoris and Europeans. A conference was therefore held between the chiefs and Europeans. At this time the Europeans were as numerous as the Maoris, and many considered that each race should manage its own affairs, the union between the two being federal in character; but a majority foresaw danger in this proposal: the adoption of it might induce some European nation to interfere, and particularly was intervention from England feared, as the bulk of the settlers were English subjects. If on the other hand, Europeans formed a part of the State under a Maori ariki, such interference was not likely to arise. This latter opinion prevailed, and it was agreed that the European treasurer should pay to the native chief £400 annually towards defraying the cost of the Ariki's courts,

and that a fair sum should be expended on roads in proportion to the native contribution to the revenue. It was agreed that the native schools should be conducted as before, and that a State Council, consisting of ten Europeans and ten Maoris, should be formed and meet annually, each race to appoint its own councillors. This State Council was to have power to pass all necessary measures for both races. A meeting was held of the most wealthy and influential Europeans, who agreed to limit the electoral vote to Europeans holding not less than 80 acres of land, or having not less than five men in their employment. The Maori councillors were appointed in accordance with Maori custom.

The State Council met for the first time in June, 1845, and amongst other matters appointed an Executive Council of four; consisting of Mr. H. Russell, Collector and Treasurer; Mr. J. Walker, State Secretary; Mr. A. Gray, State Steward of Works; and Temba (Chief of Meroo), Steward of Native Affairs. Tira, Chief of Opara, was appointed President of the State of Rapara. A duty of 5 per cent. *ad valorem* was imposed on nearly all kinds of imported goods, and 10 per cent. on spirits, wine, and beer. The native code of laws was revised and enlarged to meet European wants, moreover, several European magistrates were appointed. The town of Raoto was empowered to levy rates and exercise all municipal functions. School teachers were appointed at small salaries and allowed to charge scholars prescribed fees. The Treasurer was authorised to issue State notes as required, the value not to exceed £10,000 in all;

such notes were to be a legal tender for all classes of debts and to be repaid at the discretion of the Treasurer. This measure, it was explained, became necessary as nearly all settlers either brought their wealth with them in the form of goods or left a portion to pay for future supplies, so that money which consisted of British and Spanish coin was so scarce that most payments had to be made by orders. Even the Government was often compelled to give certificates of its indebtedness, which circulated all over the country and were accepted by the Government for duties or other debts; so that State notes now took the place of Government orders.

During the years 1844 and 1845 eighteen vessels arrived in Raoto with general cargoes, and 870 men, women, and children, some of whom took up land and others entered into business, whilst those dependent on the sale of their labour readily found employment.

During 1846 and 1847 there was a great increase in the area of land under cultivation, but this increase was retarded by the continued necessity to fence out the pigs and goats from all kinds of crops; however, a more than sufficient supply of wheat, maize, taro, yams, potatoes, and other vegetables was produced. Cattle and sheep had thriven and multiplied; yet both mutton and beef remained at a high price. The wild pigs and goats, however, furnished a plentiful stock of coarse animal food. Fruit and fish were both abundant and cheap.

Up to the end of 1846 all grain had to be ground by steel mills, but at that date a steam flour mill was

started capable of grinding for the whole island. A private bank was opened in 1847 by a Valparaiso firm, who introduced some \$70,000 in Spanish coin, which, with the State notes, furnished a fair amount of circulating currency.

At the meeting of the State Council in 1847 grazing of stock on State lands was dealt with, and a charge of 4s. per annum for horses and cattle, and 1s. 3d. for sheep was made. An ordinance was passed dealing with the currency, as also with weights and measures. The English pint and pound were made the units of measure and weight, under the decimal system; the dollar was made the unit in the currency, in regard to which it was declared that a sovereign was to be taken as the equivalent of \$5, a shilling or a mark as the equivalent of 25 cents, and a halfpenny as the equivalent of .1 cent.¹

The salaries of Government officers and employees had hitherto been passed by the Executive Council; but it was considered that these salaries should be determined and passed annually by the State Council, and after due deliberation this course was adopted. In fixing the various salaries it was recognised that all officers whose time was entirely occupied in carrying out their duties should be fairly remunerated, but that officers who were at liberty and had leisure to follow their ordinary occupations should be paid a salary in proportion to the time devoted to the public service and the work performed; thus the heads of several depart-

¹ The currency was dollars and cents, but for the convenience of English readers it is converted into £ s. d. at the ratio stated in the ordinance.

ments received smaller salaries than some of their subordinates.

A Mr. James, an experienced lawyer, was appointed to the position of Minister of Justice, his functions to include the reviewing of the decisions of magistrates and the determination of appeals brought before him. Two Europeans and a native chief were appointed Commissioners of State Lands, charged with the duty of formulating a measure to deal with all such lands. Estimates of expenditure were passed for the erection *inter alia* of State offices, school houses, a post office, a police office, a lighthouse; as also for the construction of roads and bridges and a wharf. These works, together with the salaries of officials, absorbed the whole of the estimated revenue, and left a probable deficit of some £800, while £4,000 in State notes had been issued.

The indefinite agreement made between the first pioneers and the native chiefs proved a constant source of friction among the pioneers, the Land Commissioners, and the public. The first mentioned contended that the payment in goods which they made to the chiefs was payment for the purchase of the fee simple of the land granted to them. The chiefs, on the other hand, maintained that this payment was merely a prepayment of the annual State contribution which all native landowners had to pay. The commissioners sided with the chiefs, and held that the payment only covered two or at most three years of the annual State contribution; that rent was accordingly due for at least two years. This view was resisted by the pioneers on the ground that the land granted to them on their first visit was their

freehold property, the value of which was not equal to the expense of the voyage from and to Sydney. Under the circumstances the Council deemed it advisable to appoint a commission, consisting of the Minister of Justice, one European, and one native, to inquire into the matter in dispute, and to report on the same to the Council.

Clearing, fencing, and cultivation was carried on at an increasing rate in 1847, and it became apparent that agricultural produce would be in excess of home consumption, while no profitable export market was available. In addition to the crops of wheat, maize, and millet, quantities of coffee, rice, sugar, and tobacco were produced this year, and it was expected that next year their production would be sufficient for local requirements, and that in the following year they would become articles of export. This expectation was not fulfilled with regard to tobacco; but coffee, sugar, and rice became staple articles of export, and, with whale oil, supplied the principal means of purchasing a variety of necessaries that could not at this time be produced on the island.

In 1848 some thirty vessels brought cargoes to the island, but not more than half were able to secure return cargoes. The maize and wheat shipped resulted in a loss to the exporters; but whale oil, coffee, sugar, rice, and wool found good markets. The quantity, however, was not great enough to yield an equivalent for the necessary imports.

All the food products of the island, including beef, mutton, and pork, were both plentiful and cheap; but money and employment became very scarce, and efforts were made to induce the Government to increase the issue of State notes for the construction

of roads, bridges, and other public works urgently required. This was objected to on the ground that, as the State notes were not worth the coin which they represented, any further issue would cause a still greater depreciation. To this it was answered that the depreciation of State notes was caused solely by the demand for coin wherewith to purchase foreign goods; that the exports of coffee, sugar, rice, and tobacco would soon be sufficient to pay for all foreign goods required; and that in the meantime it was folly to let people go without employment and farmers without a market for their produce while new roads and other works were sorely needed. The Government took this latter view of the case, and more State notes were issued to defray the expense of constructing roads, bridges, and other works of public utility. The result was that the demand for goods increased and labour found new fields of employment.

Only one matter of importance was dealt with in 1849. A measure was carried to regulate education, which was made free, compulsory, and secular.

Settlement and cultivation went on at an ever increasing rate. All kinds of agricultural produce were in excess of home requirements. Whale oil, sugar, coffee, rice, and a few other articles were exported in larger quantities than before. Tobacco and beer were produced to an extent great enough to meet the home demand. A considerable quantity of clothing, furniture, candles, boots, and other manufactured articles, including spirits, was now being produced in the island, yet the exports were barely sufficient to purchase the necessary imports. The consequence was that the money brought to

the country by the settlers and financial institutions was drained away to make up the deficiency. Under these circumstances an agitation arose to remedy the evil by placing a protective duty on such articles as could be produced in the island under a moderate rate of duty, but leaving such articles as required a high duty to be purchased with the proceeds of exports. Against this proposal it was urged that as protective duties would increase the cost of the protected articles, this increase would in its turn add to the cost of articles of export, and tend to prevent, or at least to diminish, their production on a larger scale; and that consequently such a measure would defeat its object. Thus nothing was done in fiscal legislation at this time beyond the imposition of an additional duty on spirits. In 1846 spirit had been distilled from the tiea root, which grew in great plenty all over the island; in the following year stills were multiplied; in 1848 and 1849 both sugar and grain were used for distillation, and one-half of the spirit consumed was distilled in the island—with a proportionate reduction in the revenue. To counteract this reduction the import duty on spirits was increased to 4s. per gallon (= ten English pints), and an excise duty of 6d. per gallon was imposed on home distilled spirits. The passage of the measure gave great offence to the temperance party and to those opposed to differential duties in favour of home production. On the other hand, the measure was supported by the great bulk of the people. Had the majority possessed the means of forcing the hands of the Council, a general protective tariff would have been carried. Meanwhile the discussion went on both in public and private.

The Draft Land Ordinance submitted by the Land Commissioners was made public at the end of 1849, and was on the whole favourably received; but great fears were entertained that it would be altered in favour of the land-purchasing party, as it was known that the members of that party had been using every means in their power to secure a majority in support of private property in land. It was common knowledge that six or seven of the native chiefs in the Council were strong advocates of giving the petty chiefs and *rairas* the power to enforce rents on cultivated land in their respective districts; and the land-purchase party had agreed to support the chiefs on condition that the chiefs supported their views; but this compact was in some measure vitiated when it was found that the native lands were not included in the ordinance and were not to be dealt with. The European land-purchase party now persuaded or endeavoured to persuade the native rent party that the passage of a measure authorising the sale of land in Easterland would strengthen and pave the way to a measure authorising the collection of rent in Westerland—both measures being based on private property in land. It was not known to what extent the native councillors were swayed by these arguments, and great anxiety was manifested as to the result. A petition was got up praying the State Council to have a fresh election before dealing with the Land Ordinance, and urging that in such election all householders should be entitled to vote. This petition was considered in the Council, and it was said that as members of the Council had been elected five years, there was no reason for a fresh election before 1855; for although on the other hand no

definite time was stated, it was generally understood that the election should hold good for ten years, and it was resolved that an ordinance should be passed at the next session of Council defining electoral rights and formulating regulations for carrying out an election in 1855.

CHAPTER IV

LAND TENURE AND OCCUPATION ORDINANCE

Epitome of Land Ordinance—Freehold and leasehold tenure discussed—Amendments to make freehold and leasehold optional—Pioneer land claims settled.

THE State Council met in 1850 and proceeded to consider the Draft Ordinance prepared by the Land Commissioners. The following is an epitome of the measure as passed by the State Council :—

In this ordinance the Land Commissioners are charged with continuing the survey of Easterland into parishes of sixteen square miles, or as near thereto as the features of the country will admit. The parishes are to be divided into sections of 640 acres, and these are to be divided into 80-acre blocks, which blocks are to be sub-divided into 10-acre lots as required for settlement. A town or village is to be laid out in each parish; 160 acres being the area assigned for a village, and 320 acres for a town, each having a similar area reserved for a common. All land is to be held on perpetual leasehold tenure and subject to rent appraisement every thirty years. Land is to be open to selection after

survey and proclamation to that effect. Any person who has attained the age of eighteen years may select one or more lots up to one entire block of eighty acres of rural land. Town sites are to be surveyed into $\frac{1}{4}$ -acre lots, and one or two lots may be selected. Village sites are to be surveyed into $\frac{1}{2}$ -acre lots, and one or two lots may be selected. Occupiers of all classes of land are to be at liberty to sell their tenant-right of one or more lots, but they are not to sub-let. Dwelling-houses may be erected and let out to tenants on parish land, provided that not less than half an acre is attached to each house. The penalty for a breach of this condition is to be double rent. All State tenants are entitled at any time to surrender any number of adjoining lots to the Government. On town and village land a house must be erected within twelve months, and if two lots are held a second house must be erected within two years from date of selection. Failure to fulfil the building conditions renders the lot or lots on which failure has been made liable to be selected by other persons.

Rural parish land must be occupied within six months from date of selection, and one-tenth of it must be cultivated within two years, and one-tenth of it every subsequent year until six-tenths is cultivated. The remaining four-tenths may be used for residence or in any way the occupier thinks best. Failure to fulfil the cultivation condition subjects as much of the land as is not protected by cultivation to be open to selection by other persons, even should portions of each lot be under cultivation; but reselectors are to pay to the occupier the appraised value of improvements.

Leases are to date from the 1st of July preceding the date of selection, and a full year's rent has to be tendered with the application; subsequent rents are to be paid on or before the 30th of September in each year. The rent of town and village land—Raota excepted—is to be £1 per lot; of rural land, 2s. per acre; but the Land Commissioners are charged with the duty of grading the rents according to value, with power to increase the rent to $\frac{2}{6}$ for extra good land and to decrease the rent to $\frac{1}{6}$ for extra poor land. Leases are to confer no right to any minerals underground.

The Commissioners are empowered to take from, add to, or resume such portions of occupied land as may be required for perfecting surveys or for roads, and receive from or pay to the occupier the appraised value thereof.

All parishes in which the land is partly occupied is to be at once proclaimed open to selection. Other parishes may be proclaimed open to selection at the discretion of the Commissioners; but when the Commissioners have received written applications for one-tenth of the land in any parish block, a proclamation is to be at once issued. The unoccupied land in any proclaimed parish is to be under the control of the residents, who are to pay to the State 4d. per acre; the residents are empowered to make regulations for depasturing stock, removal of timber, stone, roots, and other natural products, and are empowered to levy rates for carrying out all necessary roads, fences, drains, bridges, and other works.

All main roads are to be formed and maintained by the Commissioners so as to reach the boundary of every proclaimed parish.

The Commissioners are empowered to resume land for any public purpose and for extending the area of any town or village in which all the lots are occupied on receiving applications for building sites from not less than ten persons. The resumed land and its improvements are to be appraised, and the value, together with 10 per cent., paid over to the occupiers. The applicants are to pay their share of the value of the improvements and to be subject to the same conditions of rent as other occupiers of town or village land.

It is provided that all land occupied or selected before the time when this ordinance comes into operation—except the land granted to the pioneers—is to be subject to the rents and conditions prescribed in this ordinance.

The maximum area of land to be selected by any one person is to remain at eighty acres until 1880; but on and after that date the maximum area to be selected and the maximum area to be occupied by any one person, whether acquired by selection, purchase, succession, gift, or as mortgage, may be reduced from time to time by a vote of the State Council as pressure of population may require; but the minimum is in no case to be less than twenty acres. When any such reductions are made the Land Commissioners are empowered, on the application of any person who has resided ten years in Rapara, to resume the excess of the land applied for and put the applicant in possession on payment of the value of the appraised improvements with 10 per cent. added.

The Commissioners are empowered to fix rates for grazing on rural land or at their discretion to leave such land for any period not exceeding seven years,

subject to cancellation on twelve months' notice. They are likewise empowered to lease the islands of Bora and Tontabu for grazing only for any period not exceeding twenty years, such rent to be determined by tender.

"Cultivation" is defined to include all land ploughed, trenched, or otherwise prepared, which is sown or planted yearly with any kind of grain or vegetable; likewise land planted with fruit trees or bushes, coffee, sugar, or other useful plants, or having the soil kept clear of weeds by cultivation; likewise land ploughed or otherwise prepared, sown with grass or other fodder, or plants, at least every five years; and one-fifth of the area of the cultivated land may consist of land in fallow.

On the requisition of any five persons the Commissioners are to hold an inquiry as to whether the occupier of any rural land has fulfilled the conditions, and if not may authorise any person to re-select as much of such land in adjoining lots as is not protected by fulfilment of conditions, the applicant paying the value of the appraised improvements.

The Commissioners are empowered to frame regulations for carrying the provisions of the ordinance into effect, and on receiving the sanction of the Executive Government these provisions are to have the full force of law.

The land-purchase party in the Council were taken by surprise when they found that the Commissioners' report did not pronounce in favour of the sale of land, and expressed their indignation against the Commissioners for reporting in favour of a leasehold tenure, which they contended was an unheard-of

proposal and contrary to the practice that obtains in all civilised countries. "If such a system is the outcome of reason and intelligence, why," asked Mr. Walker, "has it not been adopted in America, Australia, and other new countries in course of settlement? The reason should be obvious to every intelligent person, and particularly to those who have had any experience in the settlement of a new country, where the greatest want is of roads, bridges, wharfs, and other public works, without which the land is worthless. To enable these works to be provided it is absolutely necessary to sell the land so as to obtain the necessary funds. There is another equally strong reason why the land should be sold, and that is that the occupier may feel that the land is his own property and that such improvements as he may make are secured to himself and his family. Our presence here is due to the enterprise of the pioneers, who at their own expense undertook a long and costly voyage to ascertain the suitability of the island for settlement. Would such a voyage have been made in search of land that could not become the property of the voyagers and for which they would have to pay a yearly rent? No; freehold land was the lodestone in their case and we must maintain the same attraction, or see the country go backwards, and those of us who have means, energy, and industry, deprived of the competency in quest of which we came—a competency for which we severed our connection from dear friends and from our native country. Are we to be deprived of our right by allowing this wild, socialistic measure to become law? No; in the interests of ourselves and of the country we will propose an addendum to this

ordinance, which will enable those who desire freehold land to obtain it, and at the same time allow those who prefer leasehold to enjoy it under the provisions of the main part of the ordinance."

Such arguments were answered by the leasehold party with the contention that the allegation made, that freehold tenure was necessary to induce the improvement of land, was in direct conflict with past experience. England, Ireland, and Scotland, they said, all had had the institution of private property in land in force for over three hundred years; yet English statistics showed that not more than one-seventh of such freehold land was cultivated by the owners, who compelled the cultivators to pay such high rents that tenants could only pay their labourers starvation wages. It would be deplorable if such a state of things should ever obtain in that country. "We admit," they said, "that so long as there is plenty of unoccupied State land open for settlement, private landowners can do little injury to individuals or the public; but as soon as all State lands have become private property and the island fully populated, landowners can and will demand rents that will only leave the cultivators a bare subsistence, or may perhaps follow the example of Irish landlords and enforce such rents as will reduce the cultivators to semi-starvation."

With regard to the necessity of selling land in countries under settlement so as to provide funds for the construction of roads, bridges, and other works, it was true, they admitted, that this course had been followed in North America and Australia and other new countries; but that was no proof that the practice was a wise one. "We have here in Rapara,

before our eyes, evidence to the contrary in the fact that land rentals have furnished funds for the construction of roads, bridges, and other works in proportion to the amount of settlement. No doubt the construction of these works has been aided by the issue of State notes, but this aid has cost the country nothing, as the State notes were urgently required for currency, and have therefore served two useful purposes."

A Mr. James Wilson, a strong advocate of national land and a man who was looked upon as the ablest advocate in the Council, said he could not allow the discussion to close on this part of the question without pointing out that he had, without going to England, the most positive and direct proof here in Rapara that freehold tenure in land did not tend to promote cultivation and improvement. "Look," he said, "at the block of 5,000 acres granted to the pioneers. It is in close proximity to the town; it is all good soil, well adapted for cultivation. It has been in their possession for eight years, yet not one-tenth of it is under cultivation. Contrast this with the land taken up on lease along the Koran road, fully one-half of which is now in cultivation. If this were an isolated case it would be of little weight as an argument; but observe that the owners of freehold land in England, Ireland, and Scotland do not cultivate *their* land: they let it out to others on conditions that offer no inducement to improvements, two-thirds of it being let from year to year and the improvements confiscated whenever the landlord thinks fit to resume possession. Leaseholds in England—the outcome of freehold land tenure—are as a rule granted at rack rentals; there is no

tenant-right, and the rent has to be paid over to the landlord for his own use. Now, in Rapara leaseholds are granted on moderate rent; all improvements are the property of the tenant, and possession is secured to him and his descendants for ever; moreover, the rent is paid into a State fund of which he is part owner and from which he will receive his share in the use of roads, bridges, and other public works.

"Mr. Walker," Mr. Wilson continued, "has endeavoured to cast odium on this Land Bill by characterising it as a wild, Socialistic measure; but I have too high an estimate of his intelligence to believe that he holds this opinion. As, however, there may be some members of this Council who do not recognise the radical difference between natural wealth, the raw material of the earth, and produced wealth, the produce of labour, it may be as well to point out that natural wealth is the gift of nature and cannot be increased by the labours or efforts of man; it therefore belongs to all and should be used for the general benefit. Produced wealth is derived from natural wealth and may be increased indefinitely by the labour of individuals; it therefore belongs to and is the private property of the individuals who produce it, to be used for their own benefit. Now it will be seen that the monopolistic individualist—representing the general policy adopted by most civilised countries—makes both natural and produced wealth private property, while the communistic collectivist desires to make both natural and produced wealth public property. On the other hand, the Radical, or more properly the equalistic individualist party, to which I belong, holds that

natural wealth is inherently public property, and should be used for the general benefit, while produced wealth is justly the property of the individual who produced it, and should be used for his own benefit. My friends and I are thus just as much opposed to the doctrine and practice of the monopolistic individualist who makes natural wealth private property, as to those of the communistic socialist who is striving to make produced wealth public property. We hold, I repeat, that all natural wealth belongs to the community in common, and that all produced wealth belongs to the individual producer in particular. I know—he said—that there are a large number of people who do not recognise, or will not acknowledge, the radical difference between natural and produced wealth. This arises from several causes. Some people lack the necessary mental ability to reason out the matter. Others are dominated by their early education to an extent that amounts to mental emasculation. Others have strong predilections in favour of a wealthy landed aristocracy, and they defend private property in land solely for this reason, regardless of its other effects. But the largest number consist of those too indolent to consider this or any other measure of reform, and are therefore the greatest barriers to all measures of progressive legislation. A previous speaker stated that freehold land was the lodestone that brought the pioneers to Rapara, and that this lodestone must be maintained to draw population to our shores. The gentleman who made this statement has exhibited intelligent foresight; for although freehold land will have little advantage over leasehold until all State lands are

occupied, when this is attained and land is in great demand, the freeholders will be able to drain out of the masses of cultivators in the form of rent that competency which he said we all came here to seek—that is to say, a fortune. Now, it is to prevent such a state of things that I favour leasehold and oppose freehold tenure; and although fortunes may not be made out of cultivation under leasehold tenure, a comfortable living will doubtless be secured with sufficient means to rear a family, and sufficient savings to provide for old age."

From other speeches made on the occasion we select what seems likely to interest the reader. One member contended that it was unwise to charge a rent on that portion of the land which by the Act might remain uncultivated, as it was a charge on unproductive land. To this it was answered, that such land need not remain unproductive, selectors being in no way restrained from cultivating the whole. To allow uncultivated land to go rent free would result in every one taking up more land than he intended to cultivate, thereby scattering settlements all over the country, and by this means increasing the expense of road-making, schools, and other things. One councillor urged that as the great object of the Bill was to give all who had the means and were desirous to cultivate an opportunity of securing the necessary land, and as no single person could by his own labour cultivate more than ten acres, the right to select eighty acres was calculated to defeat this object. The answer to this expressed the Radical view, which recognises the various degrees of intelligence, enterprise, industry, physical strength, and pecuniary means possessed

by different persons. Such variation being considered, the range from ten to eighty acres was not more than was required to give these qualities full play; whereas by making the lots uniform in size we should be compelling some to take more and others less than they could cultivate. One person, it was argued, has a large family, expensive tastes and habits. To minister to these he is willing to work ten or perhaps twelve hours per day and to keep thirty acres in cultivation. Another person has a small family, simple tastes, few wants, and perhaps little physical strength and no capital. Such a person would prefer to take up ten acres which he could cultivate in preference to paying rent for twenty acres, half of which would remain unproductive; others again, with the aid of capital, energy, and hired labour, would be able to cultivate forty or perhaps sixty acres. To the employment of hired labour a member (who held Socialistic views) objected on the ground that all should be on a footing of what he called equality. He was met with the objection that the non-employment of hired labour instead of producing equality would be the means of producing the greatest inequality. What, it was asked, would be the position of young men without means and dependent on the sale of their labour? What would be the position of those too ignorant or too improvident to undertake the cultivation of land on their own account? If the area of allotment were limited to what one man could cultivate, these weaklings must be reduced to starvation.

That the ignorant and the improvident are to be found, and will continue to be found in every

community, cannot be denied, and any Land Act which ignores them will inevitably prove abortive.

Mr. Walker, the leader of the Conservative party, challenged the right or the wisdom of placing any limit to the quantity of land to be held by one person, so long as the holder paid the State rent and fulfilled the State conditions. There might be reason, he said, in limiting selections to eighty or a hundred acres; but when the legal conditions of occupation were fulfilled, there was no good reason for preventing the taking up of other selections. To this it was answered by Mr. Wilson that doubtless the limitation was an arbitrary law not based on any economic principle, but notwithstanding this the past experience of European countries made it a social necessity. The extremes of wealth and poverty, the destitution and starvation to be seen in Europe, should be carefully guarded against here, and the Bill proposed to do nothing more than prevent persons from holding large areas of land to the exclusion of others ready to cultivate to as great, or perhaps greater, extent than the occupier. The restriction to one block of eighty acres formed no restriction to the acquisition of large estates, as the selections of others could be purchased to any extent. To meet this danger the Bill wisely provided that land held in excess of eighty acres by one person could be resumed by the State for homesteads for others on payment of the appraised value of improvements with 10 per cent. added. The provisions made as to sub-letting had the same object in view, that is, to prevent the acquisition of large estates; and all but extreme Conservatives must acknowledge that these provisions are justified

in the interests of the country and of future generations.

The section defining cultivated land was strongly objected to by several speakers. Why, they asked, should a farmer who preferred to put most of his land under artificial grass be prevented from doing so by the proviso that not more than two-tenths of the cultivated area was to be in grass? Surely the farmer was the best judge of what he should or should not cultivate; and to compel him to plough up land that had been in grass for five years was the height of injustice. The reply was that, whereas permanent grass might satisfy some wealthy or indolent farmers, cultivation turned the land to a higher and more productive use, and enabled a greater number of people to subsist on a smaller area; that even for stock-feeding five acres under cultivation would feed more stock than fifteen acres under permanent pasture. It would be thus grave injustice to allow large areas of land to be used for pasture, when others were willing to take them up for cultivation and to turn them to better account.

The provisions empowering the Commissioners to resume land for the extension of towns and villages were strongly objected to; but it was shown that in the absence of such provisions people might be unable to obtain land for residences and be reduced to the dreadful condition that obtains in Europe, and particularly in England, where thousands of people are denied land on which to reside in the very parish in which they were born. We all admit that the lands of Rapara belong to the community; surely any law that can prevent any

member of this community from acquiring land whereon to live is a denial of the inherent right to live in one's own country. Moreover, as the terms of resumption provide for the payment of all improvements at their appraised value with 10 per cent. added, the occupier is treated with justice and consideration.

At this stage in the discussion Mr. Russell gave notice that he would propose an addendum to the Bill when the several sections were dealt with, and he laid this addendum on the table. It was no sooner read over than the Council was seized with the greatest excitement, and the leasehold party lost control of speech and action. The following is a copy of the addendum:—

“Notwithstanding anything to the contrary in the provisions of this ordinance, any present or future occupiers of town, village, or parish land shall on and after the first day of January, 1851, be entitled to purchase the fee-simple of such land at its capitalised rental of twenty years, one-half of which shall be payable at date of purchase and the balance by three equal yearly payments. And the purchase of the fee-simple shall release such land from the conditions of residence, cultivation, sub-letting, house-building, and sale or purchase.”

This proposed addendum produced great consternation amongst the leasehold party. It was well known that the monopolistic individualist party had been intriguing both with the Europeans and with the native members to support this amendment; hence came a conviction that Mr. Russell would not have proposed it unless he felt sure of carrying it. A meeting of the leasehold party was held, and

it was determined to take immediate steps to rouse the people to a sense of their impending danger.

In pursuance of this determination, couriers were sent round amongst the farmers and settlers informing them of the position of affairs. Meetings were held both in the town and in the country, and resolutions were carried to resist the passage of the addendum, even by force of arms should need be. The people, or at least a large majority of them, were kindled to fury, and marched through the town in martial order, carrying firearms and shouting "Death to the Traitors!" So great was the uproar, so general the excitement, that when the Council met it refused to proceed with the business, and adjourned for three days. During this time the members of the Executive enrolled a guard to protect the Council during its deliberations.

The Council met at the appointed time and resumed the discussion on the remaining sections of the Bill. Considerable debate arose on the section relating to the land granted to the pioneers. The report of the special commission to which the question was referred practically sustained the claim of the pioneers, and held that the payment in goods made to the native chiefs was given and accepted as payment for the fee-simple of the land; that the value of such goods at the time was £180, and the cost of the voyage £500, making a total of £680 which the pioneers had paid for their land. Several of the native chiefs protested against the adoption of the report, pointing out that, even if the pioneers were entitled to include the cost of the voyage as a portion of the cost of the land as between them and the European settlers, it could not in justice

form any part of the payment to the native chiefs. Those in favour of the report of the Commission admitted that the payment, including the cost of the voyage, was far below the value of the land now that increase of population had augmented the ground value, but contended that at the time it was made, and under the then circumstances, it was a fair consideration for what was received. Mr. Wilson supported this view of the case, but agreed that the cost of the voyage had nothing to do with the native chiefs, who were short by £500 of the value of the land as indicated by the Commissioners' report. As the forms of the Council would not allow him to propose that this sum be awarded to the native chiefs, he would, he said, ask the Treasurer, Mr. Russell, to do so; and he would suggest the insertion in the motion of a recommendation that Oman, chief of Kono, and Wangā, chief of Koran, should receive shares equal to those of the other chiefs. If the proposed compensation were not granted, he would oppose the project of the Commissioners. Mr. Russell adopted the suggestion, and moved that the sum of £500 be paid over to the native chiefs, one-fifth each to Tira and Temba, and the balance in equal shares to Malla, Gom, Oreki, Narjika, Oman, and Wangā. The Treasurer said that in proposing to give Tira and Temba a larger share than the others, he had done so with the consent of other chiefs, as such a division was in accordance with native rights and customs.

Several members, both European and native, objected strongly to the absence of any cultivation condition. "Look," they said, "at the evil effects

that have already arisen through the non-enforcement of cultivation. Here is a block of some 5,000 acres only one mile from the town boundary; it is all suited for cultivation, while up to the present time only about one-twelfth of it has been brought under the process. Now, although there was a dispute between the pioneers and the natives as to the tenure of the land, there is no dispute that it was clearly understood by both parties that the land was to be used for cultivation." After considerable discussion the section was passed, and the long and vexatious dispute seemed to have come to an end.

Nevertheless, on a subsequent occasion the cultivation condition was again brought under discussion, and was objected to on the ground that selectors, when taking up land, might miscalculate as to the quantity they would be able to cultivate. Sickness or other misfortunes might overtake them and prevent fulfilment of the cultivation condition, thereby making their land liable to be selected by others, perhaps at a time when improved circumstances would have enabled them to increase the rate of cultivation to such an extent as to reach the prescribed proportion and so preserve the whole of their land. To this it was answered that the prescribed proportion of cultivation was made very small to meet such cases, and that the absence of a cultivation condition would go a long way to defeat the object of the Bill, which was to give all an opportunity of taking up land for cultivation at a moderate rent, to cover the cost of the roads and bridges necessary for the use of such land. It had been said that the State rent would compel most people to cultivate their land, and that in any case

owners should be credited with sufficient intelligence to know what their own interests were. Now, if self-interest induced landowners to put it to its most profitable use, the large parks, pleasure grounds, and game preserves in England would not, it was argued, be found there; but their existence showed that pecuniary considerations fail to cause land to be put to its most profitable or highest use. Under State ownership to take land from occupiers which they did not cultivate inflicted on them no loss. To give it to persons willing to cultivate it enriched both the State and the cultivator.

Taking the Bill as a whole, we are confident that the cultivation condition is the very kernel of the measure and will prove a blessing to future generations.

After the various sections had been gone over and passed with some unimportant amendments, Mr. Russell proposed the addendum of which he had given notice.

He said "his addendum did not propose to interfere with the main principle of the Bill—leasehold tenure; it simply enabled those who preferred freehold tenure to secure it, whereas those who preferred leasehold tenure could continue to occupy under the provisions of the Act. As for the cultivation condition, he neither believed in its wisdom nor thought that it could be enforced by the proposed pains and penalties; and, as to the accumulation of large estates, he did not see why industrious and provident persons should not have the same opening for investment in land as was enjoyed elsewhere. To close this opening would have the effect of making them transfer their savings to other

countries, and so deprive the island of the greater part of its capital. He knew he said that the native chiefs were divided on the subject of the rent charge made by the ratiras on cultivated native land, and he now warned those in favour of this rent charge that if his freehold land proposal was negatived the rent charge on native land would meet a similar fate; for it was evident that the rent charge could not be sanctioned unless the land on which it was made was adjudged to be the freehold land of the ratiras. Finally, he felt it his duty to caution them not to be coerced by the clamour, riot, and threatening language with which the town had been resonant for the past week. Let them vote fearlessly, every one according to his own convictions."

Mr. Wilson replied, and said "he likewise would advise every one to vote according to his convictions; at the same time convictions might be based on erroneous data, or on true data erroneously reasoned from, or misapprehended, and he felt that some further explanation of the matter at issue should be submitted to them before they came to a vote. In the first place Mr. Russell had referred to the excitement and threatening language used by the people outside. He would yield to no one in his respect for law and order, and denied that any acts of riot had taken place. Yet he was willing to confess that plain language had been used, and he held that the strongest protests were warranted by the circumstances of the case. Some time back a petition signed by a majority of the people was presented, praying the Council to have a general election before dealing with the Land Ordinance. This petition was considered and rejected by the

Council. No one would dispute the fact that at the time the present Council was elected leasehold tenure of land was the accepted policy of the country. Now, whilst land tenure properly came within the province of the Council, it was entirely beyond their right and inconsistent with their duty to depart from a settled line of policy without giving the electors an opportunity to express their opinion on such an important question. The people, then, were fully justified in their protests, nay, they were justified in making threats and carrying them into execution as a means of resisting such an unwarranted and treacherous proposal. He, for his part, would discharge his duty by beseeching the Treasurer to withdraw his addendum, and not to imperil the peace of the country and the lives of its people. There was a saying, "Whom the gods wish to destroy they first make mad," and should Mr. Russell persist in putting this motion to the vote, whether it were carried or not, he would be committing political suicide. Should the motion be continued and put to the vote, I earnestly ask every member of this Council, whether in favour of freehold tenure or not, to vote against it and let the question come before the people at a general election. When the majority have pronounced all will accept the decision."

Oreki, the chief of Oman, said "he had intended to support the motion, as he believed that the land should belong to the white chiefs as well as to the Maori chiefs and that the tagatas (or working people) of both races should pay them rent; but he thought the arikis, ratiras, and tiras should have a voice in the question, more especially as its

decision now might rouse men to deeds of blood. He should therefore, although he had promised to support the proposal, vote against it, and he asked his Maori friends to do so likewise." Several other speeches were made for and against the motion. One native chief, Manjiki of Permack, said that he scorned the white tagatas and their threats of bloodshed; and if Mr. Walker would give the order he would bring his people to Raoto and punish these turbulent tagatas. Owing to the uncertainty of the result both parties prevented the question from being put to the vote for some time, and when it was put the excitement was so intense that no one answered "ay" or "no" for some time. When the division took place the motion was negatived by a majority of three votes, there being five Europeans and three natives for and six natives and five Europeans against it.

The clause empowering the Government, subject to the advice of the Land Commissioners, to resume land from leaseholders who held more than fifty acres and who had fulfilled the cultivation conditions, for the purpose of re-leasing it to others, was again brought up for consideration. Mr. Kemp said that he was opposed to such a provision even if all the land fit for cultivation was taken up. In any case it would be time enough to grant such a power when the necessity for its exercise arose. Mr. Wilson replied to the effect that there was no likelihood of such a power being required for the next thirty years, but if no provision was made in the ordinance such resumptions would be looked upon as repudiation. He therefore, to get over the difficulty, begged to amend the clause, so as to empower the

Council, after thirty years from the passing of the ordinance, to reduce the maximum both of selection and occupation, so that the rising generation should not be deprived of their right to occupy and cultivate land. He thought there was no reason to fear that the Council would carry the reduction in the maximum area to a point detrimental to profitable cultivation. At the same time the clause provided that the maximum should not be reduced below twenty acres. Doubtless ten acres would be sufficient to occupy the time and energy of one man; but if the holdings were limited to ten acres there would be no employment on the land for those whose means did not permit them to cultivate on their own account. He did not consider that immigrants from other countries had a right to claim a share of the land in private occupation; but it was otherwise with those born or long resident in the country, and therefore the latter only had the right to claim land in excess of the maximum.

Several speakers opposed the clause on the ground that it destroyed fixity of tenure and perpetual lease. No doubt, they said, the State has a right to see that the selected land is properly cultivated, but who carries out this cultivation is a question with which the State has nothing and should have nothing to do. If an industrious and enterprising man has even 160 acres of land in cultivation, where is the wisdom or justice in taking a portion of that land from him and giving it to another who cannot make it more but who may make it less productive? This was answered by others to the effect that such views might be fairly advanced in European and other countries that disregarded the rights and uses of natural wealth, and

carried out a polity based on the *laissez-faire* doctrine, but was entirely out of place in Rapara, where natural wealth is held to belong to all, and is to be used for the public benefit, and where the view prevails that it is the duty of the State to legislate so as to avoid as far as possible extremes in either wealth or poverty. After considerable discussion the clause was agreed to. The Report was adopted, and the second reading was carried on the following day by a majority of three votes.

CHAPTER V

EVENTS AND DEVELOPMENTS, 1850-1860

Weekly Herald started—Gold discoveries in California—*Weekly Times* started—Gold discoveries in Australia and effects—Exodus of settlers—Coffee factory opened—Return of settlers—Occupation of Maoris—Census in 1853—Discussion on exports, imports, and incomes—Decrease in wages—A strike averted and discussion thereon.

THE passage of the Land Ordinance and the defeat of Mr. Russell's addendum had the effect of restoring tranquillity; but a section of the native chiefs felt it a grievance that the Land Ordinance did not deal with native lands: they had hoped it would enable them to enforce the payment of rent for all cultivated land. Several influential Europeans were displeased at the decision of the Council with respect to the land granted to the pioneers in 1840. The land-purchase party were sorely disappointed at the defeat of their motion, as sufficient votes had been pledged to carry it, but three of the voters had been coerced by fear, they said, to vote against it. They, however, expressed their determination to use every effort to procure a majority in its favour. With these exceptions the Land Settlement was looked upon

as a just and intelligent measure calculated to encourage settlement and cultivation. The narrow escape the people had had from having private property in land thrust upon them showed them the dangerous position in which they stood; convinced them that safety could only be found in a general election, in which all householders should have a vote; and suggested the advisability of increasing the number of European councillors in proportion to the increase in European population.

In 1851 a newspaper called the *Weekly Herald* was started. It professed to belong to neither party, and announced that it would open its columns for the discussion of party questions to both parties alike. For about three months it adhered to this promise, but was gradually compelled to depart from it and take up a definite attitude. Within six months from its first publication it became the recognised organ of the Conservative party. The Radicals were unrepresented until, in 1852, a second newspaper, called the *Weekly Times*, came out as their avowed organ, and devoted a large part of its columns to economic and political questions. This compelled the *Herald* to adopt a similar course. Thus the people of Rapara had both sides of every question placed before them, and were free to support what they believed to be the wisest and the best policy.

The news of the gold discoveries in California reached Raoto in 1850, and caused considerable excitement. Early in 1851 a vessel left with a cargo of all kinds of produce and some forty-five passengers; three more followed during the year with similar cargoes and some 176 passengers. Early in 1852 the gold discoveries in Australia became known,

and before the end of the year four vessels left for Australia with produce and passengers. At this time fears were entertained that most of the able-bodied men would flock to California or Australia. In 1853 and 1854 no less than ten vessels left for California and fourteen for Australia, all carrying a large number of passengers; but the high prices of all kinds of produce arrested the outward flow of population; wages, too, had more than doubled. Only a small number sailed in 1855, while many of the early passengers returned. In 1856 and 1857 a great number of returned passengers arrived, and were accompanied by not a few successful diggers with ample means to start farming and other industries. The demand for agricultural produce continued up to 1858, but the quantity and price gradually declined, and in 1860 agriculture ceased to be profitable. Some new markets were found in the Pacific, but maize, wheat, and several other kinds of produce were in excess of the demand and declined in value. Coffee and sugar, however, found a ready market in Chili, California, and Australia at remunerative prices. There were now seven coffee plantations owned by Europeans, and many natives had for some years past devoted themselves to coffee cultivation, which they sold as parchment to Mr. Brown, who in addition to its cultivation had erected a factory for its preparation. Owing to the great increase that had taken place during the past few years Mr. Brown's factory was unable to cope with the quantity, and in 1857 a new factory was erected by a joint stock company in Raoto, which afforded employment to many workmen.

Since the first settlement the natives had gradually

acquired a taste for a variety of European goods, but the gratification of this desire was restricted by want of money wherewith to purchase such goods, as nearly all their produce was consumed by themselves. They supplied the Europeans with fish and several kinds of fruit. A small number rendered service to the farmers in various capacities; but their chief employment was in boating, on board whalers, and as coffee plantation hands. In 1851, however, they commenced growing coffee on their own account, and proved good and careful cultivators. By 1858 there were more than a hundred separate growers engaged in its cultivation. This largely increased their supply of money and their consumption of both home-made and imported goods.

In 1853 a census of the population was taken, which gave the total population of Rapara at 19,450, or 10,720 males, and 8,730 females. Of this number 16,180 were of European race, 2,634 Maoris, and 541 Polynesians from other islands. 3,175 Europeans resided in the three towns of Raota, Koran, and Marieta, about 2,100 in villages, and the remaining 10,905 in the rural parish lands.

The area of land cultivated by the Maoris cannot be given, but in Easterland 160,580 acres of State lands had been selected, of which 8,300 had afterwards been surrendered to the State so as to avoid payment of rent for land not required for cultivation; thus there remained 152,280 acres in occupation, and of this acreage about 56,000 acres were under cultivation. The pioneers were granted 6,240 acres, making a total of 158,520 acres of land taken up.

The imports for 1852 amounted to £29,021, and

consisted of drapery, hardware, iron, chemicals, wine, spirits, tea, and a variety of articles which could not be produced in the island at this period. The value of the exports amounted to £25,829, coffee, rice, and sugar being the principal contributories to this amount. Wheat, maize, wool, tallow, oil, and hides were likewise exported.

The revenue amounted to £31,127, made up of rent of land, £7,642; customs and excise, £21,205; and pasturage, £2,294. The expenditure amounted to £27,905, leaving a surplus of £3,222.

The value of the imports being £3,200 in excess of the exports, several prominent politicians stated through the *Herald* that Rapara must be getting indebted to foreign countries, as the imports had exceeded the exports for several years. This was denied by others, who pointed out that the import value included the freight and charges, and in some cases the expected profit, while the export value did not include freight, being the net amount which the goods were expected to realise at their destination, so that the fears of foreign indebtedness had arisen from want of financial and economic knowledge. No, it was said, if the imports exceeded the exports for numbers of years in succession to the extent of 20 or 30 per cent. this would indicate that the country was accumulating a debt to foreign countries. On the other hand a large excess of exports over imports for a series of years would prove that the country had become the creditor of other States. In an article in the *Times* on the industrial and financial position of the country, it was stated that, although sufficient statistical information was not available to determine the actual

annual income or the value of home production, yet a close approximation might be arrived at by the information in the census. There were 4,640 adult Europeans, of which 3,480 were engaged in production, and 1,160 adult Europeans engaged in rendering services and in distribution. After full examination it was estimated that the 3,480 producers produced goods to the value of £271,400, being at the rate of about £78 per annum each, and that those engaged in rendering services and distribution would earn a similar rate of income, which would amount to £90,400, making the gross annual income amount to £361,800, or £22 8s. per unit of population. This view of the case was challenged by the *Herald* on the ground that the gross amount of income could not exceed the gross value of production. The incomes of distributors, and those engaged in rendering services, being derived from production must reduce, it argued, the incomes of producers to that extent, so that the gross income could not under any circumstances exceed the gross value of production. It then went on to taunt the *Times* with publishing novel and visionary opinions on financial and economic subjects, a course which must in the end bring it into public contempt.

The *Times* retorted by acknowledging that the *Herald*, while displaying taste and judgment in its literary articles, had by its economic and financial ignorance already exposed its views on these subjects to general ridicule, principally by attempting to criticise questions beyond its comprehension. The economic conditions, said the *Times*, regulating income are doubtless little understood even by economists, but nothing but crass ignorance could

induce a public journal to deny that the aggregate income can exceed the aggregate value of production. This excess varies in different countries according to the extent to which division of labour has been carried, and the degree of civilisation to which the State has attained. England, France, Germany, and the United States yield aggregate incomes about double the aggregate value of production, while Spain, Italy, Russia, Sweden, and Denmark would only yield aggregate incomes varying from 25 to 70 per cent. in excess of the aggregate value of production. Now, with regard to income in Rapara, as the aggregate value of production is not disputed, the estimated value may be taken as correct. The aggregate value of production being £251,400, this will be the aggregate income of those engaged in production, which will be expended partly on consumable goods and partly for services received. The consumable goods, consisting of food, clothing, and other consumable necessaries, with 5 per cent. savings for maintenance of capital amounts, as will be shown hereafter, to three-fourths of the whole on £203,550, leaving £67,850 to be expended in payment for services rendered. The services are rendered by professional men of all classes—Government officers and employees, domestic servants, and others not engaged in production. Now, as the producers spend three-fourths of their incomes on consumable goods, and one-fourth for services rendered, the income of the service class would be spent in a similar proportion, one-fourth going to the service-rendering class, and three-fourths being expended on consumable goods, until the whole value of production is consumed. By

the time this end is reached these transmitted incomes will amount to £90,400, which, added to the original income of £271,400 of the producers, will bring up the total income to £361,800. The estimate of the value of production may be 10 per cent. over- or 10 per cent. under-estimated, but that the proportion expended on consumable goods is approximately correct is proved by the fact that the transmitted incomes give the same rate to service renderers as is earned by the producers—namely, £78 each, or £22 8s. per unit of population.

The *Herald*, or rather a correspondent of that paper, criticised the *Times* article. The "*Times*—he confessed—had undoubtedly shown that the aggregate income of Rapara largely exceeded the aggregate value of all its productions; but it had failed to prove the actual extent of this excess, nor had it pointed out where production ends and distribution begins. Is transportation a part of production or of distribution? he asked. Is the baker a distributor or producer? Is the value of the farmer's wheat and the miller's flour alike to be credited to production. The difficulty of drawing a line between production and service shows the difficulty of ascertaining the actual aggregate value of production, which (notwithstanding transmitted incomes) constitutes the national income."

In answer to the *Herald* correspondent the *Times* replied "that, while freely admitting that the aggregate value of production constitutes the national income, it contended that the secondary or transmitted incomes—in proportion to their volume—are of as much importance as the income derived from direct production; for it must be manifest that as between

two States whose productions are of equal value, the State that yields the largest amount of transmitted income must be more civilised, prosperous, and wealthy than the other. There was no doubt a difficulty in drawing a line between production and service, but fortunately the census returns of Rapara almost entirely removed this difficulty, as all those occupied in transportation to a market or port of shipment were classified as producers, and all those engaged in retailing goods and forwarding them to their customers were classified as distributors. As to the bakers and others who are partly manufacturers or producers, and partly distributors, the census returns, if properly made out, would divide the employees into the two classes in proportion to their services. With regard to the farmer and the miller, or other manufacturer, there was no difficulty in arriving at the value of production, as the cost of all raw material used had to be deducted from the value of the manufactured article. A farmer purchases £4 worth of manure and sells £100 worth of wheat to a miller; the miller manufactures it into £120 worth of flour and bran; the farmer is therefore a producer of wheat to the value of £96, the miller is a manufacturer of flour and bran to the value of £20, and, if we include the manure merchant, who is a producer of manure to the value of £4, we have a total in all of £140. If all raw produce were fully manufactured into the state in which it is consumed in the country in which it is produced, its value would be best taken in this state, as such value would then include the cost of prime production, and of all stages of manufacture through which it had passed. But as a large proportion of

raw and semi-manufactured produce is exported from the producing country, it becomes necessary to value it at the several stages through which it has passed, and in this valuation to deduct the cost of the raw material used. We are quite willing to admit—said the writer—in fact, we never claimed, that the value of production and the amount of income given was anything more than a close approximation; but if the next census is made to include all necessary returns, the actual amount can easily be given. In conclusion, we beg to thank the editor of the *Herald* for his criticism, which has given us an opportunity of showing him and the people of Rapara how much the interest of all classes of the community are dependent on the volume of production.”

The fall in the price of produce owing to the loss of the Californian and Australian markets compelled the farmers to reduce the rate of wages, and the demand for labour was not equal to the supply. The labourers held meetings and threatened to strike against any reduction. It was pointed out to them that the fall in the price of produce necessitated a corresponding reduction in wages; and should they be foolish enough to strike under such conditions, the larger proportion of them must go without employment; for, although at this season of the year farmers would be compelled to keep a few men at the old rate of wages, they would not employ any to put in new crops, as they would sustain a loss at present prices and at those anticipated for the future. The *Times* took an active part in convincing the labourers that a strike could by no possibility result in their favour. “The men

who are cultivating land by their own labour,” wrote the journal, “have to be content with lower prices, and consequently with lower wages. How can you expect that a strike can compel farmers to employ you at a loss? If you really think that the wages offered by farmers for your labour are not proportionate to the produce of that labour, there is plenty of land open to you, and at easier terms than in any other country; and by working on this you could secure the whole value of your labour. Do not, we beseech you, injure yourselves and your employers, and expose your lack of intelligence by following the example of your working friends in Europe, who at times strike for higher rates of wages than employers can afford to pay and higher rates than other workmen are willing to accept. When the price of produce rose in 1853, 1854, and 1855 wages rose at a corresponding rate; and had you threatened to strike at that time the rise perhaps might have been secured; but now there is a great fall in the value of all kinds of produce, and you must either accept lower wages, go without employment, or cultivate land on your own account. Should any of you adopt the last-mentioned course you will find that the price of labour is regulated by the value of its produce. We do not mean to say that this is the case in Europe, where the bulk of the land, the raw material of the earth, is in the hands of landlords, who compel the cultivators to pay rents which leave workmen only a bare subsistence on the coarsest and cheapest class of food. But here the rent is paid into a fund that is expended for your own benefit, you enjoy excellent food, and can save enough in

a few years to set you up as cultivators on your own account." These admonitions had the desired effect, and each accepted the highest wages he could secure.

At the meeting of the Council in 1852 the business paper, amongst other things, contained "Amendments in the Land Ordinance," a subject of debate which took the Council, or at all events the Radical part of it, by surprise. The first amendment was substantially the same as that proposed by Mr. Russell and defeated in 1850, which enabled the occupier of any leasehold land to turn it into freehold at the capitalised rental of twenty years, and to be freed from all the conditions which applied to leasehold land. It was evident that the matter was brought on after due deliberation, as the Council was surrounded by some thirty special constables fully armed, who prevented all approach to the Chamber by unauthorised persons. Arguments, threats, and protests were freely used by the land-leasehold party. The arguments used when the Land Ordinance was under discussion were repeated, and many fresh ones used against the amendment, to which Mr. Russell replied. He said "he relied on two reasons for a full justification of his action in this matter. First, the amendment did not disturb the existing conditions of leasehold tenure, nor did it compel any one to purchase land. It left people free to occupy land on either leasehold or freehold tenure, as they thought best, and no one could say that the proposed price was not a full and fair one. Second, it was evident that Rapara would be greatly benefited by the construction of works to irrigate

Opara Valley, so as to enable them to render the land now lying barren and unproductive serviceable for the growth of rice, which was held to be the most profitable crop that could be grown; and he trusted that these considerations would be sufficient to secure a majority in favour of the motion." The motion, after two hours' discussion, was put to the vote and carried by a majority of two, there being six Europeans and five Maoris for, and four Europeans and five Maoris against.

The second amendment proposed to extend the area of selection to 320 acres in Opara Valley. Mr. Russell said that his reason for proposing this extension of the area of selection was to enable those who desired to go into rice cultivation to obtain a sufficient area of land, as eighty acres was manifestly too little to enable rice growers to grow at a profit. This view was not held by all, as several asserted that there were no conditions connected with rice cultivation that necessitated a larger area than for land under any other kind of grain. The amendment, on being put to the vote, was carried by a majority of four, and the motion, "That these amendments stand part of the Land Ordinance," was passed by a majority of two. When the public became aware of what had been done they became very excited, and many were afraid that it would be the signal for riot, and even rebellion; but the Radical leaders took steps to dissuade their followers from such a course, as they saw that the battle had to be fought on the new electoral and constitutional Bill, and that this fight would require all their strength to force a sufficiently liberal measure to enable the wrong

that had been done in passing this freehold condition to be rectified by process of law. For this reason the leaders used every means in their power to dissuade all from using threats or force to prevent the purchasing conditions from having full play, for if allowed full play, they said, the effects of the Bill in inducing people to take up land to turn into freeholds (the greater portion of which will remain uncultivated) would do more to discredit freehold tenure than any argument that could be used. These efforts were successful, and very little was said either in public or private to discredit the contention which prevailed.

CHAPTER VI

ELECTORAL CAMPAIGN

Election preparations—Property *versus* household qualification—General election on old qualification—Second Council met, 1855—New Constitution passed—Epitome of Act—Legalisation of all measures passed by first Council.

No legislation of importance was undertaken in 1853. When the Council met in 1854 the Executive Government proposed a series of resolutions on which to base a constitutional and electoral ordinance. These resolutions declared that the State Council should consist of thirty members, twenty to be elected by Europeans and ten by the Maoris; that its duration should be seven years, unless sooner dissolved; that the President should be empowered to dissolve the Council when a no-confidence vote was passed against the Executive Government, and to nominate a member of the Council to the position of head of the Executive, who was empowered to chose his own colleagues; that Tira should be President during his life, and that future Presidents should be elected by the Council; that the qualification of European electors should be the possession

of not less than sixty acres of freehold land, or the possession of not less than sixty acres of leasehold land, on which all conditions were duly fulfilled, or the possession of not less than two town lots of land on which two houses have been erected, valued at not less than £160 each; that every person entitled to be an elector must have resided not less than three years in Rapara, and must have attained the age of twenty-five years; and that the qualification of Maoris should be the possession of a family or house and cultivated land.

It was proposed to amend the fifth resolution by increasing the number of European representatives to twenty-five. The proposers of this amendment stated that the Europeans outnumbered the Maoris more than sixfold, and to give anything like equal representation either this amendment must be adopted, or the Maori members must be reduced to five, or at most six. Several members supported the amendment; but when put to the vote it was lost, and Nos. 1, 2, 3, 4 resolutions were carried as proposed. The fifth resolution was bitterly opposed. Mr. Wilson proposed an amendment that the qualification of European electors should be the occupation of a house in a town or a village, or the occupation of twenty acres of rural leasehold land on which all conditions were fulfilled; that the age be reduced to twenty-one years; and that the period of residence should be lowered to two years. He contended there was no just or good reason why town residents with only one house should be deprived of the franchise, and there was less reason in depriving the residents in the villages of their rights. Another member said there was some reason

in giving large property owners larger voting power in a municipality than small property owners; but the case was very different when the member to be elected had the power to pass laws affecting the life, liberty, and rights of individuals, and every one, however poor, had as deep an interest in such laws as the richest person in the community. He was not in favour of universal suffrage, as he considered people should show by a fixed home that they were not mere birds of passage before being entitled to claim a vote, but two years was a sufficient time to acquire the qualification which he had proposed, and as regards the age qualification surely twenty-one years, which was regarded in all civilised countries as the age of manhood, should entitle every person otherwise qualified to have a vote. Several native chiefs considered eighteen years the proper age that should entitle young men to the franchise; and although by Maori law and custom only *tiras* or heads of families who had other people employed in the cultivation of their land were entitled to vote at elections of *ariki*s and chiefs, they would not be opposed to granting votes to all heads of families occupied in the cultivation of land, but they had now a large number of Maoris employed whaling, boating, and working on coffee plantations, who had houses and wives, to whom they would oppose the granting of votes. They were therefore opposed to household franchise being granted to Maoris, but saw no objection to granting it to Europeans permanently residing on their land. They agreed with the proposal in the resolution to give the Europeans twenty members as against ten members to Maoris, but could see no advantage to

be gained by Europeans in increasing the number, as two to one would place them in a majority, and twenty-five to ten could do no more. Mr. Russell would not accept any of the amendments. He stated that the proposals were as far in advance of European nations as it was safe to venture at the present time. They could be enlarged if found desirable, but could not be curtailed if once they were granted, however badly they might act in practice. After prolonged discussion the resolutions were carried by a majority of two votes—seven Europeans and four natives for, and four Europeans and five Maoris against.

Mr. Russell proposed the adjournment of the Council for four months, to enable the Government to formulate the Constitution and Electoral Ordinance, but before the date of meeting a proclamation was issued, postponing the consideration of the ordinance until June, 1855.

No time was lost after the electoral resolutions were passed to form a thorough organisation to resist the passage of the proposed electoral law and to secure the passage of the proposed amendments. A league was at once formed, called the "Household Suffrage League." Both Easterland and Westerland were divided into small districts, and three members of the League were appointed to each district, whose duty it was to visit every house and use every effort to induce the head of the household to join the League, or at least to support its proposals. Meetings were held in each district as soon as a fair number of declared adherents were secured. The delegates of the League were instructed to endeavour to get as many influential residents to

speak in preference to speaking themselves. Large mass meetings were frequently held in centres of population, at which the political leaders attended and addressed those present. A single delegate only—a Maori if possible—was appointed to the Maori districts, charged with the duty of finding Maori delegates for each district. This proved a much less difficult task than was supposed, as the rent-paying class at once saw that if freehold tenure became firmly established in Easterland the claim of ratiras to the freehold of the land in Westerland would likewise become firmly established; and also that this could only be prevented by securing household votes, so as to elect a majority of those opposed to freehold tenure, and in favour of the nationalisation of all land. While holding this opinion the more intelligent of the Maoris considered it prudent to keep their opinions secret, except to their own friends, as they said amongst themselves that any strong demonstration in favour of land nationalisation might alarm such of the present Maori councillors as favoured the claims of the ratiras. This advice was generally followed, and although the League had a greater proportion of adherents amongst the Maoris than amongst the Europeans, the former were very reticent, and exhibited in public little interest in the Electoral Ordinance. The Europeans, on the other hand, were very demonstrative, and tried to make it appear that they had an overwhelming majority, so as to alarm the present members of Council, and to convince intending candidates that their election could only be secured by supporting household suffrage. The members of the League spared neither time nor

expense in strengthening their position. In their house-to-house canvassing they had ascertained that there was a majority in their favour under the existing electoral law, and they determined to use every effort to postpone the consideration of the new Electoral Ordinance until the opinion of the country was taken under the old law.

During this time the Conservative party was by no means idle. The *Herald* was full of articles and letters pointing out the dangers likely to follow a measure so far in advance of European nations. One writer in the *Herald* said that "he would not be opposed to household suffrage where the working of the Government measure showed that it could be granted without danger; but he hesitated to support it at present, knowing that should it prove disastrous there was no means of retracing our steps. If there was to be a second chamber elected on a fair property qualification, so as to prevent hasty and experimental legislation, they would run the risk of granting household suffrage, but even on this condition men of property must have votes in each electorate in which they are qualified, so as to be in a position to protect their property. It was not openly stated in public, but every one was aware that the Radicals were informing the people that should they secure a majority steps would be taken to nationalise, or, in other words, to confiscate, all freehold land. No doubt it was said that an assessment would be made to provide funds to pay landowners the appraised value of their land; but in this assessment landowners would be assessed and made to pay a large portion of the sum raised to pay for their own land. Such an act was nothing but

robbery and spoliation, and if every intelligent man did not oppose it at every step, they would richly deserve to be robbed." The Conservatives held public meetings in the centres of population, at which their resolutions were negatived, which had the effect of their calling meetings of those in favour of both freehold and leasehold tenure, combined with giving votes only to those who had a stake in the country. Their speeches showed that they did not consider their prospects very good, as both their addresses and newspaper articles were mainly devoted to picturing the frightful state of things that would ensue should household suffrage become the law of the land, and a very small portion of their utterances was devoted to defending their own proposals.

The Council met in June, 1855, and after disposing of the ordinary routine business entered upon the consideration of the Constitutional and Electoral Bill. Mr. Russell said, "he was willing to admit that the present qualification of electors could not be defended. It was no doubt passed into law by the Council, but this was after the election had taken place, and owing to this circumstance the legality of the election might be disputed; but at the time there was no constituted Government, and everything must have a beginning. He was likewise willing to admit that the qualification was too exclusive, and placed all legislative power in the hands of too small a number. They had, therefore, extended the franchise to as great an extent as they considered prudent, and they would be willing to extend it still farther after the present extension had a fair trial. As to the proposed Constitution, he thought that although it was of a very

primitive type, it would on that account be more suitable for this small community than a more elaborate one, and they would be willing to place themselves in the hands of the Council to amend it and make it more perfect."

Mr. Wilson said, "taking into account the fact that the members of the Council were elected in a manner which was at least informal, or as it might be contended in an illegal manner, it would be a pity to convey this illegality into the new Constitution and Electoral Ordinance. The electoral qualification now in existence had been passed and legalised by the Council, and any election carried out under it would be legal beyond dispute. He therefore suggested that a new election should be held under the existing law, so as to place the Council in a proper position to pass a Constitution and electoral law in a legal manner. Such Council should have valid powers only until an election was held under the new ordinance to be passed." After some consideration the Government agreed to the course suggested, and intimated that the present Council would be dissolved forthwith, and the necessary regulations issued for carrying out the election. The new Council was to meet in September.

The election was appointed to be held on the 1st of August, and was conducted in a quiet and orderly manner, both parties being sure of victory. As previously stated, the Radical party had found, by their house-to-house canvass, that they had a majority of the electors under the existing qualification; but they soon learned that this majority seemed likely to be turned into a minority by the action taken by their opponents, who got their friends to take into

their employment sufficient men to fulfil the qualification. Several of the pioneers leased and sold portions of their freehold land, which they transferred to their friends, so as to qualify them as electors. The Radical supporters followed their example, and every available man enlisted in the service of one or other of the rival parties. Under these circumstances the Chief Judge was called upon to determine whether land transferred or leased, or men taken into employment after the date of the election proclamation, could be counted as constituting electoral qualification. The judge decided in the negative, and so this attempt at manufacturing electors became abortive. When the election was over, it was found that the Radicals had secured six seats, and the Conservatives four; but the rejected on the Conservative side included Mr. Walker, the State Secretary, who was the most experienced man in the Executive Government. The Executive thereupon invoked the decision of the judge as to whether every member of the Executive must be a member of the Council. This the judge decided in the negative, for, although all the members of the Executive Government were members of the Council at the time they were appointed, there was no condition to this effect in the present temporary Constitution. No alteration took place in the election of Maori members, all the old members being returned.

The new Council met in September, and passed a new code of rules for regulating procedure, after which the Constitutional Bill was brought before the House. In introducing it, Mr. Russell said "he was fully aware that it might fairly be contended that a body of thirty members was too large and cum-

bersome for such a small community ; but if the increase of population continued at the present rate this objection would soon cease to be valid." The various sections were gone through seriatim, and passed without amendment, except the section relating to the appointment of the head of the Executive Government. This section was amended by placing the power of appointment in the hands of the Council, instead of in those of the President. Mr. Wilson proposed an additional section which declared, that on receipt of a requisition from not less than one-twentieth of the registered electors asking that any of a number of specified questions should be submitted to the vote of the electors, such questions should be submitted to them, and they should answer Yes or No. Such questions were to be determined by a majority of votes ; but any ordinance that had passed the Council was to be negatived only by a majority of the registered electors answering "No." Mr. Wilson, in proposing this section, said "he was aware that many of the members would prefer a second chamber to prevent hasty legislation. Now he was not himself opposed in principle to a second chamber, but he held that such a chamber would not fulfil the functions of a referendum. To show the necessity of establishing the referendum as a valuable factor in legislation, he had only to direct their attention to the vote of the late Council, by which the land-purchasing condition was added to the Land Ordinance. It might be said that had there been two chambers in existence the land-purchasing condition would not have been carried ; but this was a mere gratuitous assertion, for the history of Europe showed that the existence

of two chambers often failed to prevent the passage of unjust legislation. Many people," he said, "were in favour of assigning the initiative in legislation to the referendum, which really meant destroying representative Government. In fact, to give the referendum the power to initiate legislative measures would destroy its usefulness. He had included alternative questions in its functions, and the Council could by a vote formulate such questions, and submit them to a referendum ballot. It would be seen that he had defined the questions that could be submitted, but to make things doubly sure he had expressly excluded rents, taxes, duties, or expenditure. This would not prevent the Council from submitting alternative questions on financial matters ; for instance, the Council could submit to the referendum, 'Are you in favour of increased custom duties ?' or 'an income tax ?' to which the answer 'Yes' or 'No' could be given as the voters preferred. Or the question might be put, 'Shall we have two Houses of Parliament or the referendum system ?' The answers to any of these alternative questions could only be taken as the opinions of the electors, and would be comparatively useless, compared to the answer 'Yes' or 'No' to such a question as 'Shall such an ordinance be carried into law ?' In the case of such a question the 'noes' only need be counted, and in the event of there being a majority of the enrolled electors that answered 'No,' the ordinance submitted would be lost. It would," he said, "be a dangerous action to make the acceptance of any ordinance dependent on the number of 'ayes,' as few people would trouble themselves about measures to which they had no objection. To those

who preferred a second chamber to the referendum, he observed that he felt sure that the Radical party would be willing to submit to the electors this question, 'Are you in favour of a second chamber or a referendum?' and to abide by the result. They were now only commencing legislation. A number of important questions had to be dealt with, and determined, perhaps, on lines offensive to large minorities. Now, if the referendum were carried, appeal might be made to the electors, who might, perhaps, endorse the opinions of the minority, and thereby prove they were in the right. On these grounds," he concluded, "I ask you all to support this section and show that you do not mistrust the electors you are about to enfranchise." Several speakers suggested alterations in the questions that could be submitted to the referendum, and several of the changes proposed were accepted. Mr. Russell contended that it was not necessary for the measure to be embodied in the Constitution, and that it could be more conveniently dealt with in a separate enactment. One of the new members, a Mr. E. Holland—who subsequently became one of the most influential, able, and respected men in Rapara—showed conclusively that the power to negative ordinances that had passed the Council made it an important constitutional measure, and that it could not be otherwise treated. When put to the vote it was passed by a majority of four votes. The second reading was carried by a majority of five votes.

The following is a brief epitome of the Constitution, as passed by the Council on the 14th of September, 1855:—

Rapara is to be governed by a State Council, an Executive Government, a Referendum, and a President.

The Constitution is to remain in force until altered by a vote of three-fifths of the members of the Council, that vote not being disallowed by the referendum.

The State Council is to consist of thirty members—ten to be elected by the native Maoris and twenty by the European electors, with power to increase the number to thirty, in proportion to any increase in the population; and each Council is to exercise its functions for a period of seven years, unless sooner dissolved by the President.

The President is empowered to dissolve the Council on a no-confidence vote against the Executive Council, or when the State Council is unable to proceed with legislation, and a dissolution is advised by the Executive; in either case the President is to issue writs for a new election within three months from date of dissolution.

When the head of the Executive Council resigns, the State Council is charged with the duty of electing one of its own members to the position of head of the Executive Council. The member so elected is empowered to choose his own colleagues. When resignation is followed by a dissolution and a general election, the newly-elected State Council is to appoint the head of the Executive.

The Executive Council is to consist of not more than five members, three of whom at the least must be members of the State Council. They are to hold office until their successors are appointed.

The initiation of measures and motions for the imposition of duties and taxes and the expenditure of

public money is to rest solely with the Executive Council; but this proviso is not to preclude private members from initiating bills which necessitate the imposition of fees or expenditure of public funds for carrying their provisions into effect.

No money is to be borrowed by the State until the proposal is laid before the electors, and a majority of all the enrolled electors is obtained by referendum.

Ordinances that have passed the State Council by a majority of four-fifths of the whole Council may be forthwith signed by the President, and come into force at the date named therein; but ordinances passed by less than four-fifths of the entire number of members shall be held in suspense for three months. If within that period a requisition, signed by not less than one-twentieth of the enrolled electors, asking to have such ordinance submitted to a referendum of the electors is presented to the President, he is charged with the duty of carrying out such reference. Should the question submitted be answered in the negative by a majority of all registered electors, the ordinance is to be annulled; but if not so answered or not submitted to the referendum, it is to be signed by the President and come into force on the date stated therein, provided that ordinances or resolutions for the imposition of taxes or expenditure of public funds shall not be subject to suspension nor to a referendum vote.

Provision is likewise made by which the State Council can submit alternative questions on any important subject to the referendum; but although the answer can only be taken as an index of the opinions of the electors, this should lead to passing popular

measures and preventing the passage of unpopular ones likely to be negatived on a referendum vote.

The Electoral Bill was brought in and the first reading agreed to without a division. The Council then went into committee to consider the Bill in detail.

Mr. Russell said "with regard to the division into electoral districts they had considered it advisable to vary the number of electors in the several districts to a considerable extent. In electorates where only a small proportion of the land was occupied the number of electors was below the average number, while in electorates in which the greater portion of the land was occupied the number of electors was above the average. As the constituencies became more evenly populated, representation would become more equal. Had we made them all equal now the inequality of representation in a few years would be greater than as now proposed. Easterland was divided into seventeen electorates, Raoto having three members, Koran two members, and Marieta one member. The remainder being rural parishes, were divided into fourteen single electorates. This would enable such electorates as might rapidly increase in population to have two members, and thereby avoid the necessity of altering the boundaries."

Some members thought this plan of division would produce too great an inequality in representation, and held that it would be better to make all equal or as nearly so as possible, altering the boundaries periodically so as to maintain something like equality. Mr. Gray said that he would prefer

equality if it could be secured without too much trouble and expense ; but unfortunately to carry out the system suggested would cause great delay in making a new division, and this equality would be destroyed in a few years. Mr. Holland said that he preferred single electorates ; but to get over the equality difficulty he suggested that Easterland should be divided into five electorates, each to return four members. By this method, and by giving the least settled electorates a slightly lower proportion of representation than the more settled ones, a greater degree of equality would be maintained than by means of single electorates. This view was warmly supported by several members, who pointed out that such a division could be made without much expense or delay. Eventually Mr. Holland's suggestion was submitted and carried.

This amendment required to be supplemented by a new schedule of electoral districts, and it was proposed by Mr. Wilson that the districts of Raoto, Koran, Akitiki, Marieta, and Koona be each constituted an electoral district ; that the Land Commissioners be charged with the duty of surveying the boundaries, so as to give 10 to 20 per cent. fewer electors in the sparsely settled districts than in the more densely populated ones ; and that when such districts were mapped out and described they should constitute the five electorates of Easterland.

It was proposed by Mr. Russell that the electoral districts in Westerland be the same and return the same number of members as at present. This was put and carried without a division.

It was proposed also by Mr. Russell that the qualification of native Maoris should be the possession of

a house and family and cultivated land occupied as a permanent home, and that every elector should have attained the age of eighteen years. This was generally approved and carried, like the previous motion, without a division.

Proposed by Mr. Russell : The European electors shall be every male person who is—

- (a) in possession as owner of not less than forty acres of freehold land ; or,
- (b) in possession as lessee of not less than forty acres of leasehold land upon which all conditions are duly fulfilled ; or,
- (c) in possession as owner of a house or houses on freehold or leasehold land of not less than £160 in value.

Provided that in addition to the above qualification every person shall have attained the age of twenty-five years and have resided four years in Rapara.

He said "he was fully aware that these qualifications would be opposed by a large number of members, but he had gone as far in advance of European nations as he could prudently go, for if the people of Rapara went too far there was no possibility of retracing their steps. Should the present extension of the franchise prove a beneficial advance, he would be willing to extend it to household suffrage ; but he was not prepared to plunge headlong into the unknown depths of the democratic pit, from which, to all appearance, there was no escape. We arrived here," he continued, "when there were no laws nor any form of established government. We established what is, no doubt, a primitive form ; but under it we have maintained law and order, reared families and educated them,

constructed houses, roads, and bridges, cultivated land that yields us all the necessaries of life, and we are now a comparatively wealthy and happy community. Shall we endanger this position by blindly adopting extreme democratic measures, the results of which we cannot foresee? Look at England and mark the caution with which she has extended the franchise, never taking a step in advance until she has secured a firm foothold for the previous one. Let us follow her example and not rush into a difficulty from which there is no extrication."

Mr. Holland said, "Mr. Russell had called their attention to the cautious manner in which England had granted extensions of the franchise. This reference to England was an unfortunate one for the cause that Mr. Russell was then supporting. I likewise ask you," he observed, "to look at England and mark the tenacious manner in which her landed aristocracy have for over three hundred years resisted every extension of the franchise, so as to retain the power to legislate in its own interest. The feudal lords were not satisfied with seizing the land which they held in trust for their clansmen, retainers, and dependents, but they followed the seizure up by forcibly annexing large tracts of land to which they had not even a colourable claim. Even up to the present time the seizure of commons is still going on, only that the open robbery has been turned into legalised robbery by the passage of the Commons Enclosure Act, which the landowners were enabled to pass by excluding the people from the franchise. But even this appropriation of the people's land, even the money grants and privileges which they extorted from the sovereign, were not enough.

Hereditary pensions, sinecure offices, and money gratuities they secured to themselves by Acts of Parliament which could never have passed had the people been fairly represented. History has no graver acts of spoliation and robbery to reveal than those which the aristocracy has inflicted on the English, Irish, and Scotch people. That the young life of the nation was not stifled is due to pluck, enterprise, and tenacity of the people, and from the bottom of my heart I say God bless them!

"We are practically starting, unencumbered by precedent, to lay the foundation of a new nation; and the political history of England should warn us against placing legislation in the hands of a few, in the expectation that others would be admitted to share the legislative powers when it became necessary. Now should a restricted franchise enable those who exercise it to pass unjust class legislation to their own advantage the greater will be the reluctance to augment the electorate, because the augmentation would tend to render this class legislation impossible, or, perhaps, cause the repeal of obnoxious enactments already in force. We often hear vague insinuations of the evils likely to follow from an extended franchise, but no one has ever asserted that such evils may be expected to be as great as those which a limited franchise actually inflicts. At all events, up to the present, the countries having the widest franchise are the countries possessed of the most equitable laws." Mr. Holland declared that he was not in favour of universal suffrage as he believed that the franchise should not be given to birds of passage, but should be the complement of a settled home. Whether persons who possessed no

home nor any property that bound them to the country should be enfranchised must be an open question ; but he thought every elector should have some stake in his native or adopted country, and he would vote accordingly.

Mr. White said Mr. Holland's speech went to show that the aristocracy of England had resisted all extensions of the franchise. Surely he had not overlooked the great Reform Bill, which was largely supported by members of the aristocracy and other wealthy men. He was not in favour of a narrow franchise, and was willing to give votes to all who had a moderate stake in the country. At the same time, he could not support any Bill that did not recognise the right of property to representation ; and unless he was assured that the property vote would be carried he would oppose any lower-qualification. They were no doubt acquainted with the dictum of Adam Smith, who laid it down that the expenses of the State should be borne by individuals in proportion to their wealth. Now this doctrine, which had been endorsed by nearly all eminent economists, might be theoretically right and fair under certain social circumstances, but on the face of it it was a very dangerous one when interpreted in the light of *an equal sacrifice*. Some persons with, say, an income of £200, could better afford to pay an income tax of 20 per cent. than others with incomes of £100 could afford to pay 5 per cent. Now if a progressive principle in taxation is admitted, should it not be accompanied by progressive representation ? If this were not carried the provident and wealthy would be entirely at the mercy of the improvident and poor. Pro-

gressive rates of duty might fairly be applied to bequests and succession, as the whole sum was a gift to the beneficiaries, in which the State had a right to share. But if property were denied progressive representation, progressive duties were inequitable and unjust.

Mr. Wilson said "the previous speaker had evidently misunderstood Mr. Holland's speech. Mr. Holland did not say that the aristocracy had been able to resist extensions of the franchise, but that they had delayed it for over three hundred years ; and although many aristocrats had supported the Reform Bill it was a well-known historical fact that they fought against it to the last, and that the hereditary House of Lords only consented to its passage in order to save their hereditary privileges. Then it must not be forgotten that the amount of time and money spent in carrying it was something enormous. Surely it was better to start now with the representation for which the English people were contending, than to have to undertake an expensive reform in a few years. He was so sure of this that he had prepared amendments on the qualification clause, of which he now begged to give notice. He would not oppose the freehold land qualification, but would at the proper time limit its exercise to one property vote, so that a freeholder would have two votes, one for his house and one for his land. The leasehold land on which all conditions were fulfilled he proposed should be treated in a similar manner ; but the area should be reduced to twenty acres. If sixty acres were made the qualification, one-half the settlers would be disfranchised. The value of the house property requisite should be reduced to £80.

If this were not done, many of the town residents and more than half the village residents would be disqualified. The age condition he was for reducing to twenty-one years, and the residence condition to two years. To these conditions he proposed to add another, 'that every elector shall be able to read and write.' Mr. Russell had expressed great fears of the bad results to be expected from a liberal franchise, but he had failed to adduce any example to justify this opinion, and although he did not say so there was no doubt that his fears were founded on the predictions made by the English privileged class in possession of the franchise. Of the evils arising from a restricted franchise they had innumerable examples in the past history of nations, and they had one very strong one here in Rapara, which was largely due to the action of Mr. Russell himself, that was the amendment of the Land Ordinance by which leaseholders were enabled to turn their leaseholds into freeholds. No doubt this amendment was an illegal one even in Mr. Russell's own opinion, which was that the first election of the Council was illegal, and that a fresh election was necessary to enable the Council to pass a Constitutional and Electoral Act. But he, Mr. Wilson, was not going to challenge its legality now, and he thought the best thing to be done by this Council before it was prorogued was to pass and legalise all the acts of the late Council. He had already stated that he was not in favour of universal or manhood suffrage, as he thought every elector should have some stake in the country, or at least have a fixed home, whether owned by himself or rented."

Mr. Russell proposed that all persons being

qualified in respect of freehold land, leasehold land, and house property, should have one vote in each electorate in which they held the above qualifications. To which Mr. Wilson moved an amendment to limit the property qualification to one electorate only, thereby giving those possessed of the property qualification two votes, one for residence and one for property. In agreeing to support a property qualification he did so on the principle stated by Mr. White, that progressive taxation should be accompanied by progressive representation, and although no form of progressive taxation was at present in force there, the time would doubtless come when the circumstances of the State would, in the interests of justice, demand such a form of taxation.

Mr. Russell proposed that Returning Officers, on receipt of a writ for an election, should call a meeting of the electors to receive nominations and elect the number of members to be returned by a show of hands, unless a poll were demanded by seven electors. To this Mr. Holland proposed an amendment that nominations should be made in writing, signed by at least five electors, and should the nominations exceed the number to be elected, the election should be carried out by secret ballot. All ballot papers which contained a greater or a less number of names than the number to be elected should be treated as informal. This was opposed on the ground that such a provision would compel electors to vote for candidates whom they mistrusted or considered incompetent to fulfil the duties of representatives. To this it was answered that however unfit some of the candidates

might be in the opinion of individual electors, it was their duty to vote for the least objectionable four. No doubt the provision was a novel one, but a little consideration must show that it was necessary, so as to prevent the elector from importing his personal likes and dislikes into the performance of a public duty. It was well known that in England large numbers of electors plumped for their friends, regardless who were elected to fill the other seats. In a four-seated electorate this meant performing one-fourth part of their duty and leaving three-fourths of it undone. No doubt single electorates would avoid this compulsion to vote for objectionable candidates, but in the peculiar circumstances of the rapid changes in population that was bound to take place in single electorates here, the four-seated electorates already agreed to were the best. The secret ballot was likewise opposed. Mr. Gray said that the man that was too cowardly to record his vote openly did not deserve to have one. The ballot might be useful in England and other countries where employers could coerce their workmen and wealthy men their creditors, but in this free country no acts of coercion could take place. Mr. Miller said that if the use of the ballot led to greater expense or delay he could understand the objection; but as it was not more expensive, and was more expeditious, and would afford protection to some electors, he could only ascribe the opposition to the power that old customs and educational prejudices exercised over many people's judgment. On being put to the vote the ballot provision was rejected, and the rest of the amendment carried, including the amendments notified by Mr. Wilson.

Several clauses relating to bribery and personation, return of writs and other formal matters, were proposed and passed. The report as amended was carried; and the second reading (being by the rules the last) of the Bill was put, and carried by twelve votes to seven. The provisions as finally passed, after three days' consideration and discussion, may be briefly stated as follows:—

The Maori electorates—which are the old tribal districts—are retained, and the elections are to be carried out in accordance with old Maori customs, by which every head of a family was entitled to attend a *koora* (meeting) and vote. Easterland is divided into five electorates, each returning four members.

Every householder who has attained the age of twenty-one years, who has resided two years in Rapara and is able to read and write, is entitled to a vote in the electorate in which he resides. Every owner of forty acres of freehold land, and every person in possession of forty acres of leasehold land on which the conditions are duly fulfilled, and every owner of houses and buildings valued at not less than £160, is entitled to one vote—in addition to his household vote—in the electorate in which he resides; but the qualification for such vote may be in one or more electorates. The voter must have resided two years in Rapara and must have been qualified for at least six months before being entitled to vote. Nominations are to be in writing signed by not less than five electors. In the event of the number of nominations being greater than the number to be elected, an open poll is to be taken. Strict provisions are made to prevent bribery and

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punish personation and other offences. Writs are to be returned four days from date of election. All necessary regulations are laid down for carrying out elections.

A Bill was brought in and passed legalising all the acts done and measures passed by the first State Council. The dissolution of the second State Council followed soon afterwards.

CHAPTER VII

MAORI LAND SETTLEMENT ACT

Duties of Commissioners—Election of 1867—Adoption of Commissioners' report—Ratiras granted freehold rights—Improvements granted to tenants—Services and goods computed into money—Forecast of land nationalisation—Ratiras' claims and English landlords contrasted.

THE last election had turned mainly on the suffrage question. New issues now demanded solution. Both parties were equally agreed as to the desirability of irrigating the Opara Valley; but they differed as to the means to be employed to raise the necessary funds. The Conservative party advocated special sales of land to raise a portion of the expenditure, and the borrowing of the remainder in Rapara or England. The Radicals were bitterly opposed to this scheme, and, in its place, recommended the imposition of increased import duties on a number of articles which could be made in Rapara, the imposition of progressive legacy and succession duties, and an increased issue of State notes. Another matter that claimed attention and could no longer be delayed was the Native Land Question. This question was submitted to a Commission consisting of two Europeans and one Maori

chief, who were charged with the duty of—1. surveying the cultivated land into five-acre lots; 2. ascertaining on what land and on what area the rent-charge had been established; 3. inquiring into the money value of the produce and services rendered by each cultivator; 4. determining the proportions of this value paid respectively as rent and as State taxes. After two years' labour the Commissioners laid their report before the second State Council who postponed its consideration to the succeeding Council. The Native Land Commission reported that a rent-charge had been established on a large proportion of Maori cultivated land both by custom and decisions of native assemblies. This rent-charge had doubtless been established by force and fraud against the ancient customs of land tenure; but as it had been legalised by the native assemblies, it could not in equity be extinguished. The Commissioners, therefore, recommended that the rent-charge should be legalised by the State Council in favour of the ratiras. But the uncultivated land which had been common to all should, they considered, be treated as State property. Moreover, all the rent-paying cultivators should be entitled to be paid the value of all improvements whenever their occupancy was terminated either by their own action or by that of the ratiras. These recommendations divided the people into two parties, one supporting the Commissioners' recommendations, the other holding that the rent should be paid over to the arikis or head chiefs for State purposes only, the division did not follow party lines, Radicals, Conservatives and Maoris being found in each section.

Now came the new elections. Radicals and Conservatives alike spared neither time nor expense in their efforts to gain a victory, and up to polling day the result appeared doubtful. When, however, all the returns came in it was found that the Radicals had secured a majority of six over the Conservatives in the European section, while the Maori section was about equally divided. The election of the head of the Executive Council now became a question of great importance. It was known that the Conservatives had agreed to nominate and support Mr. Russell for the position, while one section of the Radicals had determined to support Mr. Holland and another was equally determined to vote only for Mr. Wilson. Thus a futile three-cornered fight seemed likely to ensue; but it was subsequently discovered that the election had to be carried out by an exhaustive ballot giving to the successful candidate an absolute majority of the members present. Mr. Wilson's position at the outset was strong; it was further strengthened when Mr. Holland declared that he would neither consent to be nominated against Mr. Wilson nor accept office even if elected.

The third State Council met at the appointed time, and proceeded to elect a Chairman, Mr. J. Walker being elected to fill the position. Mr. W. Russell and Mr. A. Wilson were nominated for the office of head of the Executive, or, as would be said elsewhere, Premier. The latter was elected by a majority of eight, and the Council adjourned till the following day to allow Mr. Wilson time to select his colleagues. He appointed Mr. Holland State Secretary, Mr. H. Petresen State Steward of Works,

and Oro Temba (chief of Meroo) State Steward for Maori Affairs. Mr. Wilson himself assumed the position of State Treasurer. A number of unimportant measures were first dealt with; then the Maori Land Question was introduced by Mr. Wilson.

In introducing the Bill, Mr. Wilson said that "he felt he had to perform a most painful duty, being compelled either to propose a measure of repudiation or one sanctioning the exercise of might against right. He had made himself acquainted with both the ancient and the modern tenure of land in Rapara, and he was satisfied that up to 1780 the occupiers and cultivators of land only contributed produce and services to the arikis for State purposes; but as the services were directed and the produce collected by the ratiras, they had gradually increased these contributions and taken the increase for their own use. The tiras and other cultivators some fifty years back had resisted these increased rents, and a civil war ensued, in which the ratiras and their large following obtained the victory. Since that time the ratiras had been able to enforce payment of the rents demanded, and to get the service and rent-charges sanctioned by the native assemblies. In this way they have turned their claims into legal charges. He had frequently expressed his indignation against the English, Irish, and Scotch feudal lords for robbing and despoiling the cultivators of the soil by the seizure of their land. These acts of spoliation had, like the seizures in Rapara, been sanctioned and legalised by the Assembly or Parliament of the country. The right of the ratiras therefore rested on the same foundation as the right of the landlords of England; that is to say, might had overcome

right, and robbery had received the sanction of law. But there was this marked difference between the right which had been recommended by the Commissioners and the rights which the feudal lords secured in England, Ireland, and Scotland. The latter secured not only a right to land cultivated by their tenants and dependents, but the right of private property over waste lands, with all the natural timber and wild animals and birds thereon, likewise the rivers, lakes, and bays round the sea coast, with all the fish which they contained; nay, not content with all this, they claimed and obtained private property in all the coal, copper, tin, and other minerals in the bowels of the earth. Now the rights of property which it was proposed to grant to the ratiras were confined to land cultivated by themselves, their tenants, and dependents, and to such lands as were used by themselves, their tenants, and dependents for residential purposes. It was with great reluctance that they had formulated a measure to confer these rights. But had the ratiras claimed rights over waste lands, rivers, lakes and bays, with the minerals under the ground, he, for his part, could not have supported such a demand, as there was no principle of equity on which it could rest. No doubt the right to private property in waste land was much stronger in Europe than in Rapara, where no sales of such land had been made; whereas in Europe such land had been sold and bought over and over again, and if it were not recognised as the property of the purchasers they would have a just claim for compensation. He and his colleagues, therefore, felt that full ownership of cultivated and residential land should be

granted to the ratiras; but that the improvements on land cultivated by tenants should be held to be the property of the tenant. In order, however, to free the cultivators from the harassing demands of the ratiras, they had provided in the Bill that the rent should be paid over to the representatives of the Government, who would hand over the portion representing State taxes to the Steward for Maori Affairs, and the portion representing rent to the ratiras. The Commissioners had computed the money value of the produce and services at an average of £1 12s. per annum for each household, and had agreed that a rent of 2s. 6d. per acre on the land under cultivation would be a fair equivalent for this sum. They likewise estimated that rod. of the 2s. 6d. represented State taxes, and 1s. 8d. rent of land. This arrangement would only be a temporary one for four or, at most, five years, as the Executive had determined that nothing short of the nationalisation of all land would place the polity of Rapara on a just and secure foundation. To effect that object on the equitable basis of compensation to the owner, a just assessment on all wealth would have to be made in order to provide the necessary funds. Before that course was taken the sanction of the electors must be obtained. They proposed to pay the ratiras their rent in money, so that they could no longer demand what they pleased from the cultivators."

Mr. Wilson's speech was followed by others, and the first reading of the Bill was then agreed to.

The several sections of the Bill were considered in Committee. When the section declaring that the several ratiras, as set forth in the first schedule, had

proved their right to the several parcels of land therein enumerated was proposed, it met with great opposition. Mr. Holder said that Mr. Wilson had placed the rights of the ratiras on a level with those of the landowners of England, who had been in possession of the land for centuries, and had had their rights confirmed by Acts of Parliament, while the ratiras had only gained possession some sixty or seventy years ago, and this possession was admittedly obtained by fraud and force. They had doubtless been authorised to collect the State taxes in the shape of produce and labour, and their claim to the receipt of rent rested on the fact that they had embezzled the State taxes. If they were allowed to retain the produce of their dishonesty, he thought it would be very liberal treatment; but to award them land under such circumstances was the most iniquitous proposal that had ever been made in any civilised country.

Mr. Holland replied that the previous speaker was evidently unable to look at the subject from a Radical point of view. Both the English and Rapara landholders had doubtless obtained their land by fraud and force, but this fraud and force had been sanctioned by legislative authority both in England and Rapara. No doubt it was a great national evil in this or any other country for the cultivators of the soil to be compelled to pay rent for the support of a useless class that performed no function in the work of production; but surely one wrong could not be righted by the perpetration of another. It was true that the right of private property in land had only been established there some sixty or seventy years, as against two to three

hundred years in England, and on that ground the ratiras' claim might be considered weaker. But if they contrasted the claims of the ratiras to cultivated land with those of the English landowners, who claimed not only cultivated land but all waste land together with its natural timber, animals and birds, and all minerals in the bowels of the earth, they must admit that the ratiras had the better case. Men might be entitled to land over which they had exercised authority and control, and on which they had effected improvements, either directly or by tenants or servants; but we hold that they should have no legal or moral right to the gifts of nature—the raw material of the earth. If the ratiras' claim extended so far, its recognition would be an act of political robbery, which would not be sanctioned by this House.

The Bill further provided that from the 1st of January, 1857, all services and payment of produce should cease, and in lieu thereof each of the occupiers of land in the first schedule should pay to the Land Commissioners 2s. 6d. per acre per annum so long as they occupied such land, but no holding should be less than five acres. From the money received the Commissioners are to pay 1s. 8d. per acre to the several ratiras or landowners for the several parcels of land as set out in the first schedule, and 10d. per acre to the Steward of Maori lands for the use of the State. It likewise provided that on the termination of tenancy by either party, the owner of the land should pay the tenant the appraised value of improvements on such land. It further enacted that all persons taking up waste or uncultivated land might take up to ten lots of five acres each, on the

terms as to rent and cultivation prescribed in the Land Ordinance of 1850.

The several provisions were carefully considered and agreed to, with the exception of that regulating the amount of rent which the cultivators were to pay. One of the Maori members pointed out that by the Bill the Maori cultivators would have to pay a higher rate of rent than the Europeans, and stated that the rental fixed was generally looked upon by the Maoris as both too high and unfair. Several European members supported this view of the case, and Mr. Wilson, on behalf of the Executive, agreed to reduce the rent to 1s. 8d. per acre, and consented that 10d. per acre should be paid to the various arikis out of the general revenue, to defray the local charges which they had to bear. The report was carried, and the second—and last—reading was passed by a majority of seventeen to eleven. Several minor matters were dealt with, and Mr. Wilson intimated that the Government was not prepared to deal with the Opara irrigation scheme this year, but would do so next year, if possible.

CHAPTER VIII

STATE BORROWING *VERSUS* PROTECTIVE DUTIES.

Plebiscite on State borrowing or protective duties—Articles and speeches thereon—State notes—Protection contrasted with Free Trade—Protection tariff introduced 1859—Discussions thereon—Epitome of tariff.

BEFORE the Council adjourned in 1857, Mr. Wilson stated that they intended to take a plebiscite vote on the two schemes for raising funds to defray the cost of the Opara irrigation works, and that it would be put before the electors in the form of the questions: "Are you in favour of raising funds to defray the cost of irrigation works for the Opara Valley?" "If so, should the funds be procured (1) by selling land and borrowing money in England, or (2) by protective and legacy duties, and issue of State notes?"

Of course, he said, the answers to these questions would not determine the matter, as the Executive would not be bound thereby; but the plebiscite would reveal the opinion of the electors, and should the Executive disregard these opinions and bring in a Bill opposed to them, which was negatived by the

Council, this or any other Government defeated on such an important measure would have to resign.

If, again, the Bill was passed by the Council a requisition might be lodged to have the Act submitted to a referendum vote, which might result in its acceptance or in its rejection. In the former case the action of the Ministry would be endorsed and the Act become law; in the latter repudiated and the Act defeated. Thus the referendum, instead of being a dangerous democratic measure, as many alleged, was really a safeguard of the public welfare. This brought the proceedings to an end, and the Council stood prorogued to August in the following year.

Early in 1857 the Executive sent out to the electors a plebiscite paper with the two questions as previously stated. The issue of these plebiscite papers was the means of causing increased interest in and discussion on the best methods of providing funds for the irrigation works, and the matter was taken up by both of the newspapers. A summary of a few of these articles will enable the reader to gain some knowledge of Rapara politics at this time.

A leader in the *Herald* entitled "Proved Practice or Speculative Theory," ran as follows: "The Radicals are now hard at work trying to persuade the electors that the proposal to raise funds by the sale of land and by borrowing enough in England to complete the Opara irrigation works is a menace to the social and industrial development of the country, and that their proposals of protective and succession duties and State notes will be its salvation. Now the main question in this connection is, Have we the means in this small community to construct

such expensive works, and yet have capital enough left to carry on unfettered all our industrial operations? The question is a serious and important one, and after full consideration we have come to the conclusion that we have not the means. Doubtless we can raise the necessary funds in Rapara by the proposed duties, but this will so deplete our working capital that all our existing industries will suffer, to say nothing of the increased capital required to bring the Opara Valley under rice cultivation. If this is the case, we will be following the foolish example of the man who spent his last dollar in buying a new purse. Now as to our proposals of raising funds by the sale of land and borrowing, we are advocating no speculative theory; on the contrary, we propose to follow the lines of the proved practice of other countries, particularly new countries, in the same process of settlement as ourselves. The United States of America, Canada, Australia, and South Africa all find it necessary to sell land in order to construct the roads, bridges, and other public works without which the land is valueless; and the practice of borrowing funds for the same purpose is now coming into vogue with beneficial results in these countries. According to the doctrine preached by the *Times*, borrowing money, even for the construction of permanent works of utility, inflicts an injustice on future generations. We, on the contrary, maintain that not only is a national debt justifiable for this purpose, but that all national debts incurred for the defence of the State, the punishment of its enemies, or the prevention of disease are equally justified. With regard to legacy duties, they are only defensible

when they are absolutely required, and under no circumstances can progressive duties be imposed without violating the rights of individuals. We will deal with the proposed protective duties at another time; but we cannot avoid remarking that it seems strange to propose protective duties after the question has been so fully discussed in England, where it has been proved that such duties are detrimental to the trade and prosperity of civilised communities. Errors, we observe, die as hard in Rapara as in Europe."

An article in the *Times* began with the admission that for once at least the *Herald* had shown that it understood some economic questions. "In its article headed 'Proved Practice or Speculative Theory' dealing with the question of raising funds for the Opara scheme, the *Herald* observed: 'Now the main question is, have we the means in this small country to construct such expensive works, and yet have capital enough left to carry on unfettered all our industrial operations.' Now we hold that the question is well and fairly stated and goes down to the bedrock of the question; for if we cannot raise the funds in Rapara without impairing our productive and industrial development, we are ready to grant that we would be justified in borrowing abroad, rather than in leaving the work undone. But we join issue with the *Herald* as to whether we have or have not sufficient means in Rapara to carry out this work. So far the calculations show that the work, including distributing channels, would cost £53,000. The expenditure would be spread, say, over three years. We have now a fund arising from purchase of land under the Act, amounting to

£16,400, which may be estimated to reach £24,000 by the end of 1860. We had a surplus at the end of 1857 amounting to £6,800, which with the inflow of population and increase in trade and production should reach at least £16,000 by the end of 1860. Taking into account the great increase in population and trade, the internal currency could easily absorb £14,000 additional in State notes, which would make up the estimated cost without having resort to the legacy duty, which could be held in reserve to be imposed should the land purchase fund and the revenue not reach the estimate. To borrow funds under such circumstances would be the height of folly, as it would entail the payment of interest on funds which were not required. With regard to the other part of the fund-raising scheme, we hold that the desire to see private property in land established is the main reason for advocating its sale, and we plead guilty to a similar desire with regard to protective duties, as we would be prepared to establish a policy of Protection even if the duties produced more than the required revenue, as it would enable us to reduce the rent-charge on land. As regards the merits of Free Trade and Protection, we are sorry that the economic knowledge of our contemporary does not enable it to see the difference between the circumstances of England and those of this country. Although England has proved that Free Trade is better suited to her circumstances than Protection, this is no evidence that the case would be the same in Rapara. On the contrary, an examination of the financial relations of England during the last two hundred years offers positive proof that the fiscal policy on which she

built up her industries will be the best policy for us; and that policy was Protection.

“The policy of Protection was initiated in England about three hundred years ago, and was gradually extended until it embraced nearly every manufactured article, and a number of raw products. Woollen cloth, linen, leather, silk, iron, were all protected by heavy duties varying from 30 to 200 per cent.; and the importation of some of these articles was absolutely forbidden. The shipping trade was protected by increased duties on goods imported in foreign vessels, and the import of several commodities was altogether prohibited if brought in foreign bottoms. The herring fishery was established by the aid of liberal bounties amounting to more than the value of the fish caught. In the interests of the landowners a heavy duty was placed on all kinds of grain.

“These protective measures stimulated the production of all kinds of manufactured goods, and England, instead of being dependent on other countries for most kinds of manufactured goods, became an exporter to other countries at an increasing rate from year to year. This great volume of production brought into play the inventive genius of the nation, and aided by scientific discoveries placed England in possession of every variety of machinery operated by steam; while railroads, canals, and steamboats cheapened the cost of transit and turned the country into one vast workshop, able to produce all the manufactured goods required for home consumption, as well as a vast quantity for export purposes. By 1830 it was found that foreign nations were developing their manu-

factures so as to compete with English goods, the cost of which was largely increased by duties on several kinds of raw material, particularly the duty on grain. The landholders, not satisfied with the possession of the land and all the raw material which it contained, were enabled by keeping legislation in their own hands to impose a heavy duty on grain, which enabled them to increase their rents at the expense of those engaged in manufacturing industries, who were compelled to pay nearly double the price for their bread than other countries, their competitors in the market, paid. The English manufacturers were fully aware of the increased cost of goods caused by the duty on grain and other food products, and an agitation was started in 1836 to have the corn laws repealed, and as the duties on manufactured goods were no longer required, the price being regulated by the export value, the agitation embraced the repeal of these duties as well as the duty on corn. The effort required to repeal these duties was a great one; for, although the franchise had been largely extended, the landed interest was still very strong and offered determined opposition to the measure. Nevertheless, the corn laws were practically repealed in 1845, and the remainder of the protective duties in 1846. The repeal of the latter in no way affected manufacturers, as they had become inoperative. Their repeal was doubtless due to the example which it offered to European nations, who were advised and expected to repeal all duties and to enter on a policy of Free Trade; but so far as can be judged at present, this advice is not likely to be followed. On the contrary, appearances lead to the belief that other nations will follow the

same course as England took to develop her manufacturing industries.

"Freed from the heavy burden of the corn duties, with better machinery, improved methods, and greater facilities of transport, the foreign trade of England has largely increased, and will continue to increase until limited by the productions of other nations. At all events up to the present England has largely augmented her wealth by the adoption of a Free Trade policy. But this success should not mislead any intelligent community into the belief that Free Trade can be beneficially applied to any country, especially to a young country in course of settlement, a country naturally desirous of possessing the varied industries appropriate to a civilised state. We purpose to return to the subject in the hope of showing conclusively that Free Trade is unsuited to Rapara."

This article was answered by a correspondent in the *Herald*, who said: "It may be perfectly true that young countries in course of settlement require a measure of protection to enable them to manufacture their indigenous products; but to propose a policy of Protection for Rapara is utterly absurd. The woollen, linen, cotton, silk, leather and iron manufactures all demand expensive machinery, and the output requires a larger market than is to be found in Rapara. Thus the *Times* is only misleading the public in advocating their manufacture here. Our true policy lies in the cultivation of coffee, sugar, rice, and other produce suited to our soil and climate, for which we can find a profitable market in Chili, Australia, and California."

A correspondent of the *Times* dealt with the

contention so raised as follows: "The writer in the *Herald* is surely labouring under a misapprehension as to what articles it is intended to protect. We have plenty of iron ore and limestone, and lately coal has been discovered; but no one with a grain of economic knowledge would propose to put a duty on iron, as the quantity used here is manifestly too small to cover the expensive plant required for its manufacture. The same principle applies to cotton, silk, paper, and linen, all of which, together with iron, would be admitted free under a protective tariff. But the case is different with woollen cloth, leather, furniture, agricultural machinery, clothing, boots and shoes, harness, brushes, candles, soap, and a variety of other manufactured articles, a large proportion of which could be made here under a moderate protective tariff. It may be contended that the consumption of woollen cloth would not be sufficient to keep even one small factory in employment; but a fair estimate of our requirements will show that this contention is groundless. Our population now amounts to about 30,000, including Maoris, and with the rapid influx already taking place it should, by the end of 1860, have risen to 42,000, a number which is fully sufficient to keep a moderate-sized factory in full employment. None of the other articles require expensive machinery for their manufacture, and although wages are higher here than in England, a duty of something like 20 per cent., with the cost of transport on wool, hides, and tallow to England, and the return freight on the manufactured article, should enable one-half or two-thirds of such articles to be produced here, while the imported

portion would furnish a contribution to the revenue. Some few years back, before the gold discoveries in California and Australia opened up an increased market for our commodities, our exportable produce was insufficient to purchase the required amount of manufactured goods. From all appearances this is likely to be our position again within a few years, if we neglect to take the necessary steps to increase the production of manufactured articles. A writer in your valuable journal asks 'If protection appears to be useful for establishing manufacturing industries, what is the reason that Australia, with her large population, has not sought its aid?' Now the answer to this question is a very simple and obvious one. Her people are all so occupied in the alluring hunt for gold that they have neither time nor inclination to engage in other less attractive occupations; but already there are signs that this state of affairs is coming to an end; and when it does, such an intelligent community will not fail to see that Protection will facilitate the establishment of new industries, without reducing wages to the miserable rates current in Europe."

The *Herald* again returned to the charge, and, amongst other arguments, denied that Protection could be justified even if it were admitted to be a public benefit. It observed: "Now if Protectionists can prove that all the advantages claimed actually do arise from Protection, we take our stand on higher ground; we maintain that Protection is a violation of the natural rights of individuals. When the State imposes duties on goods for revenue we have no right to complain, as this revenue is expended for the general benefit. But

when the State imposes import duties for the purpose of enabling such goods to be produced in the country, the increased price to the consumer caused by the duty entitles us to enter a protest. Why, we ask, should A, B, C and D be compelled to pay this increased price to E and F for their benefit? That this course has been taken by legislative authority in England in bygone years is no justification for following it in Rapara, now that the onward march of intelligence has exposed its injustice."

The *Times*, in an article too long to be quoted here, combated the views expressed by the *Herald*. In regard to the violation of natural right it replied: "We are sorry that the onward march of intelligence referred to by our contemporary has not yet reached the editor of the *Herald* in far-distant Rapara. The polity pursued in Europe doubtless does in several particulars violate natural rights; but the imposition of protective duties certainly does not constitute such a violation. If Protection only benefited the persons engaged in the protected industries, enabling them to make greater profits than other producers, it would amount to political injustice, but it would certainly be no violation of natural rights. As, however, protective duties are imposed to enable people to produce goods that otherwise could not be produced, they thus increase the volume of production. But in this production the producer receives no exclusive benefit, as protected industries are open to all alike, and competition regulates the price and the profit, as in non-protected ones. Moreover, the distribution of the benefits arising is not confined to producers, but extends to the professional and distributing

classes, whose incomes are increased by every increase in production."

A great number of newspaper articles were written. A great number of speeches were delivered with a view to instructing the electors how to vote on the plebiscite. When the papers came in it was found—contrary to expectation—that three-fourths of the enrolled electors had sent in their papers, and that two-thirds of the number had voted in favour of protective duties and State notes.

For several reasons the protective tariff did not come before the State Council until 1859. It was a simple tariff imposing a 15 per cent. *ad valorem* duty on the importation of leather, soap, candles, brushes, boots and shoes, house furniture, and harness; and 20 per cent. *ad valorem* on woollen cloth of every sort, clothing, agricultural implements, jewellery, and vehicles of all kinds. Spirits paid an import duty of 8s. per gallon, wine 4s. per gallon, beer 2s. per gallon, tobacco 2s. per lb. The excise duty on spirits, 5s. per gallon. All other articles were to be admitted free, but the Executive Council was empowered to increase the tariff by 5 per cent. all round should it consider such a course advisable.

Mr Wilson, in introducing the tariff, said "They would remember that before the gold discoveries in California and Australia their exports were insufficient to pay for the various manufactured articles which they required, and a considerable amount of money had to be sent out of the island to make up the deficiency. The markets opened by the gold diggings had caused a new state of affairs to prevail for the past five years, and created general prosperity; but he was sorry to say that present appearances indicated

a change for the worse, which might again reduce the value of the exports below that of the imports; in which case they would have to make up the difference in money. To meet such a contingency was one of the reasons why they proposed a protective tariff, which would enable them to produce a larger quantity of manufactured goods, and so cause them to require a smaller amount of imports. He expected that the tariff and the cost of importing would render it possible for them to make fully one-half of the protected goods, while the other half to be imported he estimated would yield 20 per cent. more revenue than under the old tariff. It was possible that the home-produced goods might exceed his estimate, and so reduce the expected revenue; and that was the reason why they were asking the Council to entrust them with the power to increase the duties 5 per cent. should the revenue require it, without having to go to the trouble and expense of passing a new tariff."

Mr. Russell said that he thought the power asked an extraordinary and unnecessary one, as the Council could be asked to impose the additional 5 per cent. duty when the necessity for it had arisen. But his argument seemed to have no effect on the Council, as the first reading was carried without a division.

On the Bill going into Committee, Mr. Kemp said "had the Bill proposed to raise the duty on all articles to 10 per cent. he would not have opposed it, although he considered *ad valorem* duties to be the very worst form of taxation, as they enabled the dishonest trader to undersell the honest one, and offered a strong temptation even to honest men to become rogues. It was proposed, he said, to place

a 20 per cent. duty on agricultural implements. This might give employment to fifteen or twenty men. Now, he asked, was it not the height of madness to make farmers pay this duty in order to find employment for twenty men? Would it not be better for farmers to pay these men full wages and let them remain idle, rather than pay such a heavy charge? All the other articles were in a similar position. Even Mr. Wilson had admitted that he did not expect that the duty would enable more than one-half of the dutiable goods to be made here; yet consumers would be called upon to pay duty on the whole. Knowing that the State must have revenue, he would have gone the length of voting for a 10 per cent. duty, but he would have greatly preferred an income tax. As, however, this could not even be proposed he would move the reduction of the duties on all the articles to 10 per cent."

Mr. Petresen said "The previous speaker had stated it would be better to pay the twenty men full wages and let them remain idle than tax farmers' implements. Now this argument was frequently used by free traders, but it was an utterly fallacious one. If one-tenth of the agricultural implements were made in Rapara only one-tenth of the duty would go in protection to the manufacturers, as the other nine-tenths would go into the general revenue, so that logically Mr. Kemp could only say that it would be better for the farmers to pay one-tenth of the wages than the duty on the whole value of the agricultural implements. But what about the revenue? for under such a scheme it would be entirely lost. Now, so far as the farmers were concerned, the various kinds of goods which were to be

admitted free would be a full equivalent for the goods now to be made subject to the higher duty."

Mr. Walker said "it was the general opinion that the works to irrigate the Opara Valley should without further delay be commenced, so as to enable them to place it under rice cultivation, which would form a valuable article of export, and afford a large amount of employment. Now, if this was to be carried out it was surely unwise to resort to Protection at present, as its effect must be, by raising wages, to increase the cost of rice production and other articles of export. If the Council was bent on raising part of the funds wherewith to construct the irrigation works from import duties, a 10 per cent. duty on all the articles now subject to a 5 per cent. duty would raise as much revenue and be less oppressive than the duties as proposed; and as to the suggested special sales of land, he thought the present Land Act gave every facility for acquiring freehold land. Neither borrowing nor the increased issue of State notes were before the Council at the moment, but if not out of order he would like to be permitted to refer to them, as they formed an alternative part of the whole scheme. No one would deny that the Opara scheme promised to be a general benefit not only to them, but to those who came after them; and, therefore, if they charged the present generation with one-twentieth of the cost the remainder might be fairly charged against future generations, who would have full value for the debt left for them to pay. He therefore thought they were fully justified in borrowing the greater portion of the funds—say nine-tenths—required to construct the works. As to the proposal of an increased issue of State notes to anything

like the amount suggested, he considered it very dangerous. As an internal currency State notes answered every purpose; but if a full supply was issued the greater portion of their metallic currency would find its way to other countries, and they might find themselves in difficulties to discharge their foreign obligations. In any case, the issue of State notes must be conditional on the notes being maintained at not more than $1\frac{1}{2}$ to 2 per cent. under par."

Mr. Holland said "he was in full accord with the last speaker that measures must be taken to maintain their notes at not more than 1 or 2 per cent. under par. But as to his fear that a full supply would send metallic money out of the country to an extent likely to interfere with foreign exchanges, he (Mr. Holland) thought his fears were groundless, because 1 or 2 per cent. would not cover the cost of exportation. As to charging future generations with the cost of permanent works of utility, no one could object to the apparent fairness of the principle; but it was, nevertheless, a dangerous practice to introduce into a country being founded on Radical lines, because when once they entered on such a course it was hard to stop. There were some few private persons who might benefit themselves by borrowing money for a particular object; but three-fourths of all borrowers were unable to discontinue such a seductive practice and went on until utterly ruined. The practice was equally seductive to states—in fact, more so, as individuals felt no personal responsibility in the payment of either the interest or principal. But there was another aspect of the principle of State borrowing to be considered. Those who came into the world with inherited property had no

reason to complain of the charges and interest payable on the debt which went to construct permanent works, enhancing the value of their property. The case, however, was different with those who come into the world and found that they had no share in the general wealth and yet were called upon to contribute to payment of the interest and debt that went to increase the value of the property of others. "You are all doubtless acquainted," he continued, "with the hundreds of millions of National Debt piled up by the Pitts and others in carrying on an aggressive war against France? Can any one suppose that this war would have been waged as persistently as it was if the cost had been defrayed from taxation, instead of being raised by borrowing? No, the thing is beyond the bounds of probability, and there is no justification in a State borrowing from its own subjects even if they have the means. If they have the means the State should levy either by taxation or assessment what it requires, and thereby check useless expenditure. No doubt a State may be justified in borrowing from a foreign country when her own subjects have not got the means to find the necessary funds. We at all events are not in this position, as we have ample means to furnish all necessary funds for our own requirements, and can therefore keep clear of such an alluring and seductive practice that threatens within a measurable time to convert every one either into a payer or into a receiver of interest. Mr. Walker and Mr. Kemp have both stated that if the present duties were increased to 10 per cent. they would produce as much revenue as the proposed duties and give greater satisfaction. This may be all right from

their point of view, which is that the interests of this country lie in the production and export of raw material. We, on the contrary, hold that the welfare of this country depends on the developing of all the varied industries appropriate to a civilised community. This opinion is derived from history, which shows that nations depending on the production and sale of raw material become poor, ignorant, and oppressed. India, Egypt, and Ireland have adopted this policy, or rather had it thrust upon them. Do we desire to follow their example? No; we will use every effort to legislate in such a way as to enable our people to produce as large a proportion of the necessaries of life as possible, and the most effective legislation to attain this end is the adoption of a protective policy. We are all more or less acquainted with the desperate struggle which a large proportion of the working classes in Europe have to provide themselves and their families with a sufficiency of the barest necessities, and we know that many of them cannot even effect that desirable object. Are we to bring our people into naked competition with our unfortunate brothers in Europe by the adoption of a free trade policy? If so, we may as well allow our lands to become private property, and let the cultivators pay the owners rents that will only leave them a bare subsistence; for open ports, even under our present land tenure, will in time compel our working classes to compete with European labour. We left the land of our birth; we separated from dear relations and friends; we faced the perils of the sea and the difficulty of finding a new home in this foreign, distant land. Shall we cause all these sacrifices to have been made in vain by sanctioning a free trade policy here,

because it is the best policy for England? Whatever may be the answer in this House, the answer of the electors will be 'No.' We require a policy that will enable us to attain the position of an industrious, intelligent, and civilised community; we will not be hewers of wood and drawers of water for other countries."

Mr. Gray said that he trusted that members would not be misled by the plausible speech of the last speaker, who had entirely begged the question and offered no proof of the beneficial effects of Protection in other countries. "Our best policy," he observed, "consists in keeping down the cost of production, so that we may grow coffee, sugar, and rice at a profit, and this can only be done by the admission of imports to enable us to have cheap labour."

Mr. Wilson replied "it was evident that the last speaker was speaking in the interests of the class to which he belonged—the employers—totally regardless of those dependent on the sale of their labour. But in any case his argument was a short-sighted one, for if imports were admitted free of duty the revenue must be made up by some other form of taxation. Perhaps, like several other members, he objected to all forms of taxation—a desirable immunity if it were feasible. Mr. Gray said that no proofs of the beneficial effects of Protection in other countries had been offered; but surely the history of England furnished evidence—the strongest possible—that her position was due to Protection. The United States of America likewise proved that the development of industries could be effected conjointly with the export of raw material. No doubt if the object was to assist a few wealthy

people able to employ a large amount of labour to make fortunes, a free trade policy was the best. But if they sought to provide all classes with the means of making a comfortable living, of rearing and educating a family, and of making some provision for old age, a protective policy, which would place them beyond the reach of the destructive competition of Europe, was the best for this country. Our free trade friends," said Mr. Wilson, "try to make it appear that the duties levied under Protection either are paid away to foreign countries, or are in excess of revenue requirements, both of which positions are erroneous. Now as to the complaint of the increased price paid for home-made goods, in consequence of the duty, it is evident that if such goods could be produced without the duty, its imposition would be useless; but as protective duties are only imposed so as to enable certain classes of goods to be produced and sold in competition with imported goods, thereby increasing the volume of production—which we all hold to be desirable—the increased price is simply a contribution which all have to pay for this increased production. We are all agreed that the irrigation of Opara Valley is a desirable work, so as to increase the production of rice. This work can only be carried out at considerable expense—an expense of which we must all bear our share. Now increased production in manufactured goods is just as desirable as increased production in rice, and neither can be secured without increased taxation of some kind. Increased duties of a more protective character would enable us to secure increased production in both rice and manufactured goods. As to the proposal to borrow

the necessary funds wherewith to defray the cost of the irrigation works, or even a portion of such funds, ample reason has already been shown why we should refuse to adopt such a dangerous and unjust method, which could only be justified on the ground of our being too poor to raise the funds in Rapara—a position which no one has attempted to assert. It is therefore the duty of every one who has the general interests of this country at heart to give his vote in support of the new tariff as it now stands."

On being put, the report was adopted by sixteen to eleven, and the second reading was afterwards carried by seventeen votes against ten.

CHAPTER IX

OPARA IRRIGATION AND STATE BANK

Sources of funds—Cost of works—Rates for water—State notes—Water rates *versus* land sales—State bank provisions—Discussion thereon—Foreign exchange.

At the meeting of the State Council in 1862 the Bill for the construction of works to irrigate the Opara Valley was brought in. It proposed to appropriate the sum of £63,000 to defray the cost of the works. Of this sum the surplus revenue was to contribute £28,000; new legacy duties, £8,000; and an increased issue of State notes, £32,000; or such an amount as might be required to complete the works. The estimates included the distributing channels for land irrigation, but not the cost of the reticulation works to supply Raoto and Koran with water. The Bill proposed to impose a charge of 2½d. per 1,000 gallons for irrigation water, 3d. for water used by manufactories, and 1s. 4d. for water for domestic purposes. Mr. Wilson, in moving the first reading of the Bill, said that they had fully considered the advisability of levying a compulsory rate for the water used for irrigation, but had come to the conclusion that the best plan was to fix a water rate so

low as to induce all landowners to use the State supply. The surplus revenue at present, he said, only amounted to some £9,600; but as it would take three years to complete the work, he had no doubt that the surplus would have reached the estimated amount by the time the works were completed. The estimate of £8,000 from legacy duties was perhaps a sanguine one; but should these duties prove to yield less they had the State notes to make up any deficiency. Now with regard to State notes, he was fully aware that they could only be issued to the extent of supplying the requirements of internal currency, and that any issue in excess of this demand must depreciate their value below metallic money. They had carefully gone into this matter, and from the great increase in population they believed that the country could absorb a further issue of £24,000 without causing any depreciation in value; but, to make sure, they intended to bring in a Bill to establish a State bank of issue, to control and regulate the issue of State notes. For this purpose the bank would be authorised to retain 20 per cent.—in metallic money—of the amount of notes issued, and with that reserve to purchase the notes so as to maintain their value at not more than $1\frac{1}{2}$ per cent. below par. They had expected to be able to carry out this work without imposing legacy duties, but the decreased price and decreased demand for exported produce to Chili, California, and Australia, with the consequent reduction in imports, created a doubt which they thought should be met by increased taxation.

Those who had selected land in the Opara Valley, in the expectation that water for irrigation would

be free, were indignant that a charge was to be made. Mr. Gray said that although they did not agree with the method foreshadowed of raising the funds, they still expected that the works would prove a general benefit. But it appeared that the water was to be charged at a rate that would prevent its use, at all events for irrigation, and consequently the cost of the works would be a dead loss to the whole community. On behalf of those who had taken up land, and on behalf of those who intended to take up land in the Opara Valley, he would, at the proper time, move that the charge for irrigation water should be fixed at 1d. per 1,000 gallons for the first five years; and should rice and sugar cultivation show that they could bear a higher rate the charge could be increased. To charge $2\frac{1}{2}$ d. per 1,000 gallons before they knew whether cultivators could afford to pay such a rate was the height of madness. Other speakers followed, and expressed similar views.

Mr. Holland replied that they had fully considered the proposed rate, which they considered moderate, but they would give it further consideration, and would sooner err on the side of cheapness than make an extravagant charge. None of the members of the Executive, he might state, had any land in the Opara Valley, while all those who opposed the rate were interested parties. However, should further consideration convince them that the proposed rate was too high, the Executive Government would be prepared to make a reduction at the proper time. The first reading was passed without a division, and the Bill was considered in Committee.

When the rating clause came under consideration Mr. Wilson said that they were willing to reduce the price of irrigation water to 2d. for the first three years from the completion of the works, subject to a proviso that the Executive should have discretionary power to raise the rate to 2½d. after three years' trial. This concession failed to satisfy a large number of members. Mr. Walker implored the Executive not to imperil the scheme by making any charge for irrigation water, but to rely on the sale of land in the district irrigated to provide the necessary funds. A discretionary power might be given to the Executive to impose a rate not exceeding 1d. per 1,000 gallons after a trial of five years. Under such conditions he and his party would consent that the rent of all land within the reach of irrigation should be increased to 2s. 6d. or even 3s. per acre.

Mr. Petresen replied that Mr. Walker was very generous at other people's expense. He (Mr. Walker) and his party had already secured the freehold of large areas of this irrigable land, which would largely increase in value if rent on all the unselected land was increased 2s. 6d. or 3s. per acre. But this was not the greatest objection to such a proposal. The increased rent would act as a deterrent to intending selectors to a greater extent than the proposed water charge.

The amendment to reduce the rate to 1d. per 1,000 gallons was lost, and the clause, on being put, was carried by a majority of seven. All the remaining clauses were carried as proposed, and the report was adopted by sixteen to ten votes. The second reading was carried by seventeen to nine votes.

The Bill for the establishment of a State bank

proposed to place it under the management and control of three Hon. Commissioners, who were empowered to appoint a manager. They were authorised to issue State notes as required, to the extent of £90,000, less the amount of those already issued. Any further issue was to be first sanctioned by the State Council. They were to retain 20 per cent. of the value of notes issued in coin, the reserve to be used at their discretion in the redemption of notes so as to maintain their value at not more than 2½ per cent. below par. The Bill laid down that State notes were to be a legal tender for every kind of debt or obligation within the State of Rapara, and that such notes were to be payable in coin solely at the option of the Bank Commissioners. They were authorised to lend notes to banking institutions on specified conditions and on receiving specified securities, at not less than 4 per cent. interest per annum. Such banking institutions were to have the option of returning the whole or any part of such loans, on giving one month's notice. The Bill further imposed on the Commissioners the duty of establishing a savings department, paying interest at a rate not exceeding 4 per cent. per annum, and of framing and submitting regulations for the approval of the Executive. They were authorised to grant cash credits to approved persons on a joint and several bond of at least two approved persons or firms, at a rate of interest not less than 6 per cent. per annum. The State Treasurer was to pay in to the State bank all moneys received and to make all payments through it. The measure likewise provided that the Bank Commissioners were to honour all drafts of the Executive up to 60 per cent. of the

value of the notes issued, free from any charge for interest.

Mr. Wilson, in introducing the Bill, said "that although the proposed State bank was a novel experiment, as compared with banking operations in other countries, the circumstances here made such an experiment a safe one, when undertaken on careful and well-considered lines. He was fully aware that many intelligent persons considered that the issue of State notes could be used by the Government as a means of forcing loans from the public, without the payment of interest; but he laboured under no such delusion, as he was fully aware that any issue in excess of the requirements for internal currency would have the effect of depreciating their value. Nevertheless, up to the extent of supplying internal currency the Government would have the use of the funds free from any interest payment. Of course he would be met with the old European argument that under a full issue of State notes nearly all the metallic money would find its way to other countries to their own disadvantage and loss. Now he was willing to admit that under such conditions a large portion of their metallic money would be likely to find its way to other countries. But this certainly would not be to their detriment. On the contrary, it would be to their advantage and gain, because they would have in State notes a vehicle of exchange that cost nothing; whereas, if metallic money were used as the vehicle of exchange, it must be purchased with its equivalent value in goods. "If," said he, "we can use £70,000 in State notes for internal currency instead of £70,000 in specie, we should not be

called upon to purchase the latter, and therefore would have its equivalent value in goods—a value that we should be free to use in the construction of public works, or as a floating capital. We have been urged to make the State notes convertible at the will of the holder, but to agree to this condition would be throwing away the advantage which we expect from their issue. There is, no doubt, good reason for making notes issued by trading institutions payable on demand, and compelling such institutions to hold a large proportion—or better still, the whole—in specie to meet such demands. But even with this safeguard note-holders are often unable to obtain payment, either through failure of the issuing bank or through one of those recurring monetary panics so frequent in Europe and America. If such panics are to be avoided, either the State must issue all notes, or issuing banks must be compelled to keep specie in their vaults to the full value of the notes issued; because it is evident that if the specie reserve is less than the notes issued, whenever a monetary panic ensues every holder of notes will be afraid that his notes will be the ones for which there are no redemption funds forthcoming. Under such circumstances the issue of notes by banks is worse than useless, because they cause no increase in the currency. No panic of this kind can arise here, as our notes are to be issued on the good faith and honour of the Government, and the entire community is pledged to their due payment. There is one danger to be guarded against, and that is over-issue. To prevent this, the notes authorised to be loaned out to banks can be returned when not wanted, and the Commissioners are charged with the

duty of retaining 15 per cent. of the notes issued in specie, to be used in the purchase of notes so as to prevent depreciation. With these precautions we can safely ask you to support this Bill, which we think should be the forerunner of many financial measures equally sound; for conservative customs and prejudices are being given up, and reason and intelligence assuming their due sway."

Several speakers followed for and against. One said he would like to be informed how the Government could redeem their notes if 60 per cent. of the issue were expended in the construction of the Opara Valley works or any other permanent works. The scheme, he said, might be all right if it was to go on for ever, but a time would come, however distant, when the notes would have to be redeemed, and he was afraid that there would be greater difficulty in raising the redemption funds than in carrying out the irrigation works without the aid of State notes.

Mr. Petresen said "the last speaker gave him an opportunity of explaining a misapprehension which several members entertained with regard to State notes. It might be possible, but it was certainly not probable, that any circumstance would arise which would require the redemption of all the State notes. But," he continued, "as we have to provide for possibilities as well as probabilities, surely it should be evident that with the great increase in population and wealth now taking place we would have no difficulty in raising sufficient revenue to redeem all State notes should it become necessary, which I for my part regard as very improbable. In fact, the gain to the State from the use of State notes would

be sufficient to form a sinking fund equal to their redemption in less than twenty years. Had we followed the advice of the last speaker and the party to which he belongs in raising the funds by borrowing in Europe, a sinking fund for repayment would be a wise step; but to redeem State notes would be incurring great expense to our own injury. We all know how serviceable they have been in the past, and no one has ever heard a doubt even hinted as to their genuine value and equivalence to cash."

The first reading was passed without a division, and the several clauses were considered in Committee on the following day.

On the clause authorising the issue of £90,000 in State notes, Mr. Hinton said that he was not opposed to the issue of State notes, if made convertible, as in other countries. Great attention had been given to banking and the issue of notes in England, France, and the United States, and great changes had been made in all these countries with a view to make notes form part of a staple currency. To attain this object all held that notes must be backed by coin and property, of which they are only a symbol, and to secure their acceptance by the public they must be convertible into coin on demand. If inconvertible notes could have been used as currency, how was it that no authority on banking had ever ventured to propose such a thing? "It seems to me," he said, "that our Executive Government is not inclined to follow surveyed roads, or even by-paths to any goal they seek, but seems determined to search for new roads in unexplored country. Let us follow the beaten track of proved practice, or at least keep it in view, and so avoid being bushed

—which is the inevitable fate in store for our Executive Government.”

Mr. Holland retorted “it was evident from Mr. Hinton’s speech that he (Mr. Hinton) had never ventured off the old highway to see if a nearer and better road could be found. Now the issue of convertible notes was doubtless on the beaten track, and the history of banking, both in England and the United States, showed that for the last sixty years this beaten track had been the scene of financial difficulties and disasters. In 1792 a monetary panic took place in England in which three hundred banks were compelled to stop payment, and some fifty of them were totally ruined. In 1797 a run on the Bank of England took place, which was only stopped by the Government prohibiting the Bank from paying their notes in coin. This prohibition was the means of saving the Bank of England from the necessity of stopping payment. This run appears to have been due to the prospect of war; but what we have to note is, that the run was stayed by turning convertible notes into inconvertible ones. At that time it was generally supposed that notes would not circulate unless they were convertible into coin on demand; but this opinion proved erroneous, as the inconvertible notes continued to circulate freely and were freely accepted by all classes. But what is more to the point, they remained at par until excessive issues brought on depreciation, which resulted in the collapse of 240 banks between 1814 and 1817. In 1821 notes had risen to par and cash payments were resumed. But in 1825 another monetary crisis ensued, mainly owing to the over-issue of notes by

country banks, seventy of which were ruined through their inability to redeem their notes on demand. The Bank Act of 1844 doubtless discouraged the over-issue of notes; but the Bank Charter had to be suspended in 1847 and 1857—that is, so far suspended so as to enable it legally to refuse payment of notes. It was a most remarkable fact that the provision for paying notes on demand was only tolerated because reliance was placed on Government’s suspending it when its evil effects could no longer be borne. The history of banking in America showed in a higher degree than that of England the folly of allowing trading banks to issue notes. Between 1814 and 1819 no less than 195 banks failed. Again in 1834 nearly every bank in the Union stopped payment. In 1840 another banking crisis took place, in which 180 banks came utterly to ruin. Another banking crash followed in 1857, in which all the banks in the States stopped payment. The enormous issue of notes in America in 1861 and 1862 and their subsequent depreciation could not be ascribed to bad banking laws, as the issue was in reality a forced loan for carrying on the war; but the Banking Act of 1864 followed on the old lines, with the certain result of producing its crop of banking and financial disasters. Were they to follow this “beaten track of proved experience,” full of rocks and quick-sands, and marked by the skeletons of wrecked banking and financial institutions, or try to reach their goal by a new and more promising road? Mr. Hinton had asked: If inconvertible State notes were so promising, how was it that none of the European States had adopted them, and how was it that no banking

authority had even ventured to propose them? Well, the answer to the latter question was that several eminent financiers and bankers had strongly recommended them. That they had not as yet been adopted was mainly due to two causes—first, to the strong conservative objection to any change from long-established methods and customs; and secondly, to the great power which the members of banking and financial institutions had in legislation, coupled with the advantage, or rather supposed advantage, which they derived from the issue of notes. They might just as reasonably expect amendments in legal procedure from lawyers as improved banking laws from bankers. Both might be liberal on other matters demanding reform, but reforms in banking and legal procedure must be gained by those not directly engaged in those professions. The history of banking in other countries, as well as England and the United States, proved that the issue of notes, however strictly guarded, could not be entrusted to banking institutions trading for profit without subjecting the country to runs, panics, and other financial disturbances. It had been repeatedly stated by many eminent financial authorities that the issue of notes was outside banking business, and that all notes should be issued and controlled by the State. The same authority could not be claimed in support of the view that such notes should be payable in coin only at the option of the bank of issue. But they could appeal to all intelligent people whether inconvertible notes issued by the Government of England, the United States of America, Rapara, and other countries possessed of a settled government, would not be preferred

to the notes of any bank trading for profit, even if such bank kept a sovereign in its coffers for every pound-note issued. That they would be so preferred was shown by the preference given to Bank of England notes during each suspension of the Bank Charter, because the Act of Suspension acted as a Government guarantee for their due payment. For these reasons they proposed that all notes shall be issued by the State, and be convertible into coin at the discretion of the Bank Commissioners."

Mr. Kemp said he agreed with the proposal of the Government so far, but the question of maintaining notes at not more than $2\frac{1}{2}$ per cent. below par required careful consideration. "Presuming that sufficient coin will reach us when foreign exchange is in our favour, will $2\frac{1}{2}$ per cent. cover the cost of shipping coin to Europe when the exchanges are against us? Freight, insurance, and interest will certainly average not less than 3 per cent.; and if so, any effort to maintain notes at only $2\frac{1}{2}$ per cent. below par will be a failure. If our communications with Europe were as frequent and rapid as those of New Zealand or Australia, $2\frac{1}{2}$ per cent. might be sufficient, but under existing conditions $3\frac{1}{2}$ per cent. was not too much, and I would ask the Government to substitute $3\frac{1}{2}$ for the $2\frac{1}{2}$ in the clause."

Mr. Wilson said that he was fully aware that the rate of exchange was the only means of measuring the relative values of coin and legal tender notes. They had carefully considered the question, and thought $2\frac{1}{2}$ per cent. might be sufficient; but inasmuch as $2\frac{1}{2}$ per cent. might not be sufficient

premium on coin so as to retain sufficient of it in the State for foreign exchange purposes, and as the higher rate could have no effect in depreciating notes, he would consent to substitute $3\frac{1}{2}$ per cent. At the same time he thought that under our protective tariff our exports of goods to Europe would exceed our imports in a few years. This would have the effect of causing an influx of coin into Raoto, perhaps sufficient to maintain notes on a parity with coin; but even under these circumstances the $3\frac{1}{2}$ per cent. would simply be inoperative. With this alteration the clause was passed.

The clause making bank notes a legal tender and only convertible into coin at the option of the Bank Commissioners, was carried after some discussion.

On the clause empowering the Commissioners to lend notes to banking institutions at not less than 4 per cent. per annum interest, Mr. Ross moved that $3\frac{1}{2}$ be inserted in place of 4. He said that he saw no reason why the success of the Act should be endangered by fixing a rate of interest that might prove to be too high, in which case the bank would have no means of circulating their notes. If such loans were worth more than $3\frac{1}{2}$ per cent. interest, the Commissioners would no doubt get the full value.

Mr. Wilson said that Mr. Ross was altogether wrong in stating that the State bank depended entirely on banking institutions for circulating their notes, as all the expenditure of the Government had to be made through the State bank, and the Bank Commissioners were authorised to open cash credit accounts which would enable them to circulate notes to any extent. In order to secure,

to a certain extent, a regulation for the issue of notes, they had provided in this clause that banks could, on a month's notice, return all or any portion of the notes which they had borrowed from the State bank. He saw no reason to reduce the minimum rate of interest. On a division the amendment to reduce the rate was lost, and the clause as proposed was passed.

The clause for establishing a Savings Bank department was passed without debate.

The section authorising the Commissioners to grant cash credits to approved persons or firms, on a joint and several bond of not less than two approved persons or firms, at not less than 6 per cent. interest, met with strong opposition. Mr. Walker said, "he was not opposed to the Bill as a whole, but he saw great danger in this clause. They were all aware that the population, with a few exceptions, was divided into two hostile political camps. The Executive Council had the appointment of the Bank Commissioners in its hands, and could not be expected to go outside its own party. He did not say that the Commissioners so appointed would grant cash credits on inadequate securities, but so long as human nature remained as at present, the probabilities were that they would give the preference to members of their own party. Mr. Holland had stated that the issue of notes was outside the proper functions of banks, to which he (Mr. Walker) agreed; but it was equally certain that the granting of over-drafts or cash credits with or without security was outside the proper functions of a State bank, as such business could be better performed by trading banks, who would exercise

greater care in the selection of those requiring assistance in this form. It was no doubt necessary that the State bank should have some channel of investments for the funds arising from the Savings Bank department, but why not give them power to make advances on the security of freehold land, and even on houses, and other improvements on leasehold land? He begged to move as an amendment, that all the words after 'empowered' be struck out, and the following words be inserted in their place: 'to lend notes or money on freehold land and houses, and on houses and other permanent improvements on leasehold land.'

This amendment was supported by Mr. Kemp, who said that the proposals in the Bill depended, for good or evil, entirely on the business capacity, character, and honesty of the Commissioners, and as they were in the dark as to the persons to be nominated, he for one preferred the amendment to the original proposal.

Mr. Holland said "the main objection to the clause consisted in the allegation that the Commissioners would give the preference to those belonging to their own party. Now, could this preference not be as easily given to members of their own party with the securities stated in the amendment, as in those stated in the clause? In any case, unless the Savings Bank department was to be dropped, some form of investment must be open to the Commissioners. No doubt they could advance some of the funds arising from the Savings Bank through the power to lend to banking institutions. But this would place them entirely in the hands of the private banks, who could charge the

public 8 or 10 per cent., or even more, while refusing to give the State bank more than 4 per cent. Now while we have no desire," he continued, "to interfere with private banks or to take up business that properly belongs to them, we hold that it is the duty of this or any other state—particularly of this small state of Rapara, where we are dependent on two banks which can easily combine to charge exorbitant rates of interest—to legislate in the interests of the great mass of the people, in preference to the interest of wealthy companies, which can always look after their own interests. We are not wedded either to the terms of the clause or to the amendment, and we are willing to accept the voice of the Council. But, in conclusion, it is necessary to point out that a State bank such as we propose would be placed in a false position if compelled to find investments in mortgages extending over a number of years, and not capable of being called in when emergency requires; whereas cash credits can to a certain extent be made available for any urgent demands for increased funds."

After a brief conference between the members of the Executive Council, Mr. Wilson said that they saw considerable force in the arguments advanced by Mr. Walker as to political bias and favouritism, and they were willing to insert in the clause "When two Commissioners agree to accept any applicant and his securities and the same is opposed by the third Commissioner, such cash credit shall not be granted until the matter is referred to the President; and his decision shall determine the acceptance or rejection of the application." This, he said, would still leave the decision open to political favouritism;

therefore they would be content that the President should be empowered "to appoint one of the three Commissioners." These additions to the clause they were willing to insert whether the amendment were carried or rejected, because they would be sorry to see such a valuable and necessary provision of the Bill destroyed owing to apprehensions of political jobbery. On being put the amendment was carried by a majority of seven votes.

The clause directing the Treasurer to pay all moneys received into the State bank and to make all payments through it was carried without debate or division.

The report was adopted by a majority of nine, and subsequently the second reading was carried by a majority of eight.

An Act for regulating the taking of a census in 1863 was passed.

CHAPTER X

PROGRESS OF PRODUCTION, 1860-1870

Decrease in exports—Necessaries plentiful and cheap—Beautiful prospect in rural districts—Freehold land uncultivated—General election, 1862—Irrigation water free *versus* water rate—Amendment of Municipal Law—Election, 1867—Freehold Compulsory Leasing Act and epitome—Discussion thereon—Census, 1863—Land occupied—Revenue and expenditure—Imports and exports—Women and Children's Protection Act.

As previously stated, both trade and production received a check in 1859 through the decreased demand for, and value of, most kinds of produce in California and Australia; but the production and export of coffee, sugar, and rice had gradually increased. These now form the staple articles of export. The exports have not increased in proportion to the increase in population; but no evil effects have been felt inasmuch as the protective tariff has increased the production of a great variety of necessaries. A woollen factory was opened in Raoto in 1862, which has been in constant operation turning out cloth suitable for the climate. Worsted and fine cloth are still imported; but all other kinds are produced in the local factory. Ready-made clothing has ceased to be imported

since 1863, and a considerable number of people are employed at two clothing factories, while tailors and dressmakers are fully occupied. All but the finer qualities of boots are now made in Rapara, while soap and candles are in full supply below the cost of the imported article. Nearly all spirits consumed in the island are now distilled there; rum began to be exported in 1864, and there is every indication that the export trade will increase. The supplies of beef, mutton, and pork are ample and at moderate prices, while fruit is both plentiful and cheap. Bananas, pineapples, oranges, limes, lemons and guavas all grow in great perfection, and greatly in excess of local consumption, large quantities of oranges and pineapples being used for distillation. Latterly the juices have been converted into a species of wine, and even beer, both of which are largely consumed. The export of wheat and maize has all but ceased, as the export value is below the cost of production owing to the great cost of sea transport. A considerable fall in wages has taken place since 1859, but owing to the cheapness of all necessaries and constant employment the working classes are enabled to save a fair portion of their earnings. This is shown by the Savings Bank returns and by the number of land selections taken up by working men. In the Raoto, Marieta, Akitiki and Koran districts a large proportion of the land is now taken up, and as the traveller passes along the main roads cultivated land is never out of sight. The farmers have preserved portions of the indigenous timber, and planted fruit and other trees round their fields and houses, so that no fairer picture, no greater signs of peace and plenty, are to

be seen in any part of the world. This statement, however, does not apply to a portion of the road between Raoto and Koran. In passing along this road large tracts of uncultivated land with no houses in sight continue for miles, although the soil is of the richest quality. So general is the non-cultivation of freehold land, that the name "freehold" is applied as a term of reproach to all uncultivated land whether belonging to the State or to private persons. These tracts of freehold land are due to the *coup* which the Council carried in 1852, by which an area of 320 acres could be taken up on lease in the Opara Valley and turned into freehold by purchase at twenty years' rental. No great quantity of land was turned into freehold up to 1857; but in 1858 these lands were rushed under the expectation that water from the contemplated irrigation works would be free and would enable rice and sugar to be produced at a great profit. More than one-half of this land was taken up by speculators who expected that the land would be trebled in value as soon as the irrigation works were completed. The irrigation works were completed in 1865, and had the effect of gradually bringing portions of this freehold land into cultivation; but more than two-thirds of it were owned by absentee speculators—mostly from Australia—who had no intention to cultivate, but demanded £8, and even £12, per acre from those who wished to till the soil. This state of things disgusted many of the freehold advocates who became strong supporters of leasehold tenures.

The general election in 1862, contrary to the expectations of both Radicals and Conservatives,

resulted in a small majority in favour of the Conservatives. The Radicals were so sure of carrying the election that they considered it a waste of time and money to enter into any form of organisation. The election turned mainly on the question of Land Nationalisation, and the Conservatives used every effort on behalf of their candidates. At the meeting of the State Council Mr. Wilson resigned, and Mr. Russell was elected head of the Executive, and appointed Mr. J. Black State Secretary, Mr. Gray Steward of Works, and Mr. Iro, Chief of Manjiki, Steward of Westerland.

The primitive form of Municipal Government first adopted had been continued up to this time ; but it had become unsuitable for several parishes, and Mr. Russell brought in and passed a Bill in 1863 giving each parish power to come under the provisions of the new Act, which provided for elective parish councillors on a progressive property qualification based on the area of land held. Every householder had one vote, but larger holdings gave more votes up to four votes for those owning or occupying 320 acres of land. Except as regarded the four votes for the 320 acres of freehold land, the Act gave general satisfaction, but as the qualification specified only extended to freeholders, the leaseholders considered it unfair.

No measure of importance was dealt with until 1867, when Mr. Russell brought in a Bill to amend the Opara Irrigation Act. He proposed to repeal the section imposing a charge for water, so as to make water free. In moving this he said that they were all aware that the Opara Valley land bore the highest rental rate allowed by the Land Ordinance,

and there could be no doubt that this high rent was fixed by the Land Commissioners to cover the use of free water. Had it been known at the time that a charge would be made for water not one-tenth of the freehold land would have been taken up. Of course the water rate was intended to defray part of the cost of the works ; but the money paid for the freehold land would amount to more than ten years' water rates. No doubt several land holders were now preparing to enter on cultivation, subject to the water rate ; but they did not own one-fifth of the land, and the owners of the other four-fifths were evidently determined not to invest money in the cultivation of rice unless water were made free.

Mr. Wilson said, "he could not find words to express his indignation at such an iniquitous proposal. Mr. Russell was perfectly right in his assertion that four-fifths of the owners of the land in the Opara Valley would not embark in rice cultivation if a charge were made for irrigation water. He might have gone further and said that they would not engage in cultivation even if the water cost them nothing. They never took the land up with any intention to cultivate it. No, they took the land up to levy blackmail on those who wished to employ it productively. As to their expecting to get water free, if any such expectation were entertained, its realisation could only be secured by a vile conspiracy. The action of the Government all but confirmed the existence of such a conspiracy, and Mr. Russell was either the tool or the chief of the band of conspirators. Let all those," he concluded, "who desire to

join this band—whose object is nothing but robbery—vote for this shameless proposal; but let every honest man give it the most determined opposition. Thank Heaven Mr. Russell cannot repeat the *coup* by which he carried the freehold amendment in the first Council, as we can appeal to a referendum vote."

The motion was seconded by Mr. Gray, but no other member spoke in its favour, while several denounced it in the strongest language. On being put, the first reading was negatived by a majority of ten votes; whereupon shouts of "Resign, resign!" came from the members of both parties. When the Council met on the following day, Mr. Russell said that they had considered their position under the vote given yesterday, and they could see no reason why they should resign; but if they had lost the confidence of the Council it was its privilege to say so. On that Mr. Wilson gave notice of motion "that Mr. Russell and his colleagues did not possess the confidence of this Council." When the motion came on Mr. Wilson said it was not his intention to utter one word in support of his motion, as the action of the Government was of such a character that even its own partisans must support his (Mr. Wilson's) motion. The motion was seconded by one of Mr. Russell's supporters. Mr. Russell entered into a long defence, in which he repeated the arguments used in moving the first reading of the Bill, and wound up by declaring that the opposition of the Radical party was due to political bias and spite, and that, had the freehold land been the property of members belonging to the Radical party, there would have

been no opposition to the measure before them. Loud shouts of "Liar!" "Traitor!" "Conspirator!" now came from the Radical members, amidst the greatest disorder. When order was restored, the motion was put and carried by seventeen votes against eight. Several supporters of the Government did not vote. Contrary to all expectation, Mr. Russell asked for and obtained a dissolution from the President. The election was fixed to take place in August. During the time between the dissolution and the day of election the Radicals held meetings in every electorate, at which they denounced the Executive Council in no measured terms. They declared it to be their intention, if they carried the election, at once to bring in a Bill empowering the Land Commissioners to lease all uncultivated freehold land after twelve months' notice at the best rents they could procure, such rent to be paid over to the owners less 5 per cent. for collection and management. They further averred that they would undertake the nationalisation of all freehold land within a period of five or six years. The Conservatives were overjoyed at the Radical proposals, which they said would result in a Radical defeat. Many of them pledged themselves to oppose free water and land nationalisation, but the bulk of the Conservative candidates stuck to free water and freehold land. They fought well, but most of their meetings were so disorderly, even when the meetings were advertised for supporters only, that very little of their speeches was heard. The election resulted in the return of twenty-three members in favour of a water rate against five in favour of free water, two being

neutral. Eighteen Radicals were returned as against twelve Conservatives. The Radicals had a large majority of Europeans, as seven out of the twelve Conservatives were Maori members.

The fourth State Council met at the prescribed time, and again elected Mr. Walker Chairman, after which Mr. Wilson was elected Chief of the Executive Council. He immediately announced that he had appointed his old colleagues to their former positions. Several unimportant questions were dealt with, after which Mr. Holland proposed the first reading of the Freehold Leasing Bill.

He said, "they were all fully aware of the large amount of leasehold land which had been converted into freehold by purchase, under the terms of the Land Ordinance; and they were likewise all aware of the small amount of cultivation on these freehold lands, particularly in the Opara Valley. Now it could not be said that there was not plenty of State land still open to intending cultivators; but this State land was a long distance from Raoto, and to enable it to be profitably occupied a heavy expenditure in the construction of roads would have to be incurred. On the other hand, the uncultivated freehold lands were close to Raoto and accessible by good roads, besides being of better soil than the outside State lands. Most of you," he observed, "heard Mr. Russell's declaration that four-fifths of the Opara Valley lands would not be placed under cultivation unless free water were granted; but it is a well-known fact that the greater portion of these lands belongs to speculators who have no intention of using them for cultivation, having secured them for the express purpose of compelling farmers to

purchase or rent them at three or four times their cost. Then we have the land granted to the pioneers adjoining the town reserve. Out of this block of five thousand acres not more than six hundred acres are under cultivation, nor can cultivators afford to give either the price or the rent which is demanded. Nay, the price is more than people are willing to give even for building sites, and, so far as can be ascertained, the owners are determined to retain it until it reaches the value they put on it as building land. Contrast this tract of country with the two first surveyed blocks of about six thousand acres on the Koran road. These blocks are covered with cultivated fields, orchards, and cottages embowered amid fruit and ornamental trees. The two blocks contain a population of about four thousand people, who are living in comfort on the fruits of their labour. Consider, again, the freehold land in the Marieta and Akitiki districts. The greater part is uncultivated, and is being held to obtain a higher price or a higher rent than cultivators can now afford to give. I have no doubt that we shall hear much talk about the sacred rights of property; but to me the most sacred right of property in land is use and cultivation. If the right of freehold property in land can be justified, it can only be justified on the ground of the expediency of turning it to the best and most productive account. If it could be proved to be true in any country that freehold ownership led to the greatest productivity, it would be a justification in that country for permitting private property in land. That there are districts, both in America, South Africa, and Australia, where

freehold land is made as productive as perpetual leasehold cannot be denied ; but, unlike leasehold, it induces speculative values beyond those which cultivators can afford to pay ; and as soon as all prairie land is sold, the rise in value enables the owners to live on the cultivators, who are reduced to extra hard labour and to extra poor fare. In proposing to give the Land Commissioners power to lease at the best attainable rent and pay over the proceeds to the owners, we think we are benefiting the community without injuring the landowners. In fact, if land nationalisation is not carried out, we shall be handing over to the latter the unearned increment as it arises ; because under the Land Ordinance the rent has to be appraised every thirty years. We do not, however, intend to allow this unearned increment to pass into the hands of any private persons, as it is the rightful property of the whole community, and we are determined to stand or fall in our effort to nationalise all land, paying the landowners its fair value. But as it will take some time to bring a scheme for nationalising the land into operation, we are only doing our duty for the present in releasing this valuable land from the grasp of a parcel of speculators, so that it may become available for those willing to place it under cultivation."

Mr. Russell said that the last speaker had charged him with meditated robbery in his effort to encourage cultivation by free water. But in this Freehold Leasing Bill they had a case of downright robbery in earnest, and he hoped the Council would not allow itself to be misled by the plausible arguments advanced by the last speaker. Several other members

supported Mr. Russell's views, and Mr. Gray urged that even if the course proposed could be justified, they should wait and see whether the owners would commence cultivation now that the irrigation works were completed.

Mr. Wilson said that twelve months' notice was to be given the owners, and if cultivation was commenced within that time the terms of the Bill would not authorise compulsory leasing. Moreover, by the Bill the owners could themselves grant leases with the necessary cultivation conditions, and thereby place the land beyond the purview of the Bill.

The first reading was carried by a majority of four votes, and the measure was on the third day passed through all its stages, and finally became law by a majority of five votes.

The Freehold Leasing Act placed uncultivated freehold land, after twelve months' notice, under the provisions of the Land Ordinance of 1850, except : That the rent was not limited to the maximum in that Act ; that the rent, less 5 per cent for expenses of collection, was to be paid over by the Commissioners to the owners of the land ; that the owner had a preferential claim to a lease under the provision of the Land Ordinance ; that owners of freehold land could, at any time previous to a lease being granted by the Commissioners, lease to a tenant any portion of their land, not exceeding eighty acres, at such rent as they might think fit that the Land Commissioners should specify by advertisement such freehold land as they desired to lease, and solicit tenders for the renting of the same, the highest tender to be accepted. The Freehold Leasing Act further provided that the Land Com-

missioners should advertise for one month in both of the Rapara newspapers a list of the lands coming within the provisions of the Act.

A census was taken in 1863, and showed that the entire population of Rapara amounted to 38,670. Of this number 34,846 were of European origin, including 320 half-castes living with Europeans. Of the total population 19,764 were males and 18,906 females. The Maoris and others of Polynesian race numbered 3,824, of whom 1,830 were males and 1,994 females. The town of Raoto contained 2,948 inhabitants, and the population of the other four towns amounted to 3,694. About 2,740 resided in the various villages, and the rest of the population (29,288) resided on farms in the rural parish lands. Out of the entire European population 11,814 were male adults, and 9,102 female adults. Of the 3,824 Maoris there were 986 adult males and 1,016 adult females.

The total area of land selected in Easterland at the end of 1862 amounted to 504,040 acres, of which 14,730 acres had been surrendered to the State so as to avoid paying rent on land not required. 50,260 acres of leasehold land had been turned into freehold, leaving 493,050 under lease, of which 243,410 acres were under cultivation. The Maoris had 4,124 acres of land under cultivation, and nearly the same quantity occupied for residential and other purposes.

The revenue in 1862 amounted to £106,894 4s., of which rent of land furnished £62,957; customs and excise £21,129 4s.; pasturage £3,074; and land sales £19,734. The total expenditure amounted to £81,641 4s.; and liabilities to the amount of £2,428 16s. remained unpaid at the end of the year; the sur-

plus was thus £22,824 4s. The rents of the Maoris' land were all used for local expenses, to which also was devoted a sum of £3,072 8s. from the general revenue.

The imports in 1862 amounted to £93,242 8s., and consisted of drapery, ironmongery and iron, chemicals, spirits, tea, &c., &c. The value of the exports amounted to £90,522 8s., of which coffee, rice, and sugar formed the largest items. Maize, wheat, and oil were also exported, but to a smaller extent than in the years 1853 to 1859. In this position great hopes were entertained that the completion of the irrigation works would largely increase the export of rice and sugar. The irrigation works were completed at the end of 1865 and opened with great rejoicing. The jubilation was natural: for the undertaking was a large one for such a small community and merits a brief description. Opara Lake is situated about forty miles to the south of Raoto and stands 260 feet above sea level. It is evidently a subsided volcanic crater of great extent, covering an area of about nine square mile. It is surrounded by steep banks, and has forced a narrow passage through basalt rock. A solid stone and concrete wall across this narrow outlet raises the water fifty-four feet above its former level, so that its storage capacity is very great. The conduit is an open cutting for about thirty-six miles, in which is an aqueduct four hundred feet long and an inverted syphon crossing the Koran River about a quarter of a mile long. The remaining four and a half miles is a pipe conduit for the supply of Raoto. Instead of each stream of irrigation water being taken from the main channel, a small subsidiary

channel runs alongside the main one for a considerable distance; from this the distributing channels are fed and their flow gauged. The cost of the work was estimated at £63,000; but £70,840 was required to complete it up to the end of the pipe-line about half a mile from the town of Raoto. The reticulation to supply Raoto cost £4,420 and that of Koran £1,080, so that the entire cost of the whole scheme amounted to £76,340. Of this amount £42,000 was advanced by the State bank in virtue of its charter, and the sum of £2,000 from the Savings Bank department. The general revenue fund contributed to the extent of £30,800, leaving a small balance of £1,540 unpaid at the end of 1866. The deficit was met from advance on notes by the State bank in 1867. In June of that year the total issue of State notes amounted to £90,000, an amount which was evidently absorbed for internal currency, as no depreciation in their value as compared with coin was perceptible, nor had they been returned by either of the two banks, although both had borrowed them from the State bank to a considerable amount.

For some years past many Maori women and children had been left destitute through Europeans married to or living with Maori women leaving the country without making proper provisions for their support. To remedy this state of things a Bill was brought before the Council in 1869 and passed, which provided that before those having Maori wives or Maori housekeepers and children could leave Rapara they must be provided with a permit, which permit was only granted to those who had made due provision for such Maori women and

children as the law compelled them to support. The result of this was that many intending passengers were compelled to hand over the greater part, and in some cases the whole, of their property to the Government, whilst some had not sufficient means to make the necessary provision and were thereby compelled to remain in Rapara. This proved, after a trial of two years, to put an end to the difficulty as far as Maori women and children were concerned; but it inflicted great hardships on those possessed of property who wanted to visit either Chili, Australia, or California, as the form in which the law stood compelled them to assign over the whole or a part of their property to the Government as trustees for those left behind. The law was therefore amended in 1871, and security of two bondsmen substituted for assignment of property at the option of the intending passenger. At the same time the law was extended to European wives and children, as numbers of them had been left destitute.

CHAPTER XI

LEGACY AND SUCCESSION DUTIES

Progression in amount — Progression on classes — Husbands, wives, and charities Free—Discussion thereon.

IN the session of 1872 the Government brought in a Bill to impose legacy and succession duties. These duties should have been introduced in 1863 as one means of providing funds for the intended irrigation works; but owing to the defeat of the Radical party in 1862, the Conservatives came into power, and the legacy duties were, for the time, abandoned. But now, although the cost of the irrigation works have been met, another reason for increased revenue had arisen. The greater portion of the roads had been imperfectly made, and now caused great expense and delay in the traffic; so much so that meetings had been held and petitions presented to the Government praying for improved roads. Under these circumstances the Government deemed it advisable to increase the revenue by a duty on bequests and succession to property from deceased persons. The Bill was framed on the principle of equalising the tax as far as possible,

while at the same time recognising the claims of consanguinity. In this recognition they held that the practice followed in other countries in making wives pay duties on property derived from their husbands and *vice versa* was impolitic and unjust, and they therefore made such transmission free from duty, as also all bequests for charity and education. As this Act is framed on somewhat novel lines we herewith insert a copy for the information of those who feel an interest in this important question—a question that must become more important from year to year now that wealth in European countries is being drawn so largely into the hands of a few to the injury of the many. The following is a copy of the Bill as it passed the Council :—

AN ACT

TO IMPOSE LEGACY AND SUCCESSION DUTIES IN THE STATE OF RAPARA.

Whereas it is expedient and just that beneficiaries from bequests and successions of deceased persons should pay a portion of the same towards the support of the State,

Be it therefore enacted by the State Council with the consent of the State President and the electors of Rapara as follows—

I. The scale of duties as set out in clause vii. and Schedule A of this Act shall be charged to the several class of beneficiaries therein stated, on the value of all kinds of bequests and successions to which they may become entitled through the death of any person.

II. When any person becomes entitled either by

bequest or succession to any annuity or property of any kind such beneficiary shall within one month send particulars of the same to the State Treasurer.

III. On receipt of any notice from a beneficiary of any deceased person the State Treasurer shall have the property valued by competent persons, and their valuation, if agreed to by the State Treasurer, shall be final unless the beneficiary gives notice of appeal—within one month—to the State Court.

IV. Before granting probate of the will of any deceased person or appointing an administrator in an intestate estate, the Judge of the State Court shall have proof that the State Treasurer has been duly notified of the persons claiming or entitled to the effects or any share of the effects of such deceased person.

V. The duty shall be payable within three months after the valuation is made and agreed upon; but should the valuation be appealed against and decided by the State Court, the duty shall be payable within one month from date of decision.

VI. Any person found guilty of concealment of property or of aiding and abetting in such concealment shall be subject to a penalty of not less than £20 nor more than £40, together with not less than six months' imprisonment.

VII. For the purposes of this Act all beneficiaries are divided into four classes: First, when the bequest is derived from husband, or wife, or from any other person if for charitable or educational purposes, and when the bequest is under £20 no duty is chargeable. Second, when derived from father, mother, children, grandfather, brother or sister, the duties set out in Schedule A shall be

charged. Third, when derived from uncle, aunt, nephew, niece, cousin—in lineal descent—double the duties set out in Schedule A shall be charged. Fourth, when derived from persons not included in either of the three preceding classes treble the duties set out in Schedule A shall be charged.

SCHEDULE A.

		£			£
$\frac{1}{2}$ d. per £	when under	200	$4\frac{1}{2}$ d. per £	when under	51,200
1d.	" "	400	5d.	" "	102,400
$1\frac{1}{2}$ d.	" "	800	$5\frac{1}{2}$ d.	" "	204,800
2d.	" "	1,600	6d.	" "	409,600
$2\frac{1}{2}$ d.	" "	3,200	$6\frac{1}{2}$ d.	" "	819,200
3d.	" "	6,400	7d.	" "	1,638,400
$3\frac{1}{2}$ d.	" "	12,800	$7\frac{1}{2}$ d.	" "	3,276,800
4d.	" "	25,600	8d.	" "	6,553,600

Mr. Wilson, in moving the first reading of the Bill, said that he thought no one would dispute the necessity for increased revenue nor the justice of imposing such a tax. As to increased revenue, they all knew how strong the claim of the farmers was for better roads, nor could these be made without raising the money to defray the expense. As to the justice of the State claiming a portion of the property of deceased persons, no one, he thought, could say that such a course was inequitable. No doubt exception could and would be taken to the progressive character of the duties imposed. This point could be more effectually discussed in Committee, and he would now only state that even under the progressive rate of duty in the Bill the largest beneficiaries would be less heavily taxed than the small ones.

Mr. Russell said he was not opposed to Legacy

duties but he could not agree with Mr. Wilson's statement "that the large beneficiaries would be less heavily taxed under the Bill than the small ones." They were all aware, or should be, of the great difference that existed between the usual standard of living of a wealthy farmer, merchant, or storekeeper and that of the poorest ones; and a greater difference still existed between the wealthy farmers and their employees. If a farm labourer received a bequest of £200 he could in the majority of cases as easily pay a tax of £2 as the farmer could pay a tax of £20 on a bequest of £2,000; while under the rates in the Bill the latter would have to pay £80, and if a distant relative he would have to pay £160, and if not a blood relation he would have to pay £240, which, so far from being an equalised tax, was the very height of inequality.

Mr. Petresen said that most people must sympathise with the unfortunate person who only got £1,760 out of £2,000, while the fortunate working man got £198 out of £200 left him, perhaps, by his father, mother, or sister. For his part he thought, if any sympathy were due to either, it was to the person who only got £198 from a near relation, while the other got £1,760 from a quarter from which—perhaps—he had expected nothing.

The first reading was carried without a division, and on the following day the Council went into Committee to consider the various clauses of the Bill.

When the first clause was proposed in Committee, a point was submitted to the Chairman that the first clause, the seventh clause, and the schedule must be all taken together; because, if the first clause was

carried, the seventh clause and the schedule could not be altered. The Chairman ruled in favour of the point raised, and all three came before the Council for consideration at the same time.

Mr. Wilson said, "he was glad that the point had been taken, as the principle and details of the Bill could thus be discussed together; and if the grouped clauses were carried, that would virtually settle the Bill, as the other clauses were merely the conditions under which the principle of the Act was to be carried out. When the first reading was under consideration Mr. Russell had said that he did not believe in the progressive duties proposed in the Bill, as he thought a tax of £2 on a bequest of £200 was much more easily borne by a poor man than a tax of £80 on £2,000 by a rich man. Of course he (Mr. Wilson) was willing to admit that progressive duties could be rendered too progressive to make a tax an equal sacrifice; but he thought it could easily be shown that those here proposed were not of that character. He did not dispute that the difference in the standard of living in the case of even moderately wealthy men and in that of the average working man was very great; but it was certainly not greater than the difference in the proposed duties. They could all recognise this difference up to the point of full, substantial comfort; but beyond that point the difference was unworthy of consideration, and no one, he thought, who had more than good substantial comfort could complain of a high duty while those who had only the bare necessities of life paid any. If it were within the power of legislation to vary the duties according to the circumstances of the beneficiaries, such a method would be fairer

than the present proposals. But as this could not be done, they had to be satisfied with the next best plan. Taken on the whole the duties would press less heavily on wealthy than on poor people, and if they were to be altered, the alteration should be to make them more progressive. There had been as yet no complaint as to the progression applied to the different classes. Every one must, he thought, consider that children and grand-children had stronger claims on their parents than more distant relations, and that distant relations had stronger claims on such blood relations than friends and acquaintances. He held that the last mentioned had no cause to complain that they were charged higher duties than blood relations having both claims and expectations on the testator, whilst they themselves perhaps never expected to receive anything. His own opinion was that the duty on bequests coming to friends and acquaintances should have been proportionately higher. As to exempting property derived from husband or wife, bequests to charities and hospitals, and sums under £20, he thought no reasonable objection could be raised. The Bill might not give that measure of justice which they all desired; but it was, he thought, the nearest approach to true justice that could be made at this stage of our civilisation."

Mr. Gray said that he did not believe in such new-fangled notions. He was not opposed to legacy duties, but he considered that, whatever the rate might be, it should be the same for all amounts. Surely if one man paid £2 on £200 and another £20 on £2,000 they were both paying at the same rate; but to make the latter pay £80 was inequitable, and a course which should not be sanctioned by that Council.

Mr. Holland said, "the old fashioned views expressed by Mr. Gray could well be left to stand or fall on their merits, without comment; but there were some important aspects of the question that had up to the present been overlooked. It had been assumed that bequests and inheritance arising from deceased persons conferred on the beneficiaries an absolute right to the property. The claims of children on the savings of their deceased parents for their support had always been recognised; but this recognition extended to no other class of relations. Both ancient and modern nations have recognised inheritance and bequests to a certain extent; but this was entirely a question of expediency, as the property of deceased persons vested in the State and states had always exercised control over its disposal. This view accepted; the State had a perfect right to retain such proportion as it thought fit and to control bequests in the general interests of the community, disregarding the supposed rights of individuals. In the exercise of this power it was justified in retaining a larger proportion of large bequests and a smaller proportion of small bequests, so as to prevent, as far as possible, the stream of wealth from flowing into useless channels, and to induce a more equitable distribution of the necessaries of life. If the State, in the interests of the community, thought fit to take a twentieth from small beneficiaries and a fourth, a third, or even a half, from large ones, individuals had no right to complain, seeing that the amount was a gift from the State—except in the case of husbands and wives who were joint owners of their property. The property of deceased persons—when provision had been

made for their children—belonged inherently, he repeated, to the State, and it was for the State to say how far the wishes of testators should or should not be complied with. For these reasons he believed that only Mr. Gray and a few other of his Conservative friends would vote against the proposed duties."

Mr. Kemp said, "the peculiar rights of the State in the property of deceased persons might justify the imposition of progressive duties on bequests, but that was a dangerous principle to bring into practice in this young country. Supposing some ultra-radical, in order to displace the present leader, proposed that a progressive income tax should be imposed—with an exemption for incomes of £400—£600—beginning at 2 per cent. and running up to 40 or 50, there was no doubt that, as the majority would escape such a tax, the same majority would sanction its imposition and support it by a referendum vote. If you admit," said Mr. Kemp, "the principle of progressive duties, to what extent will progression be fair and who shall fix the limit? Opposition is no doubt useless, as the Government have secured a majority. But the time may come when the Government will be devoured by a monster of its own creation, and I feel it my duty to ask it to call a halt and to give the subject more careful consideration than it has evidently received hitherto."

Mr. Wilson said, "while recognising the danger of progressive duties on ordinary taxation, he saw no danger in the application of the principle to legacy duties. Moreover, the danger in ordinary taxation was less than appeared on the surface, as according to their Constitution, the initiation of taxation was

placed in the hands of the Executive, and the Executive was the creation of the Council. He had too high an opinion of the electors of Rapara to believe that they would elect a Council which would sanction unjust and class legislation."

On being put, the rate of duty as proposed was carried, and the remaining clauses were passed with little discussion. The report was adopted, and the second reading was carried on the following day by a majority of sixteen against twelve.

CHAPTER XII

EVENTS AND DEVELOPMENT, 1870-1873

Rice, sugar, and taro on irrigated land—Freehold land speculations—Freehold Leasing Bill results—Employment and rates of wages—Coin for internal currency—Census 1873—Revenue and expenditure—Imports and exports—State borrowing and non-borrowing policy discussed.

THE Opara irrigation land was opened at the latter end of 1865, when the preparation of rice fields commenced; but no great quantity was grown for the first three years. This was partly due to the fact that a large portion of the land was too uneven to allow the whole field to remain covered with water, whence great delay and expense was caused to the first rice cultivators. The land on the east side of the valley appeared level; but when tested a large portion was found to have a gradual slope towards the river. Along the river, however, there was a considerable breadth of land that required little preparation. By 1870 a large portion of this level land was under rice cultivation, and two crops could be reaped from it in the year. The sloping land which was unsuitable for rice, or rather which it was too expensive to level, was admirably suited

for the growth of sugar-cane, as the slope of the land carried off all superfluous water, and the crops were doubled as compared with those on non-irrigated land. Taro had been cultivated in small patches by Europeans from the first settlement; it was now found that on the rich soil of the valley under irrigation it yielded the most profitable crop that could be raised. It was grown in such abundance that, in addition to its use as a vegetable, large quantities of it were employed for feeding pigs and even cattle; and in 1870 a mill was started to make taro flour, which was largely used for puddings and other dishes. Indeed, taro now promised to become an article of export. Notwithstanding the large amount of cultivation in the valley, the greater portion of the freehold land remained uncultivated. When the freehold land was taken up, it was considered that the low, swampy land nearer the river would be too wet even for rice; and most of the land which was taken up to be turned into freehold was on the sloping part of the plain. This land required too much preparation to fit it for rice; but this disadvantage did not apply to sugar, and although it was the most productive sugar land in Rapara only a small proportion of it was under sugar cultivation up to 1873. The reason, as before stated, was that most of it belonged to speculators who demanded very high prices and very high rents, and these could not be obtained while there were any State lands open to selection. About 2,500 acres had been taken up under the provisions of the Freehold Leasing Act at rents ranging up to 3s. 2d. per acre. No doubt in a few years most of it will be taken up under this Act. When this is accom-

plished the export of both sugar and rice will be very large. Coffee had been steadily gaining ground, and in 1873 there were four coffee-preparing factories in operation. The Maoris have devoted themselves to its cultivation with such zeal that they produce about one-fourth of the entire crop, and the area of the land occupied by them has greatly increased. But this increase is all on State lands—to the great displeasure of the Tiras and other native landowners who would, but for the repressive measures taken in 1870, have started a civil war.

During the early stages of settlement it was thought that to grow artificial grass for the feeding of stock would be a profitable undertaking; but after eight to ten years' trial it was found that the climate was unsuitable, and when the expense was taken into account, artificial grass showed no better results than indigenous. This failure doubtless tended to prevent the increase of stock to any great extent. Still the farmers keep a fair number of horses, cattle, sheep, and pigs, fed for the most part on various kinds of cultivated fodder plants, green maize, barley, sorghum, lucerne, and latterly large quantities of yams. Beetroot and taro are also used for feeding live stock.

For the last four years there has been a large influx of immigrants, mostly of the labouring class, and it was at one time feared that the supply would exceed the demand. Up to the present, however, that has not been the case. Rates of wages have fallen greatly since 1860; still every kind of food is so cheap that the great bulk of the working men are able to save a fair proportion of their earnings. Tradesmen's wages run from 6s. to 8s. per day, and

labourers' from 12s. to 16s. per week, with board. These payments seem low; yet a large number of workmen take up selections every year and appear to be successful. The European coffee planters have been mainly dependent on the Maoris for labour, but since the latter have taken so largely to coffee cultivation their wages have nearly risen to European rates, and the coffee planters are urging the Government to repeal the ordinance which prohibits the influx of Indian coolies. The planters are likewise talking about sending vessels to the neighbouring islands in search of labour. Of late a small number of Chinamen have found their way to Rapara, and are in great demand on the coffee and sugar plantations.

At this date (1873) Rapara appears to be in a prosperous state, and no difficulty is found in want of exports to pay for imported goods. When the State bank was established with power to issue State notes up to £90,000, it was predicted that the notes would fall below their nominal value and that coin of all kinds would, to a large extent, be displaced by notes. As yet, however, there are no symptoms of this change. On the contrary, shipments of coin frequently arrive from Australia, England, and Chili in settlement of international exchange operations; and it seems that there is now more coin in Rapara than is required for currency purposes. Whether any action will be taken to counteract this influx of coin is not known. At the same time a large stock of coin is an unprofitable asset for any country that can do with a smaller stock. This will be looked upon by bankers as a startling and doubtful doctrine; nevertheless it is

true that the smaller the amount of coin used in any particular country for currency the larger will be the amount of wealth which that country can employ in productive industries. No doubt all countries carrying on an extensive foreign trade must keep sufficient coin to meet all possible exchange demands, but the expense of maintaining this large supply of coin and bullion is incidental to and forms a portion of the capital employed in such foreign trade. The case, however, is altogether different as respects internal currency, for the greater the amount of gold and silver in use for this purpose the smaller will be the amount of profit-producing investments. A country sufficiently wealthy to be in a position to lend gold and silver to some other country is turning its capital to a profitable use. A country that permits the issue of private bank-notes on a gold basis payable on demand is not only answerable for such gold being unproductive, but is guilty of sanctioning a system of finance which brings on monetary panics to the ruin of thousands and tens of thousands of its own people. On the other hand, inconvertible State notes based on the wealth and good faith of the nation would be absolutely free from all such risks, and therefore could have no effect in producing monetary panics. Rather would they be the means of making note panics impossible, while the State would have the use of the amount of State notes issued, free of interest, and the gold previously kept as a reserve to meet private bank-notes could be employed in productive investments. There are some cases in South America in which State notes have been depreciated to less than half their value; but in

every such case the notes were issued in the form of a forced loan, and no one can wonder at their depreciation under such circumstances.

Many people express doubts as to whether inconvertible State notes would be freely accepted, England borrowed some eight hundred millions on a paper promise to pay, and has since turned most of these promises into interminable debts with the full sanction of her creditors. Financiers are particularly conservative, and look upon all novel proposals as utterly bad; but there can be no doubt that State notes payable only at the option of a Government of any settled and civilised nation are the very best and safest form of internal currency. It is not claimed that State notes in Rapara have had any effect on the plentiful supply of coin, as this is clearly due to excess of exports over imports; and as Rapara is a non-borrowing country this excess comes in the form of coin. By late statistics New South Wales is shown to have borrowed money up to 1870 to the extent of £10,200,000 in seventeen years. This money may be a good investment, but State borrowing is of such a seductive and delusive nature that it will be found impossible to discontinue the practice until a monetary crash compels its abandonment. To cease borrowing is in itself sufficient to bring on a financial collapse. Rapara has acted wisely in not relying on borrowed money, and is now reaping the fruits of abstinence from a habit which is as pernicious as it is alluring.

According to the census of 1873 the total population of Rapara amounted to 75,226, of which number 43,920 were males and 31,306 females. The Europeans numbered 70,794, including 570 Maori women

and half-caste men and children residing in Westerland. The Maoris numbered 4,432, including Polynesians and half-castes. The five European towns had a population of 7,965, of which Raoto had 3,434; the remaining 62,829 inhabitants resided in the small townships and villages, and on rural farms. Of the European population 27,752 were adult males, and 21,042 adult females over eighteen years of age.

The total area of land taken up amounted to 984,345 acres, of which 27,220 acres had been surrendered to the State and 136,410 acres had been turned into freehold. The total area under cultivation was about 426,400 acres in Easterland. The Maoris occupied about 11,000 acres, of which 8,140 had been adjudged to be freehold; about 5,200 acres of the land they held were under cultivation.

The revenue for 1872 amounted to £165,090, of which £105,471 4s. came from rent of land, £3,934 from pastures, £8,692 from land sales, and £46,994 from customs and excise. The total expenditure amounted to £162,442, with unpaid liabilities amounting to £1,452 16s., making a total charge against the year of £163,894 16s., and leaving a surplus of £1,195 4s.

The imports in 1873 totalled £175,301 12s., and consisted of drapery, ironmongery, chemicals, iron, spirits, tea, and coin. The value of the exports amounted to £171,681 4s., coffee, rice, and sugar forming the principal articles, more than three-fourths of the whole in value.

It will be observed that the exports are again less than the imports, and this has been the case for some years past, whence it might be inferred

that Rapara was becoming indebted to foreign countries. But the explanation is to be found in the fact that the export value does not include freight or charges, while the import value includes both, and very often some of the profits expected from the goods when sold. If the Rapara exports were valued at the import end, the value would include freight and charges and perhaps part of the expected profit, making it appear that the value of imports from Rapara was greater than the exports sent to Rapara. This is owing to the fact that Rapara is neither a debtor nor a creditor of foreign countries, and that the exports and imports so nearly balance each other; whereas creditor nations, like England, as a rule import from debtor countries more than they export. But even to this rule there are exceptions, for during the period when the debt is being incurred the exports to the debtor country are greater than the imports from it, and therefore imports from and exports to any particular country are of themselves no index to the actual position of the two countries. But when we are aware that one country is piling up a debt in its transactions with another, the excess of imports over exports into the debtor country approximately indicates the additions to the debt. On the other hand, when we know that a particular country has reached the limit of its credit and is hard set to pay the interest, its excess of exports over imports is an index to the amount of its debt.

These facts bring out very clearly the danger of State borrowing. When a colony or country has borrowed to the full extent of its ability to pay the interest, the temptation to continue borrowing

becomes stronger, as the difficulty in paying the interest increases; and from present indications several of the Australian colonies will be involved in difficulties in less than thirty years.¹ While within that time Rapara, if she continues her present policy, must become a model State, and show the way to solve the great problem of the age—how to enable all industrious people to provide themselves with the necessaries of life.

¹ The public debt of New South Wales, as given in "The Seven Colonies of Australasia," was in 1861, £4,617,630; in 1871, £10,614,330; in 1881, £16,924,019; in 1895-6, £62,263,473; and her total indebtedness to other countries, £102,096,000, involving an annual payment of £4,949,000 to people residing outside the Colony; and there is every reason to believe that this increase will continue as long as England is willing to lend. At present a halt might be called with little loss or danger. If continued heavy losses are inevitable. The other Australasian colonies are in a nearly similar financial position.

CHAPTER XIII

TEST ELECTION ON LAND NATIONALISATION

Death and election of President—Necessity for land nationalisation—A reply—A counter reply—Conservative manifesto—Radical appeal to the electors.

THE State Council expired by effluxion of time in 1874, and the preparations for a new contest showed that both parties meant to have a hard fight. While every one was busy with election matters President Tira died, and a special meeting of the State Council had to be called to fill the vacancy. This duty required careful consideration. Tira had a son thirty years of age, who aspired to the position previously filled by his father, and it was known that a large number both of European and of Maori members favoured his appointment. It was equally well known that Temba had set his heart on the office, and that the Executive would do their best to elect him. In this position many influential politicians were for meeting the difficulty by electing a European, but the parties could not agree who was to be the favoured person. A caucus meeting of the Radicals was called to consider the question. Temba, Maliatto (Tira's son), and two

Europeans were proposed, and their claims and fitness discussed. Many supported the election of Maliatto out of respect for his father. Tira was not an able man, but he possessed good judgment and a well-balanced mind, and could be relied upon to do what was right or what proved to be right; moreover, he had all along been the true friend of the Europeans, and had smoothed down several difficulties that had arisen with the Maoris, particularly with regard to the ratiras and the Maori Land Act. The Europeans were now so much superior to the Maoris in numbers and means, backed up by a disciplined and trained company of volunteers some four hundred strong, that fear was not one of the elements that entered into the question of who was to be elected. All the leading men of both parties were in favour of giving the Maoris justice and fair treatment. At the same time they were fully aware that a revolt from any cause, although it would eventually be put down, might prove to be an expensive and protracted affair. However, on considering the matter, they agreed that an outbreak would be more likely to be caused by Temba's followers if Maliatto were elected than by Maliatto's if Temba were chosen. The question of electing a European was considered; but even had that been deemed advisable the idea was not feasible, as three candidates were named. Apart from this difficulty it was considered a perilous step to have Rapara openly made a republic. No doubt it was a republic pure and simple; at the same time it was thought European nations would be less likely to interfere with a black prince than a white republic; for Tira was more often called by Europeans

the King than the President of Rapara, and the Maoris continued to entitle him Ariki Sui, the equivalent of king.

After protracted negotiation it was found that Temba, having a good majority, a number of Maliatto's supporters who could not be prevailed upon to vote for Temba consented to abstain, so that when the Council met Temba was unanimously elected to the position of President for seven years, and Maliatto was mollified by being appointed Steward of Westerland. In this position he used his influence to keep his offended followers quiet.

Soon after the election of President an article appeared in the *Weekly Times* on "The Necessity for Land Nationalisation," which stirred up both parties to fever heat, and the whole country became involved in the turmoil of a general election with the clear-cut issue of—for or against the nationalisation of land. The following is a copy of the article referred to:—

"NECESSITY FOR LAND NATIONALISATION.

"For several years past it has become apparent to all thoughtful people that the law which allows land to lie idle to the exclusion of those willing to turn it to proper use is a bad one, and should not be tolerated in any intelligent community. Some years back an Act was passed empowering the Land Commissioners to let unoccupied freehold land by public tender. That Act has, to a slight extent, mitigated the evil; but the large proportion of freehold land to be seen in all parts of the country lying idle and unproductive, side by side

with leasehold land in a high state of cultivation, shows that a more drastic remedy is required to cure this evil. Freehold land is now recognised here as a great national evil, and a great national effort must be made to provide a full and just remedy, not merely for the present, but for all time; nor will anything short of the complete nationalisation of all land secure this object. Various plans have in the past been proposed for nationalising land. One plan proposes that the State should purchase the land at its fair value, and pay the landowners with interminable debentures at ruling rates of interest. This might prevent rack-renting, and save the land from being kept idle; but it would not avoid the mischief of saddling the community with this annual interest charge to maintain men in idleness. It would, in fact, be equivalent to State borrowing, and have the same evil effect on the community. When individuals suffer through borrowing they have to bear the penalty themselves. When the State borrows the effect is to compel every one to become a borrower and bear a share of any loss that may arise. But the greatest objection to this plan is that such a measure tends, like rent on land, to bring into existence a class of people who do nothing towards the production of the necessaries which they consume. Another project mooted is to enact a law by which the rights of freehold land should only extend to all persons living at the time the Act is passed who have any successory rights under existing law, so that the successory right of people born after the passing of the Act would come to an end. And to this it has been proposed to add a proviso that succession rights shall not be estopped

until after the third succession has taken place, whether the inheritor was born before or after the passing of the Act. But even this proposal—although many things may be said in its favour; for instance, that rights can only attach to persons who are in existence, and cannot attach to non-existence, so that unborn people can suffer no wrong—is only less unjust than taking land at the owner's death, land perhaps required to support and rear a young family. Another plan suggested, if not actually proposed, is to take the whole value of the rent in a land tax; but to us this plan, even if made applicable to the *rataras'* land or the land in England, or other land for which the State received no valuable consideration, would not come up to a full measure of justice. To apply such a plan to the freeholds of Rapara, or any country where land is alienated under sanction of law, would be nothing short of legalised robbery.

“The plan which we wish to see, and which we believe we will see, carried out here cannot be attacked on the score of injustice. This plan is that an assessment be made of all forms of wealth, freehold land included, and a rate struck sufficient to pay all landowners a fair value for their land; and a fair value we hold to be the price at which it was purchased. That such a valuation will not satisfy our speculators we are fully aware. Several of them have, through the columns of the *Herald*, contended that they are entitled to interest from the date of purchase. This is surely adding insult to injury with a vengeance. They have inflicted great injury on the country by leaving the land untilled, and now they have the effrontery to demand payment for

doing what the law should have treated as an offence subject to a penalty. Surely it was no fault of the State that the owner did not cultivate and thereby secure interest. A few weeks ago the *Herald*, in an article on this question, said: 'As to nationalising freehold land by paying the owners for its value, the proposal on the face of it is an impossibility. Such a scheme would swallow up all the money in the country, but how is the Government to get possession of this money, for taxation has already been imposed on every revenue-producing source? The scheme is altogether impracticable, but this may not deter a visionary Government from attempting to carry it into practice, to the great loss and detriment of the State. It is, therefore, the duty of all those who have a stake in the country and who have its prosperity at heart to rise up and protect their interest as they did in 1862, when its proposer and supporters were routed and turned out of office.' Our answer is that the *Herald* has had several severe lessons not to engage in economic questions. No doubt it is as much to be pitied as blamed, for with its lack of knowledge on economic questions it is strange that it does not sometimes by chance stumble on the right view. Now, as to 'swallowing up all the money in the country,' we should like to ask the *Herald* where will all the swallowed money go to? Stomachs could not retain it to their own injury. Self-interest will induce its employment, like that of other money, in what appears to be the best paying investments. As to the inability of Government to find productive revenue sources on which to raise the money, the Government will neither receive nor pay any portion

of the compensation money, and the operation of the Act will take none from, nor add any to, the present stock of money in the country, except such inconsiderable sums as are required to pay absentee landowners, which cannot amount to more than £8,000, or at most £10,000. No doubt the operation of the Act will take money from all classes and pay it over to one class, the landowners. But it would be unreasonable to suppose the latter would bury it so as to keep it out of circulation, while it is only reasonable to expect that it will be used as other money, and be available through loan operations, very likely to assist in the payment of the assessment rate, which will be levied on all classes alike. Those who own or favour freehold land will doubtless appeal to the selfish side of human nature to resist the proposed measure, which will call upon all classes to pay an assessment rate which will doubtless be largely magnified. It is time enough to answer such allegations when they are made. This duty we will not fail to perform; and in doing so we feel assured that we will be able to show to all but the supremely selfish that the rate will be money well spent in preventing this country in future years from drifting into the same position with regard to land as England and other old settled countries, where the cultivators of the soil are compelled to pay away such a large proportion of their earnings in rent for the support of a useless class that there is not enough left for ordinary necessities. This applies to fully three-fourths of those actually engaged in the cultivation of the land in England, Ireland, Scotland, Egypt, Bengal, and a dozen other countries in various parts of the world."

This article was taken to be an authoritative one, and it formed the text of election speeches and articles on land nationalisation.

A correspondent in the *Herald* said: "Beyond dispute the leasehold system of land tenure here has answered its purpose very well, but intelligent people cannot be expected to accept this small measure of land nationalisation as sufficient proof of its superiority over freehold land tenure. On this question New South Wales should form a better field of observation for proof, or disproof, of the alleged superiority of national over privately owned land. At the present time New South Wales has about 130,000,000 acres leased out to State tenants, with the result that only about three-eighths of a penny per acre rent is paid to the State, while freehold land sells readily at 20s. per acre, being equivalent to 1s. per acre rental. This shows the relative estimation in which the two systems are held in that colony. During the past decade frequent quarrels and strife, lawsuits and appeals to the legislature, have followed each other over this leased land; and any one who has taken any interest in the management of the State lands in New South Wales must have great doubts as to the ability of a State to manage State lands except by getting rid of them by sale as soon as possible."

Another correspondent in the *Herald* said there was no doubt that the Crown lands in Australia, and particularly in New South Wales, had been woefully mismanaged—mismanaged to such an extent as should go a long way towards making residents of that country opposed to State-managed lands. As to the difference between the rent of Crown land

and the rent equivalent to the purchase-money of freeholds, this difference was no indication of preference for either system. In the first place the purchased land was the choicest part of the country, and most of it was better worth three shillings an acre rent than the great bulk of the leased land was worth one halfpenny per acre. Portions of this purchased land were let at high rentals; but the chief inducement to purchase was either to pick the eyes out of the holding, and so secure the whole, or to hold such purchased land as an investment until a rise in value came owing to increase of population. At the present time only about one-fiftieth part of the freehold land was cultivated, and farmers were forced to take up inferior land far removed from a market. No doubt the great bulk of the land was only suited for grazing, and a cultivation condition could only be applied to a small portion. Various attempts had been made to encourage settlement and cultivation; and all had been great failures, because no adequate provision has been made to invite settlement. If the Freehold Leasing Act of that country (Rapara) or a similar Act were brought into force in Australia it would settle the land difficulty throughout the Australian colonies. There was no doubt that when land was used for grazing in Australia, four-fifths of it was applied to its most profitable use, but this was no reason why the other fifth should not be available for those who were willing to turn the soil to a higher use by cultivation. This a Freehold Leasing Act would accomplish without injuring the owner, while benefiting the community.

Innumerable speeches were made and newspaper

articles written for and against "land nationalisation." The Conservative party published and circulated all over the country a manifesto addressed to the electors, of which the following is a copy:—

"FELLOW ELECTORS OF RAPARA,—The Radicals have proclaimed with no uncertain sound their intention, if returned to power, of passing an Act to repurchase all freehold land, and of levying an assessment on all classes, not even exempting those dependent for their living on daily labour, so as to raise the necessary funds to pay for the land they propose to purchase.

"We cannot pay the assessment required unless we ruin half the people in Opara. This may be a small matter in Radical eyes, but we trust you will see the danger threatened by this mad proposal.

"The sum involved cannot be less than £2,000,000, or something like an average of £40 for every person who by industry and thrift has saved a portion of his earnings.

"The Radicals are loud in their protestations of honesty, yet propose to tax landowners to raise funds to pay for their own land.

"By the present Land Ordinance every person occupying land is at liberty to occupy on leasehold or freehold tenure, as he thinks best. This liberty the Radicals propose to destroy, under the pretence of benefiting the community, but really to take from those who have to give to those who have not.

"If the right to hold freehold land is abolished we ask you—How can you find a safe investment for your savings? Nearly all civilised countries grant the right of private property in land to in-

dividuals. Will you allow this privilege to be cut off by supporting a party who are nothing less than disguised Socialists?

"If you are determined to maintain this privilege and put a stop to bleeding the rich for the benefit of the poor, the time is come when you must assert your intelligence at the polls, and hurl this band of visionaries from office, as you did in 1866, and thereby preserve your liberties for yourselves and your children.

"HENRY RUSSELL,

"Chairman of the Liberal Committee."

This manifesto was answered in an article in the *Weekly Times*, which was copiously distributed through the various electorates. The following is a copy:—

"THE CONSERVATIVE MANIFESTO.

"Yes! Electors of Rapara, the Conservatives are alarmed for their privileges, and well they may be alarmed, for their privileges are the penalties which farmers and workmen will have to pay to them in the form of rack-rents, should they succeed in their object. But we have too high an opinion of the electors of Rapara to believe that they can be misled by the Conservative manifesto, even though signed by the leader of the Conservatives as 'Chairman of the Liberal Committee.'

"You are told in this manifesto that nearly all civilised countries grant the right of private property in land to individuals. This is no doubt true, and it is the deplorable effects arising from this so-called right in nearly every civilised country that raises up

a feeling of just indignation against such a system, and encourages us to fight for a law of justice and reason, regulating the use and occupancy of land, so that no one will be deprived of a share of its benefits.

“Under our present system we see some men comparatively poor, and others comparatively wealthy. These differences in wealth arise from differences in men. Some have great physical strength, energy, and foresight; others have these qualities in a lesser degree, and have perhaps extravagant habits to boot. The inequality in the distribution of wealth is thus accounted for; but we see no one willing and able to work reduced to either poverty or pauperism. What, we ask, is the cause of this desirable state of things as compared with the insufficient food, starvation, and pauperism so general in Europe, and particularly in England, Ireland, and Scotland? The answer is that in Rapara the people have all a share in the benefits arising from the use of land, whilst in Europe these benefits are monopolised by a few, and their use is let out to the many at rents which do not afford a comfortable living even to the strong and industrious, while the weaklings are reduced to semi-starvation or to absolute pauperism. The same conditions will in time produce the same effects here. Many of us are striving to amass sufficient wealth to place our children beyond the reach of land monopolists; but it must not be overlooked that even if such a position is attained, life is full of reverses and changes that turn the land monopolist of one year into the victim of land monopoly in the next. Surely the state of things in Rapara, which

secures to every industrious person at least a comfortable living, is preferable to the uncertainty that prevails in Europe, where one in a hundred lives luxuriously on the labour of the other ninety-nine.

“The Socialist bogey has again been raised from the grave to which it was consigned at the last election; but the grounds of its condemnation may be re-stated for the benefit of those who have not as yet been able to distinguish the great difference between natural and produced wealth. Remember that by natural wealth we mean the raw material of the earth together with all that Nature’s law generates therefrom. Communistic Socialism claims both natural and produced wealth as common property—a claim which, if granted, would violate the natural rights of producers. Monopolistic Individualism has already sanctioned the seizure of natural wealth by individuals, thereby violating the natural rights of the community. Equalistic Individualism holds that all natural wealth should be common property, whilst produced wealth should be the property of the producer. We are as much opposed to Communistic Socialism as to Monopolistic Individualism, because neither conforms to human wants, rights, or reason. In fact, there is no more justification in granting private property in land to individuals than there would be in granting private property in the air and the water, and there is no doubt that this would have been done had there been any means of compelling the masses to pay for their use.

“That the Conservatives are prepared to use foul as well as fair means is proved by their statement

that the average charge to each person will amount to £40. No one is in a position to state what the average assessment rate will be, but it may be safely stated that it will not amount to more than one-fourth of their estimate. Not satisfied with this exaggeration, they go on to state that 'such a payment is beyond our means unless we ruin half the people in Opara.' This statement is made in face of the fact that the deposits in the Savings Bank amount to more than one-half of the probable amount required for payment of freehold land. Had all the land now under occupation been freehold land, the amount required to repurchase would have been a great strain on the community. Hence we see the necessity of using every effort now to put an end to the evil while it is comparatively easy. Otherwise we shall have to face the enormous sum named in the Conservative manifesto.

"We are fully aware that in order to carry this measure we have to fight against self-interest, selfishness, and ignorance, but we enter on the battle under a firm belief that the intelligence and patriotism of the electors of Rapara will secure a glorious victory, which will prevent this fair island from breeding either millionaires or paupers."

To quote further arguments for or against land nationalisation would be mainly repetitions of those already given. The election was hotly contested, both parties sparing neither time, trouble, nor expense to secure a majority. When all the returns came in it was found that the Radicals had secured a small majority of the members. This election showed a weak spot in the electoral law in requiring

all the elections to be held on one day. Mr. Holland was defeated in Koran, and Mr. Russell in Raoto, so that the country was deprived of the services of two of its most intelligent citizens. As was the case with many other defeated candidates, their defeat was occasioned by their strength. Had there been another batch of elections to follow, both these gentlemen would have had no difficulty in finding seats. Their defeat, at all events, showed the necessity of amending the Electoral Act, and opinions were freely expressed to that effect.

CHAPTER XIV

LAND REPURCHASE ACT

Epitome of Act and explanations—Discussion thereon—Act passed
—Assessment on all forms of wealth—Certificates of land values
used in payment of assessment rate.

THE Council met in October under circumstances of great uncertainty, for although the Radicals had secured a small majority on their general policy it was doubtful how they stood on the Land Purchase question. The Government therefore determined to deal with several unimportant measures, including expenditure for 1874-1875, and postpone the consideration of the Land Purchase Bill to the following year. The Council, therefore, was adjourned to May, 1875. During this interval great pressure was brought to bear by both parties on several members of the Council whose opinions on the Land Purchase Bill were wavering or uncertain. These inquiries convinced the Government that to carry it a great effort would have to be made, not so much in the Council as throughout the country. It appeared certain that it would be subjected to a referendum vote, which

would offer great temptation to the more selfish part of the electors. It was well known that there was a large majority in favour of leasehold tenure, but a great part of that majority was unwilling to pay an assessment rate to repurchase the freehold land, and many electors and a few members of the Council openly professed their preference for an Act that would prevent any more land being purchased. A caucus meeting of the Radical party was held, at which the position was fully considered. It was seen that in the event of the defeat of the measure either in the Council or by referendum that to resign would be handing over to the Conservatives full power to facilitate the purchase of land in various ways. It was therefore determined, should the Land Purchase Bill be defeated, to continue in office and fall back on the next best measure, viz., the repeal of the section in the Land Ordinance, empowering persons to purchase their leasehold land.

The Council met in May, and at once proceeded with the Land Purchase Bill, which was amended in several particulars. The following is a copy of the Act as it passed the Council :—

AN ACT TO REPURCHASE FREEHOLD LAND IN RAPARA.

Whereas it is expedient in the interests of the community to purchase the rights and immunities attached to freehold land, and to provide the necessary funds for payment of such freehold land by a general assessment,

1. Be it therefore enacted by the State Council of Rapara, with the consent of the State President and Electors of Rapara as follows :

2. This Act shall come into force on the First day of August, 1875, and shall be administered by a Board, to be called the "Land Purchase Board," which shall consist of the State President (Mr. O. Temba), the Chairman of the Council (Mr. W. Walker), and the Chairman of the Executive Council (Mr. J. Wilson)—provided always that the President shall have power to appoint a deputy to act on his behalf.

3. The Land Purchase Board shall, within one month from the passing of the Act or consent by referendum, issue a proclamation—which shall be advertised in the *Weekly Herald* and *Weekly Times*—requiring every person who holds or owns property in his own right or jointly as partners, or as agents, administrators, or trustees for others, to make out a true balance sheet of their assets and liabilities as they stand on the first day of August, 1875.

4. Every person shall state in his balance sheet—
- (a) The town, village, or parish in which he resides, and the numbered lots and sections of all land in his occupation.
 - (b) The name and address of each debtor and creditor, with the amount receivable and payable to each, including bank deposits.
 - (c) The number of houses and buildings with the value of each.
 - (d) The area of cultivated land with the value of clearing and reclaiming the same, and the length and value of fences.

- (e) The particulars of standing crops with their values, including fruit, coffee, and other producing trees.
- (f) The particulars of all live stock, with their value.
- (g) Particulars of machinery, implements, tools, vehicles, household furniture, and other kinds of plant, with their respective values.
- (h) Particulars of ships, boats, and other vessels, with their respective values.
- (i) The amount of money in hand.
- (j) Particulars of all goods, produce, merchandise, and effects not included in above particulars; except those persons whose effects do not exceed £5 in value.

The debts receivable and the credits payable include all sums due or becoming due, but are not to include contingent liabilities.

5. Every person shall sign his respective balance sheet before an attesting witness.

6. The Land Purchase Board is empowered to accept any balance sheet which it considers fairly made out and containing true valuation, without submitting it to appraisement, and to demand further particulars and information respecting any balance sheet which it may consider unsatisfactory, and to name a date on which all balance sheets or amended balance sheets shall be delivered, subject to a penalty of £1 per day for every day in which default is made.

7. The Land Purchase Board shall appoint two competent persons for each parish and each town, who together with the Parish or Town Steward or

Mayor, as the case may be, shall appraise the value of the several items of assets, and make inquiries as to the correctness of such balance sheets as the Land Purchase Board may submit to them, and send in their report on such balance sheets to the Land Board on or before the date fixed by the Board.

8. On receipt of the appraisements the Land Purchase Board shall notify all balance sheet senders either that their balances have been accepted or increased as the case may be, and state the date on or before which notice of appeal is to be given.

9. All appeals of which due notice has been given by Europeans shall be heard and determined by the State Court at Raoto, and all appeals of which due notice has been given by Maoris shall be heard and determined by the Ariki Court at Meroo.

10. The value of cultivated freehold land and the value of the land granted to the pioneers shall be determined by appraisal, and the value of all other freehold land shall be twenty times the annual rent.

11. The Land Commissioners shall furnish the Land Purchase Board with particulars of all freehold land, the names of the owners, and the rent on which the purchase money was based together with the appraised value of the cultivated freehold land and the land granted to the pioneers. On this information the Land Purchase Board shall forthwith issue to all freehold land owners certificates of the value of their respective lands in £4, £10, £20, or £100 certificates, as may be required.

12. The certificates issued by the Land Purchase

Board shall, when tendered, be accepted in payment of the assessment rates, and the balance shall be paid in cash on day of settlement.

13. The owners of freehold land shall have a preferential right to a lease, under the Land Ordinance, of eighty acres, if so much remains unleased.

14. The manager of every company and the principal partner in every firm shall be responsible for the due delivery of the balance sheet of such company or firm, and shall therein state the value of the interest that each shareholder or partner holds in such company or firm.

15. All persons, companies, or firms shall give full information to and answer all questions—within their knowledge—asked by the Land Purchase Board, and shall upon default be subject to a penalty of not less than £10 and not exceeding £30.

16. When all appeals are decided the Land Purchase Board shall make up the aggregate amount of the assessments and shall strike a rate sufficient to pay the aggregate value of all freehold land, and shall inform all assesses by letter the amount of their respective rates.

17. The Land Purchase Board shall at the time the assessment rate is struck determine on a date for final settlement, on or before which all rates shall be paid, which date shall not be more than six months from the date on which the assessment rate is struck, and they shall advertise the same in the two weekly newspapers.

18. All assessment rates not paid on or before the due date shall be subject to a money penalty

of 5d. in the pound per day for every day that rates remain unpaid.

19. In the case of any freehold land for which no owner or trustee can be found the purchase money of such land shall be paid over to the State Bank as trustee for the owner, and be so held for a period of seven years, after which date it shall become the property of the State.

20. The Land Purchase Board is authorised to draw on the State Treasurer for any sum required for expenses of administration, not exceeding in the whole £4,000.

21. All persons whose effects are under the value of £5 shall not be liable to pay any assessment rate, but shall in lieu of a balance sheet send in to the Land Purchase Board a declaration that their effects are under the value of £5.

22. Any person or persons found guilty of concealment of property or effects of any kind, or any person or persons aiding or abetting such concealment, whether such property or effects is within or outside the boundaries of Rapara, shall incur a penalty of £30, together with six months' imprisonment. Provided that clothing and articles of personal use shall be free from assessment rate and need not be included in the balance sheet of any person.

23. Should the Act be subjected to a referendum vote, and not negatived, the date on which the Act shall come into force shall be the date on which the referendum vote was taken.

24. On and after the day of settlement all tenants and occupiers of expropriated land shall become the tenants of the Government up to the extent of eighty

acres at a yearly rental equal to one-twentieth of the appraised value of such land, and any excess over eighty acres shall be open to be taken up by other persons on payment to the owners of the appraised value of the improvements, provided that no person shall take up or become the lessee of more than eighty acres, including other land under lease.

25. Should any portion of the expropriated land remain unoccupied twelve months after the date of settlement, the Land Commissioners are empowered to pay to the late owners the appraised value of the improvements, and in their discretion to reduce the annual rent in accordance with the provisions of the Land Ordinance.

26. All liens and advances made on the security of freehold land shall be a first charge on the compensation money.

In proposing the first reading of the Land Purchase Bill, Mr. Wilson said "it was not his intention to repeat the arguments in favour of the Bill or to answer those used against it—all had been fully thrashed out during the election—except in so far as was necessary to explain the details of the Bill now laid before them. He was willing to admit at once that the evils arising from freehold land had been considerably mitigated by the passing of the Freehold Leasing Bill, which made uncultivated freehold land available for those willing to cultivate it. But this Bill still left it open to capitalists to make investments in land and receive rents which should by right go into the revenue of the State. He did not share in the views of those who advocated

the nationalisation of capital. On the contrary, he held that the accumulation and maintenance of capital was dependent on the recognition of the right of individuals to the ownership of what they produced either personally or by the employment of others; and there was no doubt that capital so obtained, when invested in any kind of productive works, tended to increase the rate of wages and the volume of employment. But if capital was allowed to be invested in land, there would be so much the less available for productive industries. The worst feature, however, of private appropriation of land was, that it enabled one generation to hand over the gifts of nature to a fraction of the next, thereby depriving the greater number of their natural right to a share of that from which all production had to be derived, with the result that the many had to purchase from the few liberty to use the land, to use the raw material of the earth.

"This is the main consideration," he continued, "that has urged us on to put an end to this iniquitous private appropriation of land, which really includes all kinds of natural wealth, and the Bill which we now propose should be read the first time is the means by which we think to effect this object.

"The Bill proposes to place the administration of the Act under a Board, consisting of the President, the Chairman of this Council, and the Chairman of the Executive Government, who are charged with the duty of levying a general assessment on the net wealth—freehold land included—of every person possessed of effects exceeding £5 in value, but not including clothing and articles of personal use.

Freehold land is to be valued at the price at which it was originally purchased, and the value of the pioneers' land is to be ascertained by appraisal.

"On ascertaining from the Land Commissioners the names of the owners of all freehold land, and the area and price paid for their respective holdings, the Land Purchase Board are to issue forthwith certificates of the value to all landowners' such certificates to be in £4, £10, £20, and £100, as may be required by the various owners. These certificates are to be received in payment of the assessment rate from every person who presents them and the balance of certificates not so presented is to be paid in cash to the holders immediately after the date fixed for payment of the assessment rate.

"It has been urged against this measure that the payment of so vast a sum as the value of all freehold land would cause such a monetary disturbance as would be likely to imperil our industries and trade. Others have gone the length of asserting that the payment would absorb all the money in the country, and others again have expressed the opinion that such a payment is beyond our means. As to this last objection, the Savings Bank returns show that the savings amount to more than one-half the entire sum to be raised; and if to this we add the share of assessment rates that landowners have to pay and the amount of money lodged in the trading banks, the aggregate is more than double the amount to be paid. The other two objections can best be answered by taking them together, as they really constitute one objection, that is, that the payment would absorb all the money in the country and thereby imperil our

industries and trade. Now I should like to ask some of these objectors to tell us what will become of this money. Will the owners lock it up in vaults, or bury it in the ground? Are they not more likely to put it into the most promising investment? Can any reasonable person doubt that they will do so? The amount of capital, therefore, will be neither increased nor diminished except to the extent of the value of land owned by absentee landholders, which cannot amount to more than £16,000 or £18,000. Now I wish to draw the attention of members particularly to the provision in the Bill directing the Land Purchase Board, when they have ascertained the value of all freehold land, to issue certificates of value to the owners in such amounts as the latter may require; directing too that these certificates are to be received in payment of the assessment rate from every person who presents them. These provisions are made expressly for the purpose of enabling landowners to lend out on security such portion of the compensation money as may be required by the public for the payment of the assessment rate. This will enable those who are not in a position to pay the whole of the assessment rate in one year to spread it over several years; and as the rate cannot amount to more than 7 or 8 per cent. on the net wealth, there will be ample security for any money that may be required to pay this rate.

"There seems to be a general misunderstanding with regard to improvements on both state and freehold land. The Government do not in any way interfere with improvements. They remain the property of the owners, and those taking up freehold

or leasehold land have to pay to the owner or occupier the appraised value of the improvements. In short, by the provisions of the Bill the Government is to pay the expense of administration of the Act to the extent of £4,000, if incurred. Any expenditure over this sum has to come out of assessment rates and nothing more. The compensation money and the assessment rate have to balance each other.

"The power given to the Land Purchase Board may be considered too great and the prescribed penalties too harsh; but as we desire an honest assessment we do not think that dishonesty is too severely punished under the provisions of the Bill.

"We are aware that even amongst those hostile to freehold land there are many opposed to the necessary levy of funds to put an end to land appropriation. Now this can arise from nothing but sheer selfishness; and it should be borne in mind that the longer land appropriation is allowed the greater will be the amount of money required to eradicate the evil. No doubt if the whole of the land in Rapara were private property, it would not be beyond the means of the State to expropriate the present proprietors; but it would require a great effort and bear hard on individuals in a country circumstanced as Rapara is at the moment, as it would take something like 25 per cent. of the entire wealth of the country to carry out such a scheme. All the lands in England, Ireland, and Scotland are private property; but the wealth there is so great that probably not more than 15 per cent. would be required to pay for the unimproved value of all land. We are not

likely to attain to such wealth, nor to have experience of the useless channels into which it flows."

The motion was seconded by Mr. Miller, who had been appointed to the position of State Secretary in place of Mr. Holland. The latter had been defeated at the General Election and refused to continue in office, although eligible under the Constitution Act. Mr. Miller said that his chief had gone so fully into an explanation of the Bill that nothing was left for him to say except a few words of advice to his Maori friends in the Council. During the elections the Conservatives sent paid agents all through the Maori districts, who stated that the assessment rate would amount to one-half the value of their effects, while in all probability it would not amount to more than one-fourteenth, or at most one-twelfth part, and that for this payment they (the cultivators) would be entirely relieved from the exactions of the *rataras*. Even the few representatives of the chiefs and *rataras* must not forget that the Bill proposed to pay them the full value of their land in money, which they could employ in the cultivation of coffee, or even sugar, with a better result and in a more honourable way than by living on the labour of their poor tribesmen. He hoped, he said, that the Maori members would show by their votes that they were not so easily deceived as the Conservative party seemed to expect.

Several members said they would reserve a statement of their objections until the Bill was dealt with in Committee, and the first reading was carried without a division.

On the consideration of the Bill in Committee, Mr. Wilson said that having accepted the principle

of the Bill by carrying the first reading, they had really nothing to debate but the provisions for carrying it into effect; for he (Mr. Wilson) had already stated that the Board should be composed of the President, the Chairman of the Council, and the Chairman of the Executive Government. Moreover, with regard to the exempting of persons whose effects did not exceed £10, this exemption was doubtless an arbitrary one, as it rested on no recognised principle; in fact it was opposed to the principle that should regulate a measure of this character, namely, that every one should contribute to the fund in proportion to his means. But it should be manifest that to carry out this doctrine to the letter would entail more expense than the amount it would bring in, and they thought £10 a reasonable minimum. With regard to exempting clothing and articles used on the person, no one, he thought, was likely to object; nor did he believe that any reasonable argument could be adduced against the remaining provisions of the Bill.

Mr. Kemp said that the preamble of the Bill stated that landowners were to be paid the fair value of their land, but by the clause under consideration the assessment was to be levied on the value of freehold land. Thus the owners, instead of getting a fair value for their land, would be mulcted to the extent of the rate. He therefore begged to move that the words "including freehold land" be struck out of the clause. His motion was seconded and supported by others, who said it was unfair to compel people to find funds to pay for their own land.

This amendment was opposed by several speakers. Mr. Miller said that the amendment was a most preposterous one, and unworthy of serious consideration. Why, he asked, should landed property, or the money with which it was purchased, be exempted from assessment more than any other form of property? They had justified the assessment on the first reading, and he defied any person to show a tittle of reason why freehold land values should be exempted. On being put, the amendment was lost and the clause passed.

When the clause declaring that the value of freehold land should be the price at which it was originally purchased was proposed, Mr. Gray said that such a valuation was very unfair. Many of the present owners had taken up land in the Opara Valley two, and in some cases three, years before the irrigation works were commenced, and by that means assisted to provide the funds for their construction. "Surely," he said, "you are not going to defraud these people of that interest on their outlay to which they are so justly entitled?"

Mr. Holden said that he could not support Mr. Gray's claim for interest, but he maintained that all the land in the Opara Valley had risen in value since it was purchased, and that the owners were justly entitled to have the value determined by appraisal. He, for his part, had no personal interest in freehold land, but felt a keen desire to see justice done and to prevent the Council taking any step owing to which its honesty and honour could be called in question. He therefore moved that clause to be amended by striking out all the words after "the value of" and inserting in their place

"freehold land and the land granted to the pioneers shall be determined by appraisal, and the value of all other freehold land shall be the capitalised rental of twenty years."

Mr. Wilson said that there was no doubt that the value of all freehold land had increased, but to consent to a general appraisal of all freehold land would be giving defaulting owners a premium for the injury they had done the State in not bringing their land under cultivation. In order, however, to render the fullest justice to landowners who had done their duty to the State, the Government would agree to have all freehold land now under cultivation appraised at its unimproved value, the improvements remaining the property of the improvers. The clause was amended, and in proposing it Mr. Petresen said that the Government were pleased that those who had purchased land and put it under cultivation would have justice done in the appraisal, and those who had injured the State by not cultivating their land would have more than justice done in being repaid the original purchase price—for the State only was entitled to the unearned increment of land.

The remaining clauses were passed with little discussion, and the report was adopted by a majority of three. The second reading was carried by a similar majority. Had it not been for the Maori members the measure would have been lost, as six supported it and four voted against it. But it had to undergo a second ordeal in the shape of a referendum vote by the electors, as it was certain that a requisition to refer it to the electors would be duly presented.

The demand for a referendum was duly put forward, and all necessary arrangements made for the poll to be taken on the first day of August. Had the conditions of the referendum provided for the decision to be by a majority of votes only, it was felt that the Land Purchase Act was likely to be defeated; but by the Constitution a negative vote of a majority of all enrolled electors was required to invalidate an Act duly passed by the Council. This provision was denounced by many as an unfair test, making it almost impossible, they said, for the electors to reject any Act. But the wisdom of the condition was upheld by others, who maintained that to go through the cost and trouble of perhaps a critical election, and to spend the time necessary for carrying through the Council an Act that could be negatived by less than a majority of the enrolled electors, would be a waste of time and effort, apart from the fact that the measure so carried might be contrary to the views of the majority. Surely, they said, if a strong, popular objection was entertained to any Act there could be no fear entertained that one-half of the enrolled electors would not record their votes against it. To allow an Act to be defeated by a majority of those who voted would make the referendum not only useless, but a most dangerous element in legislation.

The referendum occasioned nearly as much canvassing and aroused nearly as much interest as a general election; and although it was fully explained that it was not necessary for supporters of the Act to vote, a large number went to the poll. When the returns came in it was found that only about three-fourths of the required number of negative votes had

been polled, and the Act became law as from the first day of August.

As soon as the referendum returns were officially declared, the Land Purchase Board issued the proclamation required by the Act, and appointed the 15th of November as the date on or before which all balance sheets must be sent in to the Board. As some doubts existed whether the Maoris could fill up their balance sheets in the prescribed form, the Board appointed several competent persons to attend at the arikis' courts to advise and assist those who asked their aid. On the first of October all land-owners were notified to attend at the Board and receive certificates of the value of their respective portions of land. All the balance sheets, with a very few exceptions, were sent in at the prescribed date, and nearly two-thirds of them were, after some inquiries, accepted by the Board. The remainder were submitted to the various Appraisement Boards with instructions to send in the balance sheets referred to them on or before the 15th of January, 1876.

A considerable number of the balance sheets were altered by increasing the net balances, and on notification only a 166 notices of appeal were lodged. Of this number only ninety appeared in support of their respective appeals, all of which were decided by the end of February; and notifications were sent by letter to all assesses of the amount of the rate payable by each, fixing the 30th day of May as the date on or before which all rates had to be paid, subject on default to the prescribed penalty.

The following table shows the value of the various classes of property and assets, and the amounts of

the aggregate assets and liabilities and the net value of the aggregate wealth, and the per centage rate required to pay the aggregate value of freehold land:—

SUMMARY OF THE VALUE OF PROPERTY AND EFFECTS IN
RAPARA AS AT 1ST OCTOBER, 1875.

152,460 acres of freehold land	£	322,072
Houses, buildings, and fences on all land		1,775,361
Improvements on 445,670 acres cleared and cultivated land		1,382,507
Standing crops, including coffee, fruit, and other productive trees and plants		576,853
Machinery, implements, tools, utensils, furniture, vehicles, and plant		945,028
Ships, lighters, boats, &c.		83,635
Money in banks and private hands, including notes		662,452
Merchandise, goods, stores, and other effects not included in above... ..		932,018
		<hr/>
		6,679,926
Less balance of foreign liabilities		525,041
		<hr/>
		£6,154,885
Gross value of property £6,154,885, rated at 5¼ per cent.		323,081
Value of freehold land deducted		322,072
		<hr/>
Margin to cover contingencies		£1,009

By the above summary the net wealth is shown to be £6,154,885. On this a rate of 5¼ per cent. was required to pay for the freehold land, so that the Act was easily carried into effect. But it was said by opponents of the measure that had all the land been freehold it would have been beyond the financial ability of Rapara to carry out its provisions, as it would have taken a 35 to 40 per cent. rate. These assertions were denied by the *Weekly Times*, which said: "We find that the total quantity of leasehold and freehold land amounts to 957,120

acres; the capital value at twenty years' rental amounts to £1,951,392. The late assessment, exclusive of freehold land, amounted to £5,832,813, to which would have to be added the total value of the freehold land amounting to £1,951,392, making the total wealth £7,784,205, on which an assessment rate of 25 per cent. would be needed to pay the value of the freehold land. But we have to congratulate the people of Rapara that they had the good sense and courage to undertake the expense of killing this infant monster of Monopoly before it had attained to full growth. At the same time we believe that in ten years' time Rapara would be in a position to expropriate by purchase the owners of all freehold land without experiencing any great financial disturbance. With regard to England, her great wealth would, we believe, enable her to nationalise all English, Irish, and Scotch lands on an assessment rate not exceeding 12 or 14 per centum. Such a work would be a great, a glorious, and a patriotic undertaking, and certainly less difficult and more effectual than the chaotic measure now advocated to relieve the cultivators from the destructive grip of the English landlords."

During the last week of May the Treasury office in Meroo, Koran, Koonā, and Raoto were fully occupied in receiving assessment rates, and by the end of May about three-fourths of the land certificates were used in payment of the rates. It was anticipated that many of the poorer class of Maoris would be unable to pay their rates when due. To assist in this payment the State bank made it known that it would, under the cash credit provision, be prepared to make advances. Those who were not

in a position to pay readily got bondsmen, and the State bank advanced the necessary funds. The two trading banks likewise made advances on the security of buildings and other improvements on land, but the land certificates played the most important part in assisting those who had not ready-money to meet the rate. These certificates were lent in a few cases by the owners personally; but the great bulk of them was paid into the two trading banks which made advances to their customers on the usual terms, with the result that the rates were all paid on the due date; and within the following week the whole of the certificates not used for payment of rates were paid in cash to the landowners. The Act came into force on the 1st of August, 1875, and on the 7th of June, 1876, all the landowners had received payment in full, and the lands of Rapara had become the property of the nation.

CHAPTER XV

AMENDMENT OF ACTS

Rent Appraisement Act—Divorce Act—Electoral Act amended

WHEN the State Council met in May, 1876, it proceeded to pass a Bill dealing with the general land rent appraisement, which had to be carried out this year. Mr. Ross, the chairman of the Land Commissioners had applied for power to increase the maximum rent to 2s. 5d. and to decrease the minimum rent to 1s. 3d. per acre. In their report the Commissioners stated that there were considerable areas of land, particularly in Opara Valley, worth the maximum rental recommended; and that in the districts of Akitiki and Koonā there was a good deal of land inside selection areas being left for better land further removed from roads and a market. This land, they said, would be selected if the rents were lowered. The Commissioners likewise asked to be empowered to lease out one-half of the reserved section adjoining the town of Raoto for suburban settlement. The Government therefore brought in a Bill dealing with these questions and several minor matters connected with land administration. In discussing this Bill the question

of the rent appraisements of the land under lease was freely discussed. Mr. Kemp said, "the Commissioners were fully competent to appraise the relative rental values of the different classes of land ; but there was a larger question to settle, which he considered was outside the functions of the Land Commissioners and which could only be dealt with by this Council, namely, the policy of increasing, decreasing, or letting rentals remain as at present. If anything of this character was to be done it should not be left to the Commissioners, but should be determined by this Council, and the Commissioners instructed accordingly. You are all aware," he said, "of what is taking place in the country districts and know that the farmers will resist any general increase in rentals, though the general opinion is that the rents should be increased. The Government is silent on this question, feeling, no doubt, that it is the weak spot in perpetual leasehold tenure."

Mr. Wilson said that he was quite conscious of what was being said both by the farmers and the general public, and it was not for want of consideration that the Government did not propose in the Bill to make any alteration. "We have fully considered the subject," he continued, "and have arrived at the opinion that as two-thirds of the State lands are still unoccupied, there is no good reason why rents should be generally increased. The power which the Commissioners have asked for—and which we have included in the Bill—to impose, namely, a rental at a maximum of 2s. 5d. and a minimum of 1s. 3d. per acre extends to land now under lease as well as to unleased land, and this will

enable the Commissioners to increase the rents of good land lying along good roads and adjacent to a market, and at the same time to lower the rents on poor land, not having the advantage of cheap transport. In this way the mean rent need neither be increased or lowered. We have therefore not dealt with it in the Bill.

"Mr. Kemp, in his speech, stated that the inclusion of rent appraisalment in perpetual leases was the weak spot in State-owned land. Many thoughtful people as well as Mr. Kemp have expressed the same opinion, and I am willing to admit," he said, "that there is an element of danger in leaseholders resisting the imposition of increased rents ; but this danger is as great in regard to freehold as to leasehold land, because if a majority of leaseholders are likely to resist increase in rent, a majority of freeholders are as likely to resist increase in taxation. This would be the position in any country mainly occupied in agricultural production to such an extent as to constitute the farmers a majority of the electors. But the danger is greatly diminished in any country possessed of the various industries appropriate to a civilised community. Under such industrial development the manufacturing, professional, and distributing classes would outnumber the farming class, when the danger might be the other way and rents might be raised too high. But let us not overlook the real position of a country where the farmers are in a majority with power to resist a just increase in rent or taxation. In this position, being a majority, are they not entitled to study the interest of the majority rather than the interests of the minority? But this situation

changes when the country becomes a manufacturing one, even if only to the extent of supplying the bulk of its own requirements. This is our position now, or at all events will be in a few years, and we have no cause to fear any danger to our National Land System."

Several speakers joined in the discussion, and one pointed out how the cost of transport of produce should not to any great extent affect the rent of land, because, he said, districts having bad roads, or no roads at all at present, will, within a few years, in all probability, have good roads. Akitiki district had been mentioned as one in which the cost of transport was very high. Now if the railway—so much talked about—were made to Akitiki, the transport of produce would be effected as cheaply as to Koran, where rents were higher than in the Akitiki district.

In answer to these criticisms Mr. Petresen said that doubtless the Land Commissioners would in their appraisal consider all these circumstances, and although absolute perfection could not be reached they might rely that justice would be done as between the various classes of land; and that the Commissioners in the absence of instruction would grade the rental so as to produce the same average per acre as at present.

The first reading was carried by a majority of nine. The measure was dealt with in Committee, and the report adopted. The second reading was passed by a majority of ten.

DIVORCES ACT.

The English law of divorce had been with minor alterations followed since 1852; but during the past

decade great dissatisfaction had been expressed, not merely at its provisions, but at the main principle on which it was based. When a wife or husband petitioned the court for a divorce on alleged offence recognised as grounds for a divorce, if the defendant took no steps to oppose the petition or contest the truth of the evidence, or did, or omitted to do, anything by which it could reasonably be inferred that the defendant was not averse from the granting of the divorce, this was treated as collusion between the parties and a sufficient ground on which to refuse granting a divorce. Several prominent cases of this character had come before the Rapara court, and divorce had been refused on the supposition that both parties were desirous to be divorced from each other, although it was well known that through incompatibility of temper, violations of marital rights and duties, and general dislike leading to quarrels, and in some cases to violent assaults, the parties had become unable to live together. The observance of these facts led to the formation of a society called the "Rational Divorce Association," which started an agitation to have the divorce law amended so as to conform to reasonable requirements. The Association, while recognising adultery, felony, desertion, and drunkenness, coupled with cruelty, as grounds for divorce or judicial separation, extended these grounds to "habitual quarrelling," "habitual drunkenness," "habitual cruelty," and "separation extending over a period of not less than two years." It held that on any of these extended grounds being proved, the mutual consent of the parties should entitle them to a divorce or judicial separation, subject only to satisfying the

court as to the custody and maintenance of the children, if any. But in the absence of mutual consent the granting or refusing the prayer of a petition should be at the discretion of the judge.

The Association held meetings and distributed leaflets amongst all the electors, and every elector was visited by a member of the Association. This resulted in securing a majority of electors pledged to support only candidates in favour of the proposed reform. The proposed reform did not form part of the Radical platform at the last general election, as it was considered advisable to confine the issue to the great question of land nationalisation. At the same time a large majority of the members that were elected had declared in its favour.

Under these circumstances the Government considered it its duty to bring in a Bill to carry out the proposed reform. In introducing the Bill Mr. Wilson said that he could never understand why the law should so readily grant a divorce when it was opposed by the respondent, and so often refuse it when the respondent offered no opposition. No doubt, he said, there were many cases in which the wronged sought relief from the wrongdoer—a relief which the latter opposed, being satisfied to act the tyrant, regardless of the wrong and misery inflicted on his or her victim. In such cases the law rightly relieved the latter. But surely the victim should not be denied relief when the wrongdoer offers no opposition. The law assumed that all the offences which constitute grounds for divorce are committed by one party, whereas our worldly experience and the proceedings in divorce courts proved that such offences were often com-

mitted by both parties; and when this was the case the law held that neither party was entitled to relief, whereas mutual offences against marital right should strengthen the claim for separation. "Look," said he, "at the position of a married couple whose tastes, habits, sympathy, and temper are utterly at variance. Bitter quarrels ensue; children are demoralised; domestic duties are neglected; cohabitation ceases, often with the result that adultery is committed by one or other of the parties. This is a state of things more deserving of redress than any afforded by the present grounds for divorce. Yet the law holds that neither of the parties is entitled to be relieved from this misery and trouble. It is not intended in this measure to grant a divorce to couples who have had occasional quarrels, as in many such cases the grief and distress occasioned thereby teaches mutual forbearance, leading in many cases to comparative peace. But when it is proved to the Court that these quarrels and offences have continued for a period of two years, we hold that a good case for relief is made out, subject to due provision for the care and maintenance of children. To guard as far as possible against application for relief without due and deliberate consideration, the Bill provides that no petition for divorce or judicial separation shall be dealt with until a period of six months has elapsed, and then only on the condition that a second petition to the same effect is presented to the Court not less than six months, nor more than twelve months, after the date of the first petition. This is a brief statement of the evils which the Bill is intended to rectify; and although objections

may be taken to some of its provisions, careful consideration should convince all not dominated by religious prejudices that as large a measure of relief is given to ill-mated couples as can be safely afforded without encouraging the disruption of families on frivolous quarrels that can be easier endured than cured by divorce."

Considerable discussion then ensued both on the first reading and in Committee; but the measure passed through all its stages without any important amendment, and became law without submission to a referendum vote.

The following is a brief epitome of the provisions of the Divorce Act:—

The offences which constitute grounds for divorce or judicial separation on the petition of either husband or wife are: adultery, bigamy, desertion for two years or more, imprisonment for three years or more, habitual cruelty for two years or more, and habitual drunkenness for two years or more.

On the joint petition of husband and wife, habitual quarrelling for two years or more, and living apart for two years or more, shall constitute grounds for a divorce or judicial separation. Provided that a second petition to the same effect be presented to the Court not less than six months, nor more than twelve months, after the first.

All evidence is to be heard before the presiding judge and two accessors, who shall decide the matter of proof by majority. But the presiding judge shall alone determine whether a divorce or judicial separation shall be given, and he is charged with the duty of directing as to the custody and

maintenance of the children, and is empowered to order a husband to contribute such sum annually as he considers fair and just to the support of his children placed under the custody of their mother or other guardian as he may appoint, and to order a wife possessed of means in money or property to contribute such portion of it as he considers just and fair for the support of children placed under the control of their father or other guardian as he may appoint. To make such orders as to costs and alimony as the question of each case may demand, and to determine the nature and amount of security to be given to secure the due performance of these orders.

Neither the absence of the respondent nor evidence that the respondent is not opposed to the granting of the petition shall weaken the claim of the petitioner to the relief prayed for; and in the case of joint petitions when the offences charged are proved a judicial separation at least is to be granted. But the judge is empowered to grant a divorce if prayed for in the petition, should he think it best for both parties.

Petitioners may appeal against decisions of the Divorce Court if notice of appeal is given within three months after date of judgment.

ELECTORAL AMENDMENT ACT.

The result of the last general election in excluding two of the most intelligent men in the country from the National Council, had convinced the electors that the provision to hold all the elections in one day was not a wise one, and required to be amended. In 1874 a league was formed which advocated the

giving of increased voting power to electors who had attained the age of forty-five years. This question was not brought forward at the previous general election, as it was agreed between the league and the Rational Divorce Association not to bring these topics forward, but to allow the issue to be solely on the question of land nationalisation. But, as in the divorce question, it was known that a majority of the Council was in favour of giving increased voting power to electors whose experience and matured intelligence placed them in a position to use their franchise for the general benefit in a higher degree than could be expected from young and inexperienced men. Owing to the land settlement in the south-eastern district having extended beyond the boundaries of the existing electorates, it was considered necessary to form another electorate partly out of the electorates of Koonā and Korān, and partly out of the land to the south and east of these electorates. The new electorate was to be named Oraki.

Under these circumstances the Government considered it their duty to bring in a Bill to amend the Electoral Act so as to give effect to the general desire of the voters. This Bill proposed to form a sixth electorate in the south-eastern portion of Rapara, to be called Oraki, and that each of the six electorates should return four members, so that European electorates returned twenty-four members, while the Maori electorates returned ten members as before. The Bill provided that elections should be held in three batches, with four days intervening between each; and that nominations might be made two clear days before date of election, but that no

elected member could be nominated, nor could the same candidate be nominated for two electorates at the same time. The third amendment provided that any person who had been an elector continuously for three years should, on attaining the age of forty-five years, be entitled to two votes on his residential qualification, and two votes on his property qualification.

Mr. Petresen in introducing the Bill said "he thought no one was likely to object to creating an additional electorate, as it was manifest that this must be done unless all the boundaries of existing electorates were altered; and as to increasing the number of European members, he thought his Maori friends would not raise any protest, as their representation would still be larger than that of the Europeans. With regard to the proposal to hold the elections in three batches instead of on one day, no advantage appertained to holding them all on one day, whilst a decided gain would be secured by holding them on three separate days. You are all aware," said he, "that at the last general election Mr. Holland and Mr. Russell, two of the most intelligent gentlemen in Rapara, failed to obtain seats. This was not owing to their political opinions, as their respective electorates returned a majority of members in favour of the policy advocated by each. In fact, their defeat was owing to their strength. Their popularity was so great in their respective electorates that defeat was considered impossible, and many votes were given to personal friends which but for this feeling of security would have been recorded in their favour. The same fate was experienced by other intelligent

candidates at other elections. If we extend our observations to elections in other countries the results show another good reason why elections should not be held in one day. Innumerable cases occur when some sudden cry is raised for some particular measure which is taken up with such fervour as to become contagious in particular electorates. But this contagion is often powerless to affect some strong and intelligent candidate, who thereby gets defeated. But with other elections to follow such a candidate can appeal to another constituency which is more in harmony with his views or perhaps considers him too good a man to be left out of Parliament even though his political opinions on all questions should not accord with the views of the electors. As to the proposal to give increased voting power to electors of matured age, the Government are diffident on the subject, and they have placed the amendment in the Bill under the belief that a majority of the electors as well as a majority of the Council consider it calculated to promote good and prevent bad legislation. There may be some difference of opinion as to whether this increased voting power should be given on both the residential and property qualification, but this can be decided in Committee. The fourth and last amendment proposed to the Bill is that voting at all elections shall be carried out by secret ballot, to which I feel sure there will be no opposition. I thus cherish the hope that the second reading will be carried unanimously."

The first reading on being put was carried without a division.

In Committee the creation of the new electorate, the holding the elections in three batches, the voting by ballot, were all carried without amendment; but the clause giving increased representation to electors who had attained the age of forty-five years was fully discussed and amended in one important particular.

The clause as drafted simply doubled the votes of all classes of electors who had been electors for a period of three years, and who had attained the age of forty-five years. To this provision a number of members strongly objected, principally on the alleged ground that it would place those holding property qualifications in a majority. To meet this objection Mr. White proposed to amend the clause by striking out the words "*and property,*" thereby limiting the increased voting power to electors holding residential qualifications only.

In supporting this amendment Mr. White said surely the Government had not fully considered the effect of this clause. Complaints were frequently heard that the votes based on a property qualification were so nearly equal to those that had one vote only on a residential qualification that too much power was placed in the hands of the former. If the clause as it now stood were passed the 8,944 electors qualified by residence would have 17,888 votes, while the 4,384 electors with two votes each, when these were doubled, would have 17,536. Was it consistent with Radical principles, he asked, to continue this inequality, more particularly as the rapid rate of settlement and increase in building must in a few years place the property-qualified electors in possession of a majority of votes?

What was the answer of so staunch a Radical as Mr. Wilson ?

Mr. Wilson replied that in the first place Mr. White's estimate of the respective number of votes was an erroneous one. The number of electors having a residential qualification and the number of electors having a combined residential and property qualification was correctly given, but Mr. White had assumed that every elector had attained the age of forty-five years. Now he (Mr. Wilson) was not in a position to state the exact number that had reached this age, but he felt pretty sure that not more than two-fifths of those having a property qualification had done so. Under this estimate the former would have 14,906 votes and the latter 11,396. So that the operation of the Act would decrease the relative voting power of the latter, and increase that of the former. When the Electoral Act was under consideration the dual vote was proposed on the strict understanding that progressive voting was the complement of progressive taxation. This being the case the principle was in no way interfered with by giving progressive votes to progressive ages. "If we are right," said he, "in assuming that age and experience make the elector a more trustworthy and more valuable voter than a young man these qualities will not be weakened by his being in addition the owner of property. But, as stated by my colleague, Mr. Petresen, the Government is both diffident and divided on the subject as to whether the increase of voting power should be given to all electors alike, or be confined to the votes derived from a residential qualification. Surely Mr. White does not mean to grant an extra

vote to residentially qualified electors and withhold it from the same class because they have an extra vote on a property qualification. If his amendment proposed to give one extra vote to all electors who have attained the age of forty-five years, it would have my support, but to give an extra vote to one portion of the electors and deny it to another must be the height of injustice."

Mr. White said he must confess that his amendment was contrary to his intention, and he would ask leave to withdraw it and propose in its place the following: "*That all qualified electors who have been on the electoral roll for at least three years, and who have attained the age of forty-five years, shall have one extra vote; provided that no single elector shall be entitled to more than three votes.*" "This," he said, "makes it quite clear that no extra vote is to be given to electors on account of the property qualification."

Several speeches were made for and against the amendment, which on being put to the vote was carried by a majority of three. The clause as amended on being put was carried by a majority of nine. The report was adopted by a majority of twelve, and the second reading was carried without a division.

CHAPTER XVI

PROGRESSIVE WEALTH TAX OF 1883

Articles for and against a wealth tax—Discussion on uniform and progressive rates—An equal sacrifice in taxation discussed—Provisions of Act.

IN 1883 a very important measure was discussed and passed into law. For several years past the financial position of Rapara made it evident to the leading men of both parties that resort must be had to some form of direct taxation so as to provide funds for carrying out a number of necessary works. A poll tax, a house tax, and an income tax had all been suggested and discussed in the press and on the platform; but in 1879 the *Weekly Times* took up the question of direct taxation and insisted that such a tax could be more equitably applied in the form of a wealth tax. In its opening article it said, "We have fully examined the relative merits of the various forms of direct taxation which have been proposed during the last five years, and this examination has led us to give the preference to an income tax, notwithstanding the two great defects with which it is chargeable. The first of these defects is that no method has been discovered

by which the incomes of certain classes can be ascertained. The incomes of joint-stock companies, landowners, merchants, large manufacturers and distributors, and of those dependent solely on salaries are easily discovered; while the declared incomes of nearly all other classes are dependent upon the honesty and generosity of the returners, and although very ingenious checks have been devised, these are powerless to check dishonest returns. Thus some pay on their entire incomes, others on 10, 30, or 50 per cent. less than their actual incomes, and a few escape without paying at all. The second defect is that *the tax entirely ignores the financial position of the payee*. The man with a large family and the man with no family are both charged the same amount on equal incomes, and the man with £2,000 is charged at no higher a rate than the man with £200. If it is held by many that taxation should be based upon the principle of 'equal sacrifice,' a general poundage rate is a great injustice. In advocating the imposition of taxes on the basis of an "equal sacrifice" we are fully aware that the principle is liable to misuse and abuse. Take an extreme case. A has an income (after deducting the exemption) of, say, £600; and after he has paid an income tax of $2\frac{1}{2}$ per cent., amounting to £15, the sum of £585 remains, on which he has to support a family of nine. B has an income (after deducting the exemption) of, say, £6,000, and after he has paid an income tax of $2\frac{1}{2}$ per cent., amounting to £150, the sum of £5,850 remains as B's net income. Now whether B has or has not a family to support, it is manifest that the tax is very far from involving

an equal sacrifice. What amount of tax should be paid by B to make it an 'equal sacrifice' to A's we will leave it for each of you to determine. We will, however, keep within the lines of safety when we say that B would sacrifice less in paying £2,000 than A in paying £15. We have stated this to show the difficulty of applying the 'equal sacrifice' principle in taxation. We believe in progressive taxation within limits which we cannot at present define, but the 'equal sacrifice' principle we hesitate at present to support, notwithstanding the high authorities that have sanctioned the doctrine.

In theory an income tax is the fairest of all taxes, but unfortunately it cannot be fairly assessed; and although provision might be made for the more effectual disclosure of incomes, we should still fail in imposing taxation on individuals in proportion to their ability to pay; we therefore have no hesitation in proposing a wealth tax in preference to an income tax, because it is free from the inherent defects of the latter. Most of you are doubtless familiar with the assessment levied for the nationalisation of the land, and are aware how effectual it proved in ascertaining the wealth of individuals. We propose to apply the provisions of that Act to raise such funds as are required for the present necessities of the State; and in using the method we have no doubt with the experience gained during the land assessment the Government could greatly simplify and reduce the expense of carrying it out. We shall take an early opportunity of showing in what respect the wealth tax is superior to the income tax."

An article in the *Herald* said: "The *Times*, in advocating a wealth tax in preference to an income

tax, is only carrying out its past procedure in condemning all well-tried measures and seeking to replace them by novel ones. We have on several occasions expressed our opinion that some form of direct taxation should be introduced in preference to the imposition of import duties on merchandise. Now, although we are willing to admit that no effectual provisions have been discovered to detect false returns and compel true and honest ones to be made, we still hold that an income tax is the best form of direct taxation. In regard to the second defect stated by the *Times*, 'That the tax ignores the financial position of individuals,' we maintain that this is a matter with which the State has nothing to do. If A for his own satisfaction gets married and becomes the father of a large family, surely this is no reason why he should be freed from the obligation of paying his fair share of taxation. We are rather surprised that the *Times* opposes progressive taxation up to the point of 'equal sacrifice,' but we are sorry to see that it is prepared to support progressive taxation up to some limit which it is unable to define. We hold that if the principle of progression is admitted there is no means of fixing a limit other than the point of extinction; in fact, a number of prominent Socialists have already proposed that progression shall proceed to this point. How the *Times* can condemn progressive taxation to the point of 'equal sacrifice,' and support it to the point of extinction is to us an insoluble problem. If the doctrine of 'equal sacrifice' be applied a millionaire would retain an income at least equal to that of the poorest taxpayer, while under a progressive income or wealth tax his whole income or

wealth might be taken by the State. *We therefore hold that no limit or condition can be placed on progressive taxation to make it acceptable to a reasonable and intelligent community.* With regard to the relative merits of the income and wealth tax we are willing to admit that it is easier to discover a man's wealth than his income; but this advantage will be more than counterbalanced in other directions. Under the wealth tax the extravagant spendthrift who squanders the whole of his income will altogether escape the tax, the bulk of which will have to be paid by the careful and provident. Another weak point in the wealth tax is that it will offer great temptation to selfish people to hoard and conceal money beyond the reach of discovery. Another disadvantage is that the value of property does not always yield proportionate incomes to the owners. We therefore hold that if direct taxation is to be imposed a non-progressive income tax is the fairest and best for this country."

Both the *Times* and the *Herald* articles were fairly commented on and discussed by correspondents in both papers and likewise at public meetings in the various centres of population; but as the substance of these arguments is contained in the newspaper articles they need not be quoted here.

Soon after the appearance of the *Herald's* article the *Times* published a second article on the wealth tax, in which it answered the objections urged by the *Herald*. It said: "In a former article on the wealth tax we stated that the provisions regulating the imposition of a tax on incomes entirely disregarded the financial position of individuals; but on looking over the history of the income tax we find that

attempts have been made to rectify this evil by making certain exemptions according to the number of children in a family. But while that course relieved one injustice it created others, and the exemptions for children were given up. And when we take into consideration the variety in income, in the number of the family, and in the standard of living, it is all but impossible to grade income taxation according to the ability to pay. On this point the *Herald*, true to its Conservative instincts, boldly asserts that the State in imposing direct taxation has nothing to do with the ability of the taxed person to pay the tax. If one has a large family it asks, 'Why should this excuse him from paying his fair share?' Now without doubt any form of direct taxation that does not discriminate between the rich man and the poor is an unjust one. We freely admit that it is impossible to fix the degree of progressiveness in any direct tax according to scientific principles. The gradation must be left as heretofore to the judgment of the legislature and varied in different countries to suit the circumstances of each. No doubt under a wealth tax money could and would be concealed to a limited extent. But this power of concealment is much greater in respect to incomes than wealth, as the latter is visible, while more than one-half of all incomes are invisible and unknown. Under a wealth tax the reckless and extravagant will doubtless escape; but on the other hand the tax will grade itself according to the financial position of each individual. The man whose circumstances will not enable him to accumulate property, or only to a limited extent, will pay accordingly. Of course we may be met with

the argument that this will discourage saving and thrift. But can we suppose that any sane man will give up trying to save because such savings will be subject to a tax of 1, 2, or 3 per cent.—an amount which in any case he will probably have to pay in some form or other.

“At this stage it may be advisable to call attention to some of the main provisions in the Land Repurchase Act. By this Act every person had to make out a balance sheet, in which all property, money, and debts had to be entered, particulars of such property and money given, the situation of the property set forth, as also the names and addresses of debtors, with the detailed values or amounts set opposite each entry. On the other side had to be entered the names and addresses of all creditors with the amounts due to each. This deduction from the aggregate assets gave the net balance on which the tax was levied.

These balance sheets had to be examined by three valuers, one of whom was the steward of the parish or parish clerk of a municipality, and their valuation was final unless appealed against, in which case the decision of the law courts determined the amount subject to taxation. It will thus be seen that each debtor was a check on his creditor's return and each creditor was a check on his debtor's return, so that every one had to pay on the actual balance which he possessed. Heavy penalties by fine and imprisonment were imposed for concealment of assets or for aiding others in such dishonesty. We feel sure that a wealth tax is fairer in all respects than an income tax, and we ask every elector to give the subject serious consideration, so

as to be in a position to use his vote in furtherance of this reform.”

The questions of the wealth tax continued to be discussed in the press and at public meetings in the various centres of population down to the year 1883, when it came up for determination by the State Council. The first reading was carried with little discussion by a small majority. In Committee most of the provisions of the Bill regulating the tax were passed without division; but on the question of exemptions and to whether the rate should be general or progressive considerable debate ensued. The exemption was ultimately fixed at £50, and applied to all estates; so that only wealth in excess of this amount was made subject to taxation. Mr. Holland, who took charge of the Bill, in moving the clause dealing with the rates of duty said that he was fully aware that a progressive duty was strongly opposed by a large number of people, who had backed up their opposition by arguments that could not be disregarded in determining this question. The doctrine of “equal sacrifice” in taxation had been preached and adopted by some of the most eminent economists, statesmen, and sociologists during the past century. But, notwithstanding this array of authorities, he could not accept the principle as an ordinary measure of legislation for controlling the principles of taxation. At the same time he could conceive that circumstances might place a community in a position that would justify on high ethical grounds the application of the principle. But it should be applied only when all other remedies were powerless to put an end to the evil. He was fully aware that taxation on the principle of

"equal sacrifice" placed a limit on progression, as under it a millionaire must at least be left with an income equal to that of the middle class taxpayer, and when the standard of living of the rich, the very rich, and millionaires was taken into account an "equal sacrifice" might leave them with incomes three, six, and ten times greater than those of poorer taxpayers; while the principle of progression without "equal sacrifice" might go on to the point of extinguishing all income. Now here in Rapara, where the gifts of Nature were equally open to all, there were varying degrees of wealth. The weak, indolent, and extravagant were comparatively poor, while the strong, industrious, and provident were comparatively wealthy. This was a good position to occupy—a position that would be endangered by a progressive tax if unlimited. On the other hand, if the rate of duty were made the same on small estates as on large ones, the poorer classes would have to pay more than their fair share—more than their circumstances would allow. This view was conceded in making an exemption of £50, as nearly all the speakers considered that persons only possessed of this amount of property could not be justly charged with the tax. Now, though he admitted that a progressive tax, even if limited to equal sacrifice, could be made an instrument of great injustice, a uniform rate on large and small estates would be an actual act of injustice, and they had therefore to rely on the intelligence and sense of injustice in the electors and legislators to keep progressive taxation within fair and just bounds. He thought the following schedule, which he begged to propose, conformed to this condition.

SCHEDULES OF DUTIES—SUBJECT TO £50 EXEMPTION—ON
THE CREDIT BALANCES OF ALL ESTATES.

	£	...	$\frac{1}{8}$ of a penny in the £
On all balances not exceeding	500	...	$\frac{1}{8}$ of a penny in the £
" " "	1,500	...	$\frac{3}{8}$ " "
" " "	4,500	...	$\frac{3}{4}$ " "
" " "	13,500	...	$\frac{5}{8}$ " "
" " "	40,500	...	$\frac{5}{4}$ " "
" " "	121,500	...	$\frac{7}{8}$ " "
" " "	364,500	...	$\frac{7}{4}$ " "
" " "	1,093,500	...	1 " "

And larger sums in like progression, provided that the tax shall not exceed 2d. in the £ of value in any estate.

A long discussion followed, mainly on the progressive principle of the tax. Mr. Walker said they had agreed to an exemption of £50 to meet cases in which the assessed person would be unable to pay the tax. Under a uniform rate the person possessed of property valued at, say, £4,000, would pay four times as much as one whose property amounted to £1,000. Surely this was difference enough without a progressive rate. No doubt the progression in the rate was moderate; but if the principle was once admitted the progression might be increased to any extent. With regard to the relative merits of an income tax and a wealth tax, the latter would doubtless be more to the advantage of those with large families than the former. But they have nothing to do with large families, as the responsibility for their maintenance must rest with their parents. He endorsed the statement made by Mr. Gray, that large families should not release parents from paying their fair share of taxation.

Mr. Grant said he was not surprised at the speech of Mr. Walker, who always opposed every new measure because it was new. If he had his way all progress in civilisation must cease. As to his contention that no discrimination should be made between the rich man and the poor in the imposition of direct taxes, it required no answer. Several even of his own supporters expressed both dissent and disgust at his statement. He was not surprised at Mr. Walker's speech, but he could not say as much for Mr. Holland's speech. The latter based his Bill on a principle in which he evidently did not himself believe. Now there was no doubt that if progressive taxation could not be supported on principle, it was nothing short of injustice. If progression was not to be limited by the principle of "equal sacrifice" no measure of progression could be applied short of taking the whole. If the principle were a sound one on ethical considerations, nothing short of taxation to the point of equal sacrifice could be justified. Now, while there could be no doubt about the justice of the principle, it was indisputable that great care would have to be exercised in grading the rates of taxation so as to exact an equal sacrifice from all classes. This would be utterly impossible as between individuals; but it must be evident that it was much easier to grade taxation to the point of equal sacrifice in the case of a wealth tax than in that of an income tax. Let us suppose that A and B have equal incomes. A has only a small family, simple tastes, and inexpensive habits; B has a large and expensive family, and finds it hard to make his accounts balance at the end of the year. Under such circumstances a general rate on each pound of income

would produce very unequal sacrifices. But in the case of a wealth tax each would be taxed on the amount he had been able to save, while in the case of two persons possessed of equal wealth this equality would indicate equal ability to save, and they would be equally taxed and make approximately an equal sacrifice. "Having these considerations in view," said the speaker, "I shall vote for the Bill, as I believe that the schedule of duties proposed is sufficiently progressive to impose an equal sacrifice on all classes. At the same time the tenor of Mr. Holland's speech leads us to believe that he does not consider the degree of progression involves an equal sacrifice, and that if it did he would not support it. We have looked upon him as the standard-bearer of the Radical flag, but unless he changes his mind we shall have to look out for another standard-bearer who is not ashamed to carry the flag fully unfurled, whether the *Times* likes it or not."

Mr. Holland closed the debate by declaring that the common sense of the community and the members of that Council clearly perceived that the large property holders could better afford to pay double the scheduled rates than the small property holders could afford to pay the rate charged in the schedule.

The clause, on being put, was carried by a majority of six votes. The remaining clauses were passed with little discussion. The report was adopted, and the second reading was carried by a majority of seven votes; but as notice had been given that a requisition would be presented to submit the Bill to a referendum vote, it was held in suspense. In canvassing for signatures to the requisition, it was found so difficult

to get electors to sign, that the referendum was abandoned, and the Act came into force in 1883. The balance sheets were all finally settled by June, 1884. These balance sheets showed that the total wealth, exclusive of exemptions, land and State property, amounted to £5,548,027, yielding £15,420, or 4s. 1d. per head of population. If the exemptions were included, it would bring up the total private wealth to about £8,400,000, or £91 12s. per head.

Whether the tax will prove a better and fairer mode of raising revenue than the income tax of England remains to be proved. In any case it will relieve those having large families from payments they cannot afford except by the sacrifice of articles of necessity, and it will offer greater facilities for checking the balance sheets, and thereby compel all to pay on their actual wealth.

CHAPTER XVII

PROGRESS AND DEVELOPMENT, 1873-1884

Discussion on electoral reform—Industrial progress—Protective duties and ironworks discussed—Railway to Akitiki—Census—Land under cultivation—Revenue and expenditure—Imports and exports for 1883—Local Government—Code of laws—Education, religion, and amusements—The State bank and land administration.

THE passage of the Land Appraisement Act, Divorce Act, and Electoral Act amendment in the session of 1876, and the carrying of the wealth tax in 1883 seem to have filled up the required measure of Radical reforms, as only a few unimportant measures, together with provisions for State expenditure, were dealt with up to 1883. In 1879 a motion having for its object a reform in the Electoral Act, or rather the substitution of a new Electoral Act based on single electorates, adult suffrage, payment of members, and triennial parliaments, was brought before the Council and discussed. This motion was proposed by Mr. Ottard, who took up the position of leader of the extreme Democratic Socialistic party.

Mr. Ottard, in support of his resolution, said, "this being a Radical State whose chief aim and object

was to equalise the conditions whereby wealth was attained by individuals for all classes of the community, it was altogether inconsistent to give people votes in virtue of the possession of property. "To enable us to attain a state of equality," he observed, "a preponderance of the votes and power should be in the hands of the poorest classes, so as to enable them to pass such enactments as would tend to make the poor richer, even if it made the rich poorer, and thereby get nearer to that state of equality which a Radical policy aims at securing. This measure I regard as only the means to an end. We have nationalised the land, but until we have nationalised capital as well we cannot expect that equality which is the birthright of all. The nationalisation of land is doubtless a step in the right direction; but the most just and beneficial measure can be nullified by other legislative enactments, such, for instance, as our Land Ordinance. By this ordinance individuals are permitted to take up and hold eighty acres of land, while every one must admit that no person can unaided cultivate even a fourth part of this quantity. To enable a man to do so he hires the labour of others, and is thereby in a position to turn a large proportion of the people into slaves. This is a state of things which I hope will not be tolerated for many years in this free country. By our present Electoral Act owners of a certain amount of property have an additional vote. Now I contend that it would be fairer and juster to give an additional vote to all those who have less than the average amount of property. I do not say that this would be absolutely just, and therefore I do not propose it; but I maintain that it

would be juster than the present law, which gives the greatest voting power to the wealthiest classes, thereby enabling them to increase the inequality which all right-thinking men deplore. We have already freed women from many of the unjust disabilities to which they are still subject in Europe and elsewhere; and I am surprised that the right to the franchise—the absence of which constitutes their greatest disability—should still be denied them. They have to pay taxes as well as men, and we all hold that taxation without representation is the height of injustice. This disability will no doubt be defended on the ground that women are too emotional and too ignorant on political questions to be entrusted with the franchise, and that they are represented by their fathers, brothers, or husbands. But there never yet was any great reform carried without arguments being used and relied upon which were subsequently admitted to be worthless. We have passed several measures far in advance of European legislation, and have no cause to regret our action. It may be advanced as a plea against this measure that women as an organised body have not petitioned for or demanded the franchise. This is doubtless true; at the same time it is equally true that a large majority of women look upon the refusal of enfranchisement as a denial of justice. There is some doubt whether the Council will accept the whole of the provisions in this resolution; but I claim the vote of every Radical in favour of granting adult suffrage and repealing the property qualification."

Mr. Dawson, in seconding the resolution, said "he considered the non-enfranchisement of women

a disgrace to the community, and no one who voted against conferring the suffrage on them could any longer claim to be a Radical; for its denial rested entirely upon Conservatism of the worst type. The lack of intelligence might have been a good argument in other lands and other times; but here in Rapara, where women were as well educated as men, the argument was absurd; and, as pointed out by Mr. Ottard, taxation without representation was the height of injustice. As to women being more emotional than men, if it was true it was likewise true that in their emotions they lean more to justice than men did; and although most political questions were better understood by men than by women, there were several political matters still to be dealt with which women could understand better than their husbands, fathers, or brothers. They were thus better qualified to select representatives to legislate on such questions. A Conservative feeling against change might actuate Radicals to vote with Conservatives to defeat this measure; but the young Radicalism of Rapara yearly gaining the franchise would not long deny their sisters, mothers, or wives the privilege of representation."

Mr. Holland said that on behalf of the Government he opposed the resolution. Personally he was not opposed to giving votes to women; but he thought that their enfranchisement must be carried to a logical conclusion by granting them the right to be elected to the Council. At present, however, the proposal was premature, and would be in good time ten years hence. In the meanwhile let women prepare themselves for the change by taking an

interest in politics, so as to be sufficiently informed to advise their fathers, brothers, or husbands which candidates they should vote for, and to give the reasons for their preferences; thus the franchise and the right to be elected members of the Council might be granted to them without fear of the consequences. The mover of the resolution said nothing against the dual vote which accrues when the age of forty-five years was attained. Yet his resolution proposes to repeal this qualification. He said nothing against the four-member electorates, and nothing in favour of the single electorates. When the four-cornered electorates were proposed he (Mr. Holland) voted for them as a temporary institution, to be replaced by single electorates. But now, having had ample time and opportunity to consider the question fully, he thought that the four-cornered electorates were preferable to the single ones. In the single electorates minorities however large could secure no representation in the single constituencies, while in the four-cornered ones candidates holding dissimilar views on different questions were frequently returned. Of course it might be urged that with single electorates all electorates would not hold the same views on any particular question, and therefore minorities will find representation. This to a certain extent was doubtless the case; but there is a danger when a great and important question is made a test one and has to be decided by single electorates, that the minority, though nearly equal to the majority, might fail to be represented. On the other hand when a test question was decided by four-cornered electorates, as a rule members of both parties,

were returned—a result which secured full discussion for any measure of importance. “On this ground,” continued the speaker, “I am opposed to Mr. Ottard’s resolution. We now come to the main reason why Mr. Ottard is opposed to the property qualification vote. He said, ‘This being a Radical state whose chief aim and object is to equalise the conditions whereby wealth is attained by individuals for all classes of the community, it is altogether inconsistent to give people votes in virtue of the possession of property. To enable us to attain to a state of equality a preponderance of the vote and power should be given to the poorest classes so as to enable them to pass such enactments as would tend to make the poor richer, even if it made the rich poorer, and thereby get nearer to that state of equality which a Radical party aims at securing.’ Now I am free to confess that our existing laws have failed to confer equal wealth on all the members of the community, because some are industrious and thrifty, while others are indolent and extravagant in varying degrees. But it is equally certain that, character apart, all means to the attainment of wealth by individuals are equally open to every one. The Radical doctrine is that all natural wealth belongs to the community, and all produced wealth belongs to the producer, but Mr. Ottard would seize the private capital, which is produced wealth of individuals, and make it common property, thereby robbing individuals of the fruits of their labour. He objects to individuals being permitted to take up and hold eighty acres of State land, for which they pay the state a yearly rent. But surely this objection cannot be

made on the plea of inequality, as the opportunity is equally open to all. He appears to rest his objection on the fact that one man cannot by his own labour cultivate eighty acres of land, but has to hire others to assist him, and thereby turns them, as he says, into slaves. Such a statement might be uttered before his Socialistic friends, but made before this Council it subjects him to the contempt of every intelligent member. If Mr. Ottard’s views were carried out, very youth and man without sufficient means to enter upon the cultivation of land would be deprived of employment, and consequently of the necessaries of life. Many fathers will be doubtless able to start their sons as farmers; but the greater proportion will find that the rearing and educating of a family absorbs their savings to such an extent that nothing is left to allow them to establish their sons on farms. Those who intend to make farming their business have therefore to depend on the employment offered by such farmers as have the necessary capital to farm forty, sixty, or eighty acres of land, until their savings enable them to take up land on their own account, and so enable others to do as they have done. As regards the quantity of land which can be taken up and held by one person by fulfilling the cultivation conditions, it was clearly shown during the passage of the Land Ordinance that to compel every one to take up the same quantity of land would compel some to take up more land than they could cultivate and deprive others of the area which they required. It can be safely asserted that no country in the world gives such facilities to intending cultivators of acquiring land on the easiest possible

terms. In North and South America, South Africa, and Australia, the settler has to part with a large part of his capital in purchasing the necessary land, whilst here the whole of his capital is left intact, to purchase implements, erect fences and houses, and carry out the operations that precede any return. Moreover, in the countries named, the land in the best position and of the best quality is largely secured by speculators, not for cultivation, but to await a rise in rent or selling value, while the actual cultivators are forced to take up inferior land further from a market for their produce, to reach which roads have to be made at great expense through the uncultivated lands. Now we fully endorse the statement made by Mr. Ottard in preparing his resolution, 'that the chief aim of this Radical state is to equalise for every class the conditions whereby wealth is obtained by individuals.' Let Mr. Ottard or any other person point out a single law or condition that is not beneficial for all, or indicate any new measure that would increase equality, and the Government will at once take steps to carry it into effect. I am afraid that I have trespassed on the time and patience of the Council in answering Mr. Ottard's absurd argument—argument which I think would waste the time of any debating club."

Other speeches, similar in tenor to those reported, were made for and against the resolution. Mr. Ottard replied, and merely repeated his former contentions. The resolution on being put was lost, only four voting in its favour and twenty-two against it.

INDUSTRIAL DEPARTMENT.

During the decade under review the country had steadily progressed in regard to the production of various commodities, with the exception of sugar, the yield of which failed to increase in proportion to the population. The growth and export of coffee increased by 30 per cent. Mutton and beef showed little advance; but the rearing and fattening of pigs on the taro, and their conversion into bacon, ham, and pickled pork, became an important industry both for home consumption and export, and was the means of preventing a rise in the price of beef and mutton. The production of grain was confined almost entirely to the demands for home consumption. Maize was occasionally exported to Australia and Chili; as also were preserved fruits, jams, and jellies of various kinds. Spirits still continued to be imported in small quantities, but the yield of rum from molasses made the export of spirits largely exceed the import.

The production of manufactured articles had slowly but steadily developed with the increase in population. Boots, shoes, clothing for men and women, candles, soap, house furniture, buggies, carts and waggons, several kinds of machinery, woollen tweed, kip, and sole leather, were all produced in such quantities as to meet the demand for home consumption. But cotton, linen, woollen cloth, haberdashery, hosiery, kerosene, printed books, coin, iron, steel and other metals, had to be imported to the value of the exports. In 1881 a motion was brought forward to repeal all the duties of a protective character, on the ground that the labour engaged in the protected industries could

be more profitably employed in the production of coffee, sugar, and other exportable articles. But the Protectionists contended that this was not the case, as the whole of those engaged in the protected industries resided in the towns and were members of families engaged in a variety of occupations, and that many of them had taken to this light work because their physical strength was insufficient to allow their engaging in farming work. They further contended that 15 to 20 per cent. of the inhabitants of Europe were physically unfit to undertake the hard work involved in the production of raw material. But their greatest objection to the repeal of the protective duties, they said, was the fact that history showed that all nations and communities dependent on the production of raw material for export were poor, ignorant, and oppressed; and they instanced India, Egypt, Southern Russia, Southern Italy, and Ireland. Taking these facts into account, they said it was their duty in the interests of Rapara to extend protection to every industry which promised success under a moderate protective duty, so as to increase the volume of production and thereby furnish employment, and prevent a further fall in the rate of wages.

In the following year a resolution was brought before the Council to give a bounty of £1 5s. per ton for a period of ten years upon all iron made in Rapara. The mover said that they had all been aware during the last fifteen years that they possessed mines of iron-stone, and now that coal of a good quality had been found, it was their duty to establish ironworks to supply their own requirements.

To this it was answered that no doubt they had ample material for the manufacture of iron; but even if its consumption were doubled, the quantity consumed would not warrant them in giving a bounty for the initiation of the manufacture. Were they in the position of countries having a large amount of unemployed labour, they might then have been justified in giving such a bounty as would enable the iron produced to be exported, thereby providing work and wages for those who otherwise would have had to be supported at the public expense. But that was not the case. On the contrary, all their people were fully employed at rates of wages which enabled them to save a portion annually; they thus became enabled to undertake some kind of production on their own account, and eventually reached a position in which they could give employment to others. It would, therefore, be madness under such circumstances to incur a large expenditure to establish works that would result in a loss.

The resolution was lost, and this shows that while the country was prepared to extend protection to promising industries they would not do so to unpromising ones.

In 1879 the railway between Raoto and Akitiki was begun, and it was opened in 1882. It is a single line eighteen miles in length, having a three-feet six-inch gauge, and cost £36,600. Efforts were made to induce the Government to extend the railway ten miles further, but the Government replied that it was not required, nor were funds available for that purpose. Those interested in the district, in combination with Raoto capitalists,

offered to lend funds to the extent of two-thirds of the cost at 4 per cent. interest; but to this the Government answered that the policy of Rapara was a non-borrowing one, and the Government would not violate such a policy if the whole of the funds were advanced at 1 per cent.: they were fully aware of the danger of even making a commencement in borrowing. The Australian Colonies began by borrowing moderately for necessary works, now they are borrowing extravagantly to construct unremunerative and unnecessary works, merely in order to find employment for labourers; and the further they went in this direction, the greater the temptation would be to go on at an increasing rate; then when they were hard pressed to pay the interest the temptation would be infinitely stronger. No, they would have nothing to do with borrowed funds; those who could lend could pay in increased taxes, and this was the means which the Government would use when more revenue was required for the construction of necessary and reproductive works.

CENSUS OF 1883.

The census of 1883 showed a total population of 92,466—49,204 males, and 43,262 females. The Maori population, including other Polynesians, numbered 5,162, leaving 87,304 Europeans, including half-castes. Of this number 31,360 were adult males, and 24,244 adult females. The population of Raoto, with its suburbs had increased to 4,246, and the other four towns to 7,382, showing that 11,628 resided in the towns and 75,676 in the villages and country districts.

The total area under lease amounted to 1,436,000 acres. The area under cultivation was 736,320 acres. Of this acreage 35,840 acres was irrigated land, used chiefly for the cultivation of sugar, rice, and taro, and about 1,600 acres were devoted to the cultivation of coffee. Included in the 1,600 acres was the land used for growing coffee by the Maoris. Some 7,000 acres were under cotton, 92 per cent. being in the hands of the Europeans and 8 per cent. in those of the Maoris. The remainder was employed in the growing of fruit, vegetables, fodder, grass and grain of various kinds.

REVENUE AND EXPENDITURE.

The total revenue for 1883 amounted to £269,214, of which land contributed £172,881; pasturage, £5,550; customs and excise, £76,508; water rates, £5,735; State bank, £8,540, being equal to £3 11s. per head of population.

The expenditure amounted to £276,881, leaving a deficit of £7,667 on the year, but this deficit was principally accounted for by the expenditure on the Akitiki Railway and other permanent public works, which amounted to £48,000.

IMPORTS AND EXPORTS.

The total imports, including railway material and coin, amounted to £253,536, and the exports to £248,681, thus the imports exceeded the exports by £4,253, a sum which is fully accounted for by freights and charges being included in the import value and not in the value of exports.

LOCAL GOVERNMENT.

The local government of towns and parishes was carried on, up to 1863, under the joint provisions of the general code of laws and the Land Ordinance. Under these provisions each town and parish elected a steward, who used his discretion in carrying out all ordinary repairs, alterations, and improvements, but submitted all important works to the approval of the parishioners. He likewise made out all assessments, and collected the rates and licenses for grazing, timber, &c. This system worked well in the rural parishes, but was not equally adapted for the town and urban parishes. To meet the difficulty a municipal Act was passed in 1863, providing for the election of councillors, with full power to deal with all parish business. The councillors were elected on a rate qualification, by which those holding 320 acres of freehold land, which was legal at that time, had four votes. This method of voting, however, was repealed at the time when the Land Nationalisation Scheme, under which eighty acres of land became the maximum that could be held by one person, was carried. The votes were then graded in proportion to the rates paid, three votes being the maximum. This act was not compulsory, each town and parish being at liberty to come under the Act or continue under the old provisions. Five towns and thirteen parishes put themselves under its provisions; but four of the latter withdrew and went back to the old system, so as to simplify administration and decrease the expenses. Efforts had been made at various times to induce the Government to supplement the local rates by a subsidy from the State revenue; likewise to con-

struct certain roads and works. But these requests the Government firmly refused. In a few cases the Government bore a portion of the cost of certain roads and water-channels, which were partly of a national character, but for all local roads and works each town and parish had to bear the whole expense or do without them. With a few exceptions the municipalities did not hesitate to impose the rates required to carry out necessary works and obligations, including the provision of parish libraries and reading-rooms, and, in some places, several municipalities joined in the expense of starting and maintaining hospitals. On the whole, municipal government was very effective, and this was mainly due to the fact that the Act left each municipality free to manage its own affairs in its own way. It was said at the time it was passed that, as there was no compulsion to levy rates in the act, it would prove a failure. But these fears were groundless, for it proved more effective and gave greater satisfaction than any of the cast-iron Acts in force in other countries.

CODE OF LAWS.

The code of laws, both civil and criminal, was in several cases defective, and many held that a more elaborate one was required. But as the present code was a simple one, easily understood, and did not afford opportunities for lawyers to twist its meaning, and so prolong litigation, the bulk of the people were satisfied to put up with the rough form of justice which it dealt out, rather than be handed over to the tender mercies of lawyers.

EDUCATION, RELIGION, AND AMUSEMENTS.

Primary education, which included reading, writing, English grammar, geography, and arithmetic, was free, compulsory, and secular; higher education could be obtained by the payment of fees. The masters of each school having not less than forty pupils were empowered, in conjunction with the school committee, to recommend to the State Secretary one scholar annually who showed distinguished ability, to be educated in the higher branches, free of charge, for a period of three years. These recommendations were invariably adopted, except in cases where the parents of the nominee had ample means to pay for such higher education. Religion was neither assisted nor interfered with by the State. It was supported entirely by voluntary contributions. Every parish had one or more places of worship, to which, in most cases, all sects of Protestants resorted, but the Roman Catholics only attended their own places of worship. Some of the Protestant churches had paid ministers; but the greater number depended on the voluntary ministrations of members of the congregation. Sabbath observance partook more of the continental than the English character. People could attend religious service—which was held in the morning—or absent themselves, without being subject to remark or insult. After noon all classes spent the remainder of the day in such amusements as gave them the greatest pleasure, and the evenings were mostly filled up with social parties, debating clubs, or public concerts. Though no law existed against Sunday labour, none except such as was absolutely necessary was ever performed.

THE STATE BANK AND LAND ADMINISTRATION.

The State bank had more than fulfilled what its founders predicted. Under the original Act the Commissioners were empowered to grant overdrafts or cash credits on the security of two bondsmen. On the recommendations of the Commissioners, this power was withdrawn, and they were authorised to make advances on the security of improvements on land, on ships, and other kind of movable property, likewise on bills of lading, acceptances, and other negotiable documents, on condition that due payment was guaranteed by two approved sureties. This was found to work well, but gave great offence to the trading banks, which, as a measure of retaliation, returned the State notes which they had borrowed at interest. As, however, it was found that the State bank could circulate their notes to the full extent of the authorised issue through the Treasury, they resorted to the previous plan of borrowing State notes so as to secure the profit arising from the difference between the borrowing rate from the State bank and the lending rate to the public. The State bank, for the past eight years, had paid to the Treasury, out of profits and issue of notes, on an average, £8,000 per annum. The total issue of State notes now amounted to £190,000, or in round numbers to £2 per head of population, and they never fell below par; in fact, for internal currency, they were preferred to coin, though they never went to a premium. In this position the country was enabled to have £190,000 in State notes in circulation which in their absence would have had to be kept in coin, thereby enabling capital to this extent

to be employed in reproductive industries and in public works.

Rapara had now obtained such full measure of equitable laws and institutions, that no demands were made for new measures. The people were generally prosperous and contented. They were gradually increasing in material wealth, comfort, and intelligence; but it must not be supposed there was no poverty in the land. Indolence, extravagance, and misfortune had their victims as in other countries; and industry, enterprise, and thrift secured comparative wealth, but not to the extent that would be considered a fortune in Europe. The gifts of nature were equally open to all according to their capacities; and all had channels of employment that yielded a comfortable subsistence and provision for old age. We fully believe this will continue while the present polity is adhered to in its integrity. This will end our history of Rapara, but we will in the following chapters inquire how far the polity of Rapara is suited to eradicate the poverty and starvation which obtains in Europe and other countries following the polity of monopolistic individualism.

CHAPTER XVIII

INQUIRY INTO LAND TENURES

Rapara Compulsory Leasing Act and Land Nationalisation Act.
Are they applicable to England and Australasia?

WE have traced out the history of legislation and material development of Rapara, from its first settlement in 1842, to its completed settlement in 1884, when it attained to the position of a self-sustaining community with most of the various industries appropriate to a civilised state. These laws produced neither great riches nor poverty. Natural wealth was equally open to all, and produced wealth was secured by individuals in proportion to their enterprise, industry, and thrift. Under these circumstances it becomes a question worthy of inquiry, To what extent are these laws calculated to ameliorate the condition of the "submerged tenth" in other countries, but, more particularly, in the United Kingdom and Australia?

The first law meriting consideration is the law regulating the occupation of land. By the law of Rapara, State land after survey is open to selection on perpetual lease in lots of ten acres, up to eight

allotments. The occupation of land is made entirely dependent on cultivation to the extent of three-fifths of the area occupied. Neglect to fulfil this condition does not subject the occupier to fine, nor the land to forfeiture to the State; but it entitles others who are prepared to carry out the cultivation condition to be put in possession of as much of such land as is not protected by cultivation, on payment to the existing lessees of the appraised value of improvements. Subsequently to the passing of the Land Ordinance, an amendment was carried, giving lessees the option of turning their leaseholds into freeholds at twenty years' purchase on the rentals. Afterwards this right was extended so as to enable areas up to 320 acres to be converted into freeholds, exempt from any cultivation conditions, with the result that extensive tracts of land were turned into freehold by speculators who had no intention to cultivate, but relied on an increase of population to raise rents and prices. This had the effect of keeping the best land out of cultivation and forcing new settlers on to poor soils, and on to land further removed from roads and markets. To meet this state of things, a Compulsory Leasing Act was passed, giving the Land Commissioners power after twelve months' notice to owners to grant perpetual leases on this uncultivated land on payment to the owners of the value of any improvements, the rents, less 5 per cent. for expenses, being handed over to the owners. This had the effect of opening up this freehold land to settlement on the same cultivation condition as State lands. Now when we consider the present deplorable condition of the agricultural industry in England, Ireland, and Scot-

land, it appears that a compulsory leasing law, either on terminable or interminable leases, on a cultivation condition at the highest rent that cultivation can afford to give, would soon bring the bulk of agricultural land into cultivation, and thereby supply employment to at least a portion of the "submerged tenth." There has been a number of specious reasons advanced as to the cause of the decline in English agriculture. Foreign competition, excessive local taxation, and change in climate, have all been stated as the cause of this decline; whereas, most undoubtedly, the real cause is that the land has been handed over to a class of people who perform no useful function in the production of the necessaries of life, yet are empowered by law to charge the people of the United Kingdom £60,000,000 per annum for liberty to cultivate their own land. No doubt farmers should pay rent under any system of land tenure; but if the tenure is a freehold one the rent should be fixed by the State, and at rates at which farmers could carry out cultivation, while paying their labourers sufficient wages to live upon. Grazing may be more profitable than cultivation, but it is undoubtedly a great loss to the community, as ten acres under cultivation will yield more in value, and afford more employment, than thirty acres under grass. As, then, the lands of England, Ireland, and Scotland undoubtedly belong to the community, they should be used so as to yield the largest amount of produce and employment. This would in a large measure be effected by a Compulsory Leasing Act, like that passed in Rapara. Some five years ago a similar Act was introduced in New Zealand, empowering the public trustees to lease

out the Maoris land in the Taranaki district in terminable or interminable leases, with the result that some 300,000 acres of land which was covered with gorse is now under cultivation, and affords homes for industrious families. Landlords, their friends and paid writers, ascribe the decline in English agriculture to foreign competition, in the face of the fact that statistics show that the yield of grain per acre in England is more than double that of the competing countries, while, as a rule, wages are higher in the latter than in the former. The difference is that English produce is handicapped owing to a heavy rent-charge, while the foreign producer's rent, as a rule, only amounts to the interest on 10s., 20s., or 30s. per acre paid to the State; so that the rent-charge in the competing countries would range from 1s. to 3s. per acre, while the English rent-charge ranges from 20s. to 60s. per acre. If the decline in agriculture in England is not due to the rent-charge it is for landowners and their friends to show what the true cause is. In this position the landlords and their friends have the audacity to propose protective duties on grain, under the pretence of benefiting the farmer, but really to increase their rents at the expense of consumers. Now, if Protection is to be used for the benefit of agriculturists the national lands must first be resumed by the State; so that the community and the individuals comprising it may reap the benefit instead of the landlords.

Under the pretext of assisting farmers to meet foreign competition, the English Parliament last year passed an Act appropriating £100,000 to relieve landowners of a portion of the land tax, and

£2,000,000 per annum to pay a portion of the rates on agricultural land. That this iniquitous measure is not intended for the benefit of farmers is proved by the fact that an amendment to exclude from the Act all land bearing a rental of 25s. per acre and upwards, and another to prevent the imposition of increased rent during the currency of the Act, were both negated by a Conservative landowning majority. No doubt can be entertained that the Agricultural Rating Act is the most iniquitous measure ever passed by the British Parliament. The confiscation of the rents of land as proposed by Mr. Henry George only differs in degree; in principle they both amount to unmitigated robbery, and who knows but the one may pave the way for the introduction of the other, and the sins of the fathers be visited on the children?

Under a Compulsory Leasing Act, rents of land would doubtless be largely reduced, but this would not be introducing any new principle into British legislation, as rents have been reduced by State action on several occasions, both in Ireland and Scotland. Such an Act would doubtless largely increase cultivation and employment, but could only be looked upon as a measure of temporary relief, as the rental would still go to the support of a useless class instead of into the coffers of the State. We call landlords a useless class advisedly, as only one-seventh of the cultivated land in the United Kingdom is cultivated by the owners, and half of this is under the control and management of stewards, so that only one-fourteenth is cultivated under the management and direction of the owners. All the remainder is owned by landlords who pass

their time in hunting, feasting, visiting, or idleness, and do nothing towards the production of the necessaries and luxuries they consume, yet can legally compel the people of the United Kingdom to pay them some £54,000,000 per annum for liberty to cultivate the lands of the nation. No doubt some of them in the capacity of legislators and magistrates render a little service to the State while mainly looking after their own interests. To free the community from this payment to a useless class nothing short of land nationalisation, either by cutting of all inheritance in land from unborn generations, children of owners excepted, or compensating the owners from a fund raised by an assessment on all forms of wealth, land included, will place land in its proper position so that it may be used to the greatest public benefit.

A large portion of the best land in Australia is likewise kept out of cultivation, though principally owing to a different cause from that in England. The greater part of the freehold land in Australia is used for grazing, and much of it is only fit for this purpose; but there is a large portion of it suitable, from its richness of soil and the favourable climate, for successful cultivation. Now, while grazing is a proper and legitimate use of land, this should not debar those who are willing to turn portions of it to a higher use by cultivation from doing so. It may be urged that private interest will induce large land-owners to cultivate or let out such land to farmers; but this opinion is not supported by practice, as the owners require a higher price or a higher rent than cultivators can afford to pay. But even should grazing pay better than the rent that farmers can

afford to pay, this we hold is no good reason why the interests of the individual should prevail over those of the State, as cultivation will yield three times as much in produce and employment as grazing, and it is the undoubted right of the State to see "that State lands are open to be used for the most productive purposes." But here a very strong argument crops up against the State's owning and controlling State land. On the introduction of Responsible Government, all the Crown lands were handed over to the several Colonies with full power of management and control. This power resulted in such mismanagement that every candid person acquainted with the facts must come to the conclusion that State-managed land in Australia has been a great failure. But, fortunately, there are other countries owning State lands in which the management has proved highly successful. In the Madras and Bombay Presidencies and in portions of the North-West Provinces of India the rents are paid direct to the Government, and the tenants, having fixity of tenure, are well off compared with those in Bengal, where rents are much higher, and are paid over to the Zemindars or landlords, who retain over one-half and pay the other over to the Government in the form of a land tax. Nine-tenths of the land in Japan is owned by the State; the rents are collected by the Government direct and are re-appraised periodically. These rents form by far the largest portion of the revenue; at the same time they are not oppressive, the farmers being the wealthiest class in Japan. The occupants of the land seldom change, though the tenants can sell their leases with the improvements. High farming

is carried on probably to a greater extent than in any other country, one-fourth the value of crops being expended in manure every year. This, combined with a plentiful supply of water for irrigation, and a hot, moist climate, makes Japan in proportion to the area of cultivated land the most fertile country in the world. A stock argument of freeholders is that it requires the stimulus of ownership to reach the highest point of productiveness, but, contrasting England with Japan, we observe that under leasehold tenure the land of Japan—in proportion to area—produces double the value of the freehold lands of England.

To return to the main question under consideration—the lands of Australia. No doubt the nature of the country made it necessary that the grazing land, until required for permanent settlement, should be let out on terminable leases. But instead of giving perpetual leases on cultivation conditions, nearly all waste lands were sold unconditionally. Latterly conditions of residence and fencing have been imposed, with the result that the former has been evaded, while the latter has absorbed most of the settler's means, and thereby acted as a bar to cultivation. In this position the capitalist had sufficient interest with the Government to have special surveys legalised. Under these special surveys blocks of 40,000 acres and upwards of the choicest part of the country were purchased in fee simple at 20s. per acre. This land could remain idle or be used for grazing while awaiting a rise in its value; actual settlers had to go further afield to secure inferior soil. Large areas of the best soil were likewise purchased in fee simple and devoted

to grazing under the pre-emptive right granted to pastoralists. Almost the whole of this rich soil is still used for pastoral purposes, although urgently required for cultivation. There have been various attempts made to remedy this evil both in New Zealand and Victoria. What is called a "bursting-up land tax" was resorted to, which failed in its intended object. There were large areas of land taken up by pastoralists in Victoria and New South Wales under pressure of the "free-selection" clause, which are only fit for grazing purposes. To burst up such land would serve no useful purpose, as grazing can be best carried out on large areas. A bursting-up tax, therefore — if advisable — should be confined to tracts of land suitable for cultivation. Now the difficulty of discriminating in taxation between good and bad land is so great that a bursting-up tax must not only prove a failure, but a positive evil. Another measure for compelling landowners to cultivate is the tax on the unimproved value of land. This tax is levied in South Australia, Tasmania, and New South Wales. Its passage was mainly due to the advocacy of the Socialistic Labour Party, and is considered by that party as a first instalment of George's "single tax." The arguments which they use in its favour are that the tax will compel landowners either to cultivate themselves or sell or lease to others willing to do so. But when we recognise the fact that a tax on cultivated or even pastoral lands amounts to an excise duty on its produce, thereby adding to the cost of production, it seems that the remedy must increase the evil it was

intended to cure, and observation of its actual effect shows that, instead of increasing, it has retarded cultivation. If the land tax had been imposed upon uncultivated land only, it would have done good in this direction, but would have inflicted great injury upon pastoralists, and utterly ruined many of them. Every one must admit the great annual loss which Australia is sustaining through cultivators being forced on to poor tracts of country, while large areas of good land is only used for grazing. All attempts to remedy this have proved failures, and the time has now arrived for trying a Compulsory Leasing Act on just and well-considered lines, including a cultivation condition, so as to make good land available for cultivation with as little disturbance to the owners as possible. There is no doubt that such an Act could be applied to England, Ireland, Scotland, and Australia with beneficial results to each of them, besides paving the way for the occupation of land under State ownership.

The evil effects of private ownership in land, particularly in England, Ireland, and Scotland, have been seen and deplored by nearly all intelligent patriotic people during the last century. Various remedies have been proposed and discussed. One proposed that the State should take over all land at its appraised value, and pay the owners with Government debentures at fair rates of interest. Now a little consideration should show that such a plan would not relieve the community from the heavy burden which it has to bear in supporting a useless class by payment of rent for the use of its own land, as they would have to

pay the Government in taxes not less, and probably more, than they now pay landlords in rent. Bad as such a plan is, it would be an improvement upon the present system, as we cannot conceive a Government so stupid or unpatriotic as to impose higher rates than cultivators can afford to pay except by paying agricultural labourers wages insufficient to purchase the bare necessities of life. A second method proposed and discussed is to pass an Act giving all persons living at the date of the passing of the Act the right of inheritance as at present, but cutting off all right of inheritance from those born after that date. In support of this proposal, it is contended that injustice can only be done to persons in existence, and that what has no existence cannot be wronged or unjustly treated, as no right can have accrued. Doubtless the law of entail goes as far as possible to secure property in land to future generations, but such a right is opposed to the welfare of society and violates the ethical grounds on which the law of inheritance rests. Unborn generations have doubtless a right to inherit ordinary produced wealth, but assuredly no such right of inheritance can justly extend to land and the raw material of the earth, and no injustice would be done in cutting off inheritance of natural wealth from unborn generations, children of the owners excepted. This would be the fairest and simplest method by which to nationalise all minerals, leaving the surface to be nationalised by payment of compensation to the owners of the land.

While these proposals and others of a like kind were being discussed, Land Nationalisation came

nearly within the lines of practical politics—when Henry George came on the scene, and showed more fully and clearly the evil effects of private property in land than any previous writer. The movement for a time gained many adherents and made distinct progress, but after time and consideration had been given to his proposed remedy of confiscation, a reaction set in, not merely against a tax on land to the full value of the rent, but against any form of Land Nationalisation, with the result that Land Nationalisation has been thrust back more than half a century. Had Henry George proposed to confine the application of his proposal to England and other European countries which had parted with their land without valuable consideration, the question would have been one open to discussion. But to propose to tax land to its full annual value in America, Australia, and other countries selling land under direct sanction of law, without compensation, is surely the height of iniquity—an iniquity which the moral sense of the community has refused to sanction. It seems, therefore, that the land must either be left in the hands of the landlords, nationalised on the plan proposed by Mr. A. R. Wallace, or resumed by the State with compensation to the owners. To pay the compensation by Government debentures would still leave the maintenance of the landlords a dead weight on the community. Land in the hands of a non-cultivating class is a great national calamity, which can only be rectified by a great national effort to raise sufficient funds to compensate the owners. This can best be effected by a general assessment on all forms of wealth, land

included, on the same lines as those followed in the Rapara Repurchase Act, to which we direct special attention.

Objections have been raised, and will doubtless continue to be raised, to such an assessment on various grounds. The main grounds of objection urged are—that the payment of such a large sum would exceed the amount of our currency, and would cause great monetary and financial disturbance; and that the assessment would reach a great number of persons possessed of property who had no spare funds wherewith to pay the assessment. Now in considering this question it must be distinctly recognised that in such a transaction we neither add to nor take from our store of money and wealth. It is simply a transfer of a small portion from one class to another. The objectors are doubtless labouring under the mistake that the whole of the compensation fund would have to be collected and paid over in money to the landowners; whereas by the issue of certificates to the owners equal to the appraised value of the land to be resumed, these certificates, being good for the payment of the assessment, could be borrowed from the holders on the security of their property by those who had not sufficient funds to pay their respective assessments. That such certificates could and would be used in this manner is certain, unless we are to suppose that those receiving compensation would allow their capital to lie idle and unproductive, which is an altogether unwarranted assumption. If we assume that one-fifth of the contributors are able to pay and that four-fifths have to borrow

from certificate-holders, it would follow that at the date of settlement four-fifths of the assessment would be paid in land certificates and one-fifth in bank bills and current money. Whether the sum amounts to two-thirds, three-fourths, four-fifths, or five-sixths is of little importance, as the transaction does not diminish the volume of money, and therefore the transfer can be carried out with little monetary or financial disturbance. Of course, it will be said that an Act that compels people to borrow and pay interest on the loan is oppressive and unjust. But there is no greater injustice in being compelled to pay interest than taxes to a similar amount, which latter would be the case had the compensation been paid in Government debentures.

In carrying out Land Nationalisation great care would have to be exercised in appraising the value of land containing minerals. No doubt corrupt judges declared that the minerals, silver and gold excepted, belonged to the owner of the land, and corrupt Parliaments passed Acts to the same effect under which landlords have levied royalties on the minerals which were removed for public use. But the growing intelligence of the age cannot be expected to tolerate this misuse of public property much longer. Redress can only be effected by passing an Act whereby all royalties shall in future be secured to the State. To grant compensation for the resumption of all minerals would be an act of greater injustice to the public than the Acts by which the minerals were handed over to the landlords in defiance of all right and reason. If the monopoly of coal and other minerals

appeared right to past generations, it seems utterly unrighteous to the present generation, and it is therefore its duty to end the evils as early as possible, and this could be best done, as before stated, on Mr. A. R. Wallace's proposed plan. But as such a measure would fall on a number of innocent mine-owners who purchased coal and coal lands under faith of the existing laws unless provisions are made to deal with each case on its merits, so that it would be necessary to appoint a Commission to take into account the price paid for such mineral land, the amount of capital expended, and the profits derived from the output, allowing a fair rate of interest on the original purchase money and capital expended, so as to ascertain who are entitled to compensation and what is the amount fairly due to each. These statements are equally applicable to Australia except that minerals were purchased with the land, and the owners of mineral lands are entitled to compensation at fair market value on the resumption of their land or minerals.

As under any system of Land Nationalisation it would be both unwise and unjust to dispossess existing tenants, the Act will have to discriminate between the buildings and other improvements made by the tenant and those made at the expense of the landlord. The former must be treated as the property of the tenant, on which he will be chargeable with the assessment. The latter should be treated—to the extent of expenditure—as the property of the landowner, on which he will be chargeable with the assessment rate. As respects land let out on building leases in London and other centres of population, such buildings should be regarded as

the property of the lessees—anything in the contract to the contrary notwithstanding. And as respects leases which have fallen in and been renewed on an extension fine, such fine should be treated as the purchase money of the buildings and improvements. When Land Nationalisation is effected, the lessees of rural, urban, and town lands should become the tenants of the Government at rates based on the appraised unimproved value of the land, and under perpetual leasehold tenure subject to periodical re-appraisal and right of sale. But the power to transfer portions of leaseholds must be subject to Government regulation and consent, so as to prevent too minute divisions on the one hand and too large aggregations on the other. The appraised value of improvements adjudged to be the property of the landowner must be paid over to him or security given for due payment by the tenant. The cost of Land Nationalisation under a system of compensation is held by many to be above our means, but we think this opinion is an erroneous one, when the aggregate wealth and the unimproved value of land is fully considered. We are all agreed that the best statistics can only be taken as an approximation; but as the errors in such a number of items are likely to counteract each other, our statistical information may be accepted as a fair approximation. According to Mulhall, the total wealth of the United Kingdom in 1888 amounted to £9,400,000,000, and the value of land to £1,544,000,000; but as this value is evidently based on the annual rental, a rental chargeable with tithes and land tax, which together

approximately amounts to £8,070,000 annually, which capitalised at twenty years' purchase, amounts to £161,400,000, which sum deducted from the gross value of land, reduces its value to £1,382,600,000. No doubt tithes is as objectionable a burden on land as rent, but so long as the public consider it advisable to support religion from this source it will have to be continued. When a majority consider that religion should be supported by voluntary contributions, the change could be easily and justly effected by a modification of Mr. A. R. Wallace's proposed method of Land Nationalisation; that is, that incomes from tithes cease on the death of each beneficiary. To raise the amount required for compensation on a value of £1,382,600,000, 12½ per cent. on the total wealth would be required, but if minerals and rights of fishing were nationalised on Mr. A. R. Wallace's method the rate would be reduced to 10 per cent. This would be doubtless a heavy charge on individuals (but would cost the community as a whole nothing), but surely it is not too great a price to pay for the removal of the gigantic rent incubus, owing to which a large proportion of the land in the United Kingdom is kept out of cultivation and a large number of industrious people out of employment.

With respect to Land Nationalisation in Australasia, although less than one-fourth of the total area of State land has been alienated, the borrowing mania has so demoralised the community and impoverished the finances of the Government, that no measure of Land Nationalisation can be expected for many generations. But it is within the power of the Government to stop

the further alienation of the public lands and supply the demand for settlement on perpetual leasehold tenure, subject to a cultivation condition. It is likewise in their power to amend the Land Act so as to enable the free selectors who have taken up land on conditional purchase, subject to the payment of annual instalments on account of the principal, to convert their holdings on equitable terms into perpetual leaseholds. It is within their power, too, to pass a compulsory leasing Act so as to open up to farmers large tracts of rich freehold land now used for grazing, and pay the rent over to the owner of the land. Such an amendment in the land laws would largely increase the area of cultivated land, find employment for tens of thousands now employed on unproductive relief works (carried out with borrowed funds), or living on charity, and thereby assist to lift the Australian colonies out of their present stagnation and financial embarrassment, while at the same time paving the way for a scheme of Land Nationalisation.

In drawing this picture we are aware that its realisation is entirely dependent on the stoppage of the borrowing policy which is rapidly undermining private enterprise in Australia, and straining the ability to pay the interest to such an extent that the Australians are forced to continue borrowing to meet their obligations. That such a policy must come to an end some time with disastrous results is certain. How long it can be continued is dependent on the amount of money which English capitalists are willing to throw into the Australian melting-pot.

It is said that Land Nationalisation is outside the line of practical politics. But all great reforms were at one time in the same position. If this humble effort shall assist in bringing this important question within the range of practical politics the writer will be amply rewarded.

CHAPTER XIX

INQUIRY INTO INTERNAL CURRENCY

A State bank of issue—Legal tender inconvertible—State notes—
Current accounts in trading banks considered.

THE State of Rapara is too small, and its financial transactions are on too limited a scale, to afford a fair illustration of a State bank or of inconvertible State notes. But so far as the experience of Rapara goes, it shows that a State bank under wise conditions may be safely entrusted with the issue of legal tender inconvertible State notes. We are all agreed that the issue of notes by trading banks must be convertible into money on demand, and that each issuing bank shall hold a certain proportion of specie in reserve to meet such conversion; but State notes stand on a different form of security, as they are issued on the good faith and honour of the entire community, and stand on the same footing as other kind of Government interminable securities. We shall endeavour to show that, treated in this manner, legal tender inconvertible State notes, payable at the option of Government, would furnish a large portion of

internal currency, thereby releasing a large amount of coin or capital to be employed in reproductive industries.

During the past decade the question of a State bank and State notes has received a considerable amount of attention. A State Bank Commission was appointed from members of the legislature in Sydney, and one in Melbourne, at both of which a great amount of evidence from banks and financial authorities was taken, but little benefit resulted therefrom. Bills founded on these reports were laid before the legislatures of New South Wales and Victoria by their respective Governments, both of which had to be withdrawn, as the report of both Commissions recommended that ordinary banking business should be undertaken by the State bank, including overdrafts and current accounts. A conference of Australian bank managers was held in 1894, at which the issue of notes formed the principal subject of consideration, with the result that they recommended that all notes should be issued by the Government. But before this the Government of Queensland had taken the issue of notes into their own hands and suppressed the issue of bank-notes by a heavy tax. The note issue of Canada is likewise in the hands of the Government, with satisfactory results. In South Africa all notes are legal tender, and are issued and guaranteed by the Government. In the various nations of Europe both convertible and inconvertible legal tender and optional notes are issued by trading banks controlled by Government. Nearly every European nation has a so-called national bank trading for the benefit of its share-

holders, but none has a real State bank working for the profit of the State. Under this European system of issue a large amount of specie is locked up as security for the due payment of the notes. According to Mulhall, the issue and specie reserves of the banks of all nations in 1889 were as follows: Issue, £616,000,000; specie in safe, £368,000,000. In another table for 1887 it is stated that the United Kingdom had an issue of £38,600,000, and specie £28,000,000. It is difficult to ascertain the ratio of reserved specie held exclusively against notes alone; but if we take it at 40 per cent. of the total issue, we have £15,440,000 of specie impounded to guarantee notes. Even legal tender inconvertible State notes would require a small proportion of specie to be held, and used if required to prevent depreciation, but 15 per cent. on the amount of notes issued should be ample. This would reduce the specie reserve from £15,440,000 to £5,790,000, thereby realising £9,650,000 to be employed in commerce or production; but the benefit would not end here, for as £38,600,000 of bank-notes are kept afloat with all their attendant risks, fifty or sixty millions of State notes, being free from all risks, would be a moderate estimate. Even at the lower estimate of fifty millions, this would release £20,000,000 in specie, which, invested or used at 3 per cent. interest, would be a saving of £600,000 per annum. The increased employment of notes for internal currency throughout Europe would largely increase the volume of currency, and thereby help to check the increasing appreciation of gold.

With respect to inconvertible notes, their issue even by the Government will be opposed by bankers,

although they are glad to reap the benefit whenever the Government, to mitigate or arrest a monetary crisis, suspends the bank charter, and thereby makes bank-notes inconvertible. Now, as the history of banking clearly shows, that the action of the Government in suspending the bank charter—thereby relieving, and in some cases prohibiting, the bank from paying their notes in specie, that is, making notes inconvertible—has on a number of occasions averted or mitigated monetary panics, and that inconvertible notes guaranteed by Government have stood the test during financial difficulties and monetary panics, we infer that there should be no doubt of their suitability for internal currency during normal financial conditions. That this truth has not been publicly recognised is doubtless due to the conservative tendency of bankers and to the advantage supposed to attach to the issue of notes. We say supposed advisedly, as there can be no doubt that banks could use State notes lent out to them at moderate rates of interest with greater profit than their own notes. Many intelligent people hold that Governments, particularly Colonial Governments, could not be entrusted with the issue of State notes. Now there is no doubt that if the issue is left in the hands of the Ministries these fears are well grounded. But if the issue and control is handed over to an independent and non-political board, just as independent as the judicial bench, these apprehensions are without foundation. And if the Act of incorporation authorise such board to retain in specie a percentage of the amount of notes issued, to be used in maintaining the notes at par, and provide that

notes lent out at interest to banks shall be returnable to the board at the option of such banks, then, subject to these and other necessary provisions, the issue of legal tender inconvertible State notes is calculated to confer great benefits on the Colonies. England has, to a certain extent, secured this advantage through the Bank of England. But in the British colonies there is a large amount of specie employed as backing for bank-notes, and a much larger amount of gold and silver used for internal currency, which could be safely and profitably replaced by State notes. The change will doubtless be opposed by bankers; but we must hope that the advancing intelligence of the age will enable this valuable reform to become law in the near future.

During the last fifty years cheques or orders on bankers have played an important part in supplementing internal currency, but the law respecting current banking accounts tends to greatly detract from their usefulness. The law treats current account depositors as creditors of the bank. When a fixed deposit at interest is made the money is lent for the time named to the bank, but when a deposit is made under current account the depositor neither sells nor lends it to the bank, but simply places it in the bank until wanted. But should a bank stop payment, the law holds the depositors to be not only creditors, but concurrent creditors, with fixed depositors. Now, it should be evident that money lodged with a bank at interest on fixed deposit represents savings, and in the event of the bank having to reconstruct extension of the time of payment occasions little inconvenience to depositors. But it is otherwise with the owners of current

accounts, as turning such deposits into fixed ones prevents their receiving or making payments, thereby paralysing trade and ruining individuals. This was clearly shown in the late Australian bank failures, and had the letter of the law been strictly followed general bankruptcy must have ensued. It is therefore necessary, to avoid such a catastrophe, to make current accounts not only a preferent claim, but in the event of failure providing by law that the funds in banks shall continue to be used to duly meet the cheques drawn against balances in current accounts. Under such a provision and with State notes, or notes guaranteed by the State, runs on banks would be a thing of the past.

CHAPTER XX

AUSTRALASIAN BORROWINGS

Its continuance must eventuate in default—Aggregate debts of Australasia—Debts of the several colonies—Annual liability to non-residents—*Pro rata* amount for the United Kingdom.

WE have endeavoured in the last two chapters to show that the legal system of Rapara with respect to the occupation of land and the use of State notes for internal currency would be a valuable reform for England, Ireland, Scotland, and the various colonies of Australasia. Several laws have recently been borrowed from Rapara by the Australasian colonies with beneficial results; but there is a great unwritten law, or, rather, a recognised policy, of non-borrowing firmly established in Rapara, which has been entirely disregarded in all the colonies of Australasia, with results that threaten in the near future to make the colonists mere hewers of wood and drawers of water for English capitalists. To contract a foreign debt to obtain funds wherewith to construct necessary public works in a new country under settlement where capital is not available, is doubtless a wise and justifiable course; and had Australian borrowing conformed to the above conditions, it would have enabled the country to

progress at a more rapid rate than by waiting for the accumulation of domestic capital. But in Australasia large sums of money have been borrowed to construct unnecessary works, and foreign capital has been borrowed when plenty existed in the country, only requiring taxation to make it available for the construction of useful and necessary works. The great indebtedness of Australasia is shown in the following statement of the public and private debt taken from the statistical account of the seven colonies of Australasia by Mr. T. A. Coghlan, Government Statistician of New South Wales:—

	£
Public debt, 1851	11,899,000
" 1871	39,040,871
" 1881	95,965,582
" 1895-6	222,795,865

But this latter sum has been reduced from several causes to £217,136,000. The private debts at the same time amounted to £132,500,000, making a total debt of £349,686,000, or £83 per inhabitant due to people resident outside Australasia, on which the sum of £15,411,000 was paid in interest, dividends, and profits in 1895-6.

This sum, when adjusted between the several colonies, shows the following indebtedness:—

	£
New South Wales	102,096,000
Victoria	85,779,000
Queensland	53,239,000
South Australia	21,012,000
Westralia	7,807,000
Tasmania	11,700,000
New Zealand	68,053,000
	<hr/>
	£349,686,000

In order fairly to realise the severity of this enormous burden of £349,686,000 on a population of 4,339,000, it is necessary to see what it would amount to on the population of the United Kingdom. But as £151,876,000 has been spent on railways, telegraphs, water, and sewerage, to which must be added the expenditure from loans on harbours and rivers and other works which are constructed in the United Kingdom by joint-stock companies and private persons, this will be fully covered by estimating it at £21,000,000. The debt would thus be reduced to £177,686,000, which, on a population basis, would amount to a debt of £1,599,000,000 for the United Kingdom. But this is not the worst aspect of the case, as the total payments for 1895 amounted to £15,411,000, paid to people resident outside Australasia for interest, dividends, and profits. This is equal to £138,700,000 for the United Kingdom. This annual payment, it must be borne in mind, would have to be paid, not to residents in the United Kingdom, as is done with interest on the National Debt, but to people residing outside the United Kingdom; and, further, to realise fairly the severity of the burden of this gigantic debt, we must suppose England to be in the same financial position as the Australasian colonies, having no foreign debtors, and therefore have to pay this £138,700,000 annually out of her own resources, or, in other words, out of her commerce and industrial productions. Now, this was the position of the Australasian colonies at the end of 1895, and as some £5,500,000 has been since added to the debt, it now amounts in round figures to £355,000,000, and the interest will amount to the sum

of £3,113,000,000 for the United Kingdom. Now, large as this Australasian debt is, its most alarming feature is its rapid increase from year to year. Notwithstanding the heavy payments on account of interest, if future borrowings were confined to the redemption of old loans, an increase in population should in a few years enable the Colonies to pay the interest out of revenue. Victoria and New Zealand have nearly ceased to borrow, except for redemption purposes; but Queensland, New South Wales, and Westralia keep on adding to their debts, and it goes without saying that this must come to an end, it is to be feared, with disastrous results, for although there is not even a whisper heard of repudiation, the increasing amount of interest, with two or three bad seasons, will render the payment of it impossible. When this position is reached capitalists will refuse to lend, and a crash must follow.

It may be asked why the Colonies continue this mania for borrowing funds in excess of profitable investment. Now it must not be overlooked that the profit derived from loan expenditure is as great in useless and unproductive works as in real works of utility. Another very active cause in support of loan expenditure is that entire sections of the working classes see that the expenditure of borrowed funds raises wages and increases employment on public works; but they do not perceive that this rise in wages decreases the amount of employment in private reproductive industries, and therefore every effort is made to elect members to the Legislative Assembly who are in favour of increasing borrowed funds wherewith to find employment.


In this connection it is always asserted that every work about to be undertaken with borrowed money is of a reproductive character. Paving streets, repairing and enlarging buildings, cutting scrub on public lands, levelling sand hills, building wooden bridges, punts, and houses, paying the passages of immigrants, repurchasing land, and even erecting a statue to a governor, are all declared to be reproductive works. As loans cannot be contracted except by the Ministry, it may be asked why they consent to borrow for such purposes. Now there can be no doubt that nearly all the members of Australian Ministries sanction loans which they know to be detrimental to the interests of their respective Colonies, so as to retain political power and pay, regardless of the evil which they inflict on the community. All the Australasian colonies in varying degrees are now using a large amount of borrowed funds in payment for works and services clearly chargeable to the annual revenue, and they are using this portion of it for the payment of interest on loans. If English capitalists supply them with funds, this form of finance will be continued until the inevitable crash comes. It may be said that the internal loans lately floated in Melbourne and Sydney show that the residents of these cities, who subscribed these loans, being on the spot, should be fully aware of any approaching danger if it could be foreseen; but it may be safely asserted that not one in twenty take the trouble to inquire into the financial position into which the Colonies have drifted. There is no doubt that a considerable portion of these loans were taken up by residents; at the same time it is well known that more than

one-half were subscribed by residents as agents of English capitalists.

There is a very pertinent question likely to be asked as to the object and motive of the statements and opinions herein made, that is: If the financial position of the Australian colonies is as bad as the writer alleges, is the statement not calculated to precipitate the anticipated crash? We have, in a former part of this article, expressed the opinion that if future borrowings are confined to what is required for the redemption of loans as they become due, the anticipated increase in population should in a few years enable the Colonies to pay the interest out of revenue. My object is, therefore, to endeavour to show colonists the dangerous position into which their borrowing mania has placed them, and that although loan funds are required to find employment, every addition to the debt will increase the necessity for another loan. It is likewise my object to warn English capitalists of the danger they run in granting further loans, as every fresh loan is endangering the payment of interest on the loans already granted. No doubt there is sufficient wealth in the Colonies to pay the interest on the national debts, even should we have two or three bad seasons; but this wealth is in the hands of a small number, and as taxation is now higher than in any country in Europe, an increase sufficient to pay the whole of the interest out of revenue will be resisted unless a stop is at once placed on further loans. It has been frequently asserted that Australian telegraphs and railways would sell for a sum sufficient to pay the public debt. Such a sale might provide funds to pay the cost of railways and telegraphs, but

this would leave the interest on some £200,000,000 to be paid from taxation.

In performing what I believe to be a public and patriotic duty, I will most likely be denounced by borrowers in Australasia and lenders in England as a political assassin ; but if this warning is the means of stopping borrowing I shall be fully satisfied. Should it fail, the heavy payments in interest will turn thousands into vindicators of my action in this matter.


 CHAPTER XXI

THE NEW EVIL THREATENING SOCIETY

Modern investments—Rapid concentration of capital and wealth—
Decrease in rate of interest with increase in amount—Threatens
to absorb all wealth in excess of a bare subsistence for pro-
ducers—Taxation to the point of equal sacrifice the only avail-
able remedy—Extremes of poverty and riches in London.

INVESTED capital may be said to be a modern economic institution conferring present benefits and threatening dire future evils. At the beginning of this century, if national debts are excluded, the amount of investments—that is, investments on loan, joint-stock companies, and mortgages on property, &c.—was so small compared with the present volume that it is no figure of speech to term invested capital a *modern economic institution*. It would be outside the limits of this work to make a full inquiry into its working, but the question is such a momentous one from a sociological point of view that it merits at least brief consideration.

We are all fully aware of the great advantage which joint-stock companies afford to professional men and to the middle class generally for the productive investment of their savings, the interest and

dividends being used for the support of their families. Another class of investors consists of capitalists whose dividends, interests, and profits largely exceed the amount which they spend on themselves and families, and are therefore seeking fresh investments annually. According to Mulhall's statistics of the distribution of wealth in the United Kingdom, 158,600 families, comprising millionaires, very rich, and rich men, own property to the value of £6,361,000,000; 730,500 middle-class families own £2,336,000,000, and 5,924,900 struggling and poor families own £680,000,000. Now the first or rich class are doubtless in a position to increase their investments annually; the second or middle class to increase their incomes and perhaps their investments to a small extent; the third, or struggling and poor class as a whole, are unable to increase the volume of their property. The larger proportion of the population, probably two-thirds, have during the last fifty years secured a better standard of living and more leisure; but the remaining third have had to submit to greater poverty and privation. And when we bear in mind that this third numbers no less than 12,160,000 persons—men, women, and children—the conviction is forced upon us that the great increase in the production of wealth resulting from improved machinery, the application of steam to ships, railways, and machinery, and other scientific discoveries, is being directed into useless channels, making the very rich richer without on the whole benefiting the very poor, it is evident that the laws of distribution are radically wrong and require radical amendment. In this connection let us briefly examine the millionaire, very rich, and

rich classes, comprising 158,600 families, owning £6,361,000,000 of property and an annual income (at 4 per cent.) of £254,000,000. If £184,000,000, is spent in maintenance, £70,000,000 will represent savings which, invested at 4 per cent. compound interest, would double every nineteen years, and would in 190 years be increased to £71,680,000,000, if the aggregate wealth reached this amount; if not, its increase would be stopped when it had swallowed up all available wealth; for a portion must remain in the hands of the masses, sufficient, at least, to yield a bare subsistence to producers. Before it reaches this point, there will be a line separating those who pay from those who receive interest. Doubtless some of the receivers will from extravagance or misfortune occasionally drop below the line; while some of the interest payers may through enterprise and good fortune manage to rise above the line. But the line will remain until some effectual measure based on high ethical justice is brought into force that will prevent wealth from flowing into useless channels, while there are a number of people who cannot obtain sufficient food to satisfy the demands of nature. A ray of hope is afforded by the fall in the rate of interest, but careful consideration shows that this is caused not by the increased wealth in the hands of the masses, but by the enormous wealth acquired during the last thirty years by the very rich classes. Rates of interest will doubtless continue to fall, but this will be of little benefit to the community, as the amount of interest is bound to increase under the operation of joint-stock companies, consols, debenture bonds, and other forms of investment. Now it is plain to

any intelligent person that a large number of people have more wealth than they can use after indulging in every kind of luxury, and that a much larger number of people have insufficient wealth to provide them with the bare necessities of life, while others are subjected to semi or actual starvation. This, I repeat, is evident to every intelligent person not blinded by party, bias, and prejudice. Yet many public writers, some for pay and others from class prejudice, either deny that wealth is misdirected, or endeavour to prove that our modern legislation is guiding it into more useful channels than heretofore. They quote statistics which prove that the condition of the majority of the working classes has improved during the past forty years, and on this base a claim that they have proved their point that the rich are not getting richer and the poor poorer; whereas our statistics clearly prove that while the wealth of the middle class is undergoing moderate increase, the wealth of the very rich is increasing at a rapid and alarming rate, while the position of the poor is growing more terrible at an equally rapid and alarming rate.

Mulhall gives the amount spent in England and Wales in maintaining paupers in 1714 at £910,000, which sum gradually increased up to 1888 to £8,400,000; and if Ireland and Scotland are added, the cost for the latter period amounts to £10,700,000. Even this enormous sum does not represent the full cost of maintaining those unable to support themselves, as large amounts in money or goods are given away in casual relief or by charitable institution and by private charity. These sources of maintenance together cannot amount to less than

five million pounds, making a total of £15,000,000 per annum for the latter period. Contrasted with other European nations, the rate of pauperism in the United Kingdom is more than three times that of France, Germany, Russia, Austria, or Italy, which is doubtless mainly due to the greater amount of money which the people of the United Kingdom have to pay in rent for liberty to cultivate the land than in the other countries named, where a large proportion is cultivated by owners who pay no rent, while six-sevenths of the land in the United Kingdom is subject to such high rents that cultivators can only afford to pay their labourers at rates which do not afford them the ordinary necessities of life. We have previously expressed the opinion that taxation to the point of "equal sacrifice" cannot be justified as an ordinary measure of legislation for controlling the conditions of a civilised community; but should our present legislation permit or direct the great mass of wealth to accumulate in the hands of a class to an extent that deprives another class of the means of subsistence, then we think we should be justified in applying the principle of "equal sacrifice" to correct the evil: for what cannot be endured must be cured, and this appears to be the only cure short of repudiation, which we hold could only be justified as a last resort when all legislative measures had proved ineffectual. The Australasian banks during the late crisis adopted this latter method. They had borrowed largely at rates of interest which they were unable to pay. In this condition they said to their creditors, we are unable to pay the rate of interest which we agreed to pay, and you must either reduce this rate of interest or we

will be forced to liquidate, our assets will be wasted, and you will get next to nothing. The remedy by equal sacrifice is perhaps a hard one from the monopolistic individualist point of view; but it is better than repudiation. Let us hope that Radical legislation will stop this flow of wealth into useless channels. A commencement has already been made in the reduction of rents in Ireland, Scotland, and Bengal; and the Finance Act of 1894, if it does not arrest this useless accumulation, claims a portion for public use.

The City of London is famed for its benevolent and charitable institutions, and visitors from other countries cannot find words with which to express their admiration of the generosity and bounty of its citizens; but amidst this generosity and bounty strangers are shocked at the appalling misery and destitution that confronts them in nearly every part of London. London, and in fact England, is now in a more than average state of prosperity, but this prosperity has not bettered the position of the very poor in the slightest degree. The extremes of riches and poverty in the United Kingdom, and particularly in London, is nothing less than a national disgrace. Charitable institutions to help them are not lacking, but the strong Conservative instinct to let things remain as they are prevents any remedial measures from being applied to the seat of the evil.

In this position we would expect that the working classes would join hands with Liberals to have bad laws replaced by good ones; but so far from this being the case, we find them either supporting Conservative action, thwarting Liberal measures, or advocating wild and visionary measures of reform

which stand no chance of adoption, with the result that the very poor are left in their misery.

Many members of the working classes have, during late years, come to the conclusion that a "Living Wage" would benefit them, and a resolution in its favour was carried at the late Labour Conference held at Birmingham. That it is desirable that wages should afford a comfortable living every fair-minded man must acknowledge. At the same time its accomplishment is beset with several difficulties. There would be little danger in applying it to all those in State and municipal employment, as such services do not come into competition with foreign countries; and although it would be attended with some danger if applied to those engaged in road-making, house-building, and other work that does not come into competition with foreign workmen, there is danger from an influx of working men from other countries unless accompanied by some measure of exclusion. But it is otherwise with all those engaged in the production of all kinds of goods which have to compete with the productions of foreign countries, because any increase in a living wage over the present competition rate would be calculated to increase the importation of foreign-made goods, and to that extent decrease the demand for home-made goods and consequently for labour to an extent that might reduce the aggregate earning under the higher living wage rate to less than the aggregate earnings under the lower competitive wage rate.

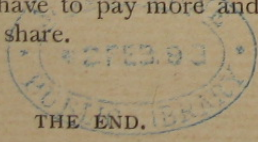
Nearly all civilised countries are able to prevent this destructive competition arising from importation of foreign goods by protective duties; but

this remedy is not open to England, as she is dependent for employment for her people in being able to export a large portion of her manufactured goods to other countries.

It is therefore evident from the above circumstances that however desirable it is to secure a living wage, it can only be safely granted to people in State and municipal employment, even if the British Parliament consented to limit the influx of foreign workmen. But this objection does not apply to an equally desirable measure of justice—*Old Age Pensions*, which can be easily and justly granted, and paid out of the general revenue.

Under all the circumstances it is apparent that the introduction of a living wage would be attended with great difficulty and would tend to increase the number of strikes in order to secure what each trade considered a living wage.

It is therefore evident that a living wage would fail to mitigate or remove the evils under which the producing classes in England are suffering. To remedy these evils the working classes must unite and attack the real seat of the evils, which lies in Land Monopoly, Hereditary Legislators and Pensions, Sinecure Offices, and unjust Taxation, by which the masses have to pay more and the classes less than their fair share.



THE END.

