



Australia for the Australians

A political pamphlet, showing the necessity for land reform,
combined with protection

CHAPTER I

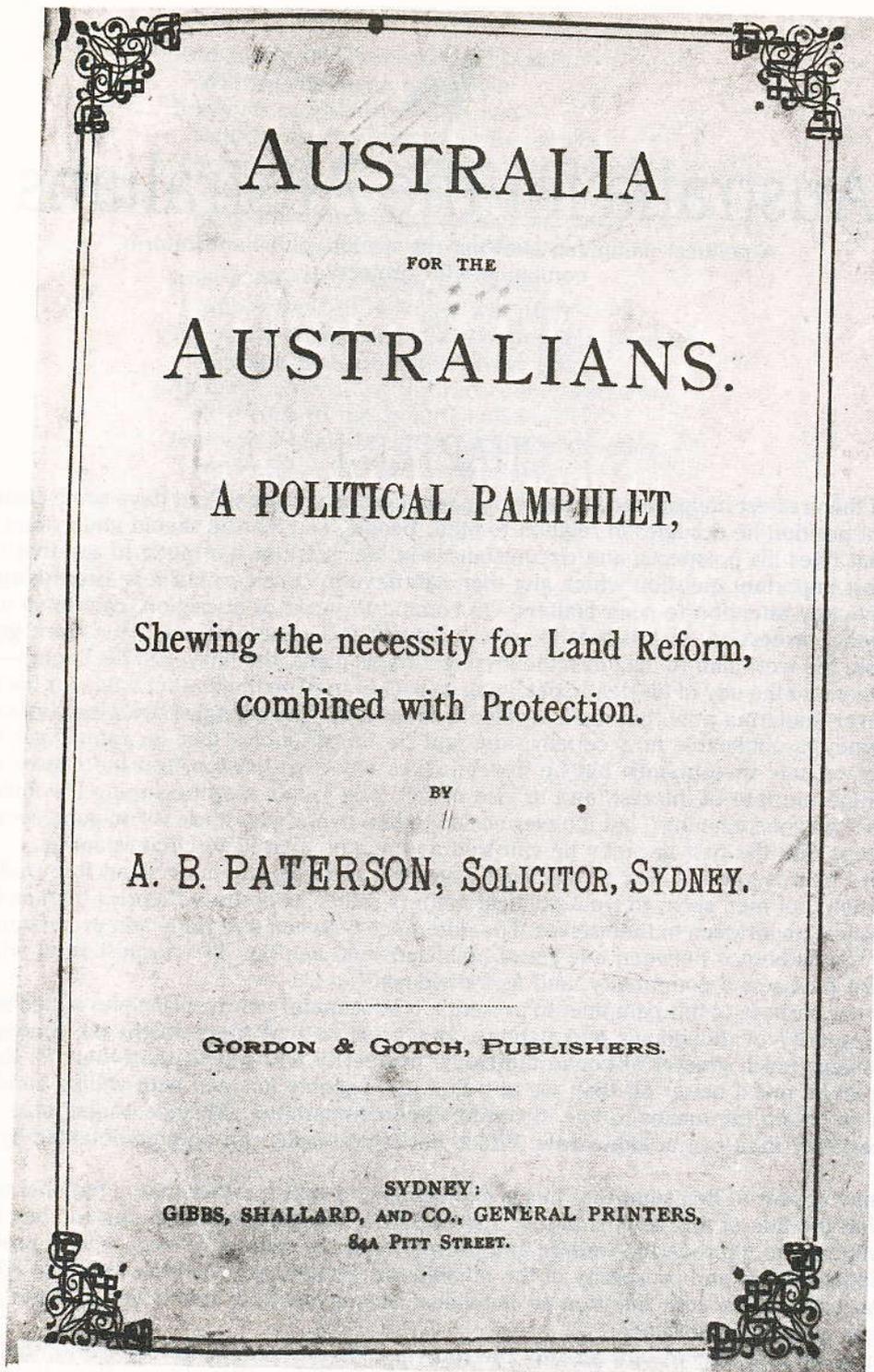
It is of the greatest importance to every man amongst us that he should have some clear idea of what position he occupies in relation to other people, and that he should understand what it is that fixes his prospects, and circumstances in life. It is not too much to say that this is the most important question which any man can have to consider; but it is astonishing how few give any attention to such matters. On coming to years of discretion, each man adopts that trade, profession, or business to which circumstances seem to point: the clerk goes to his desk, the workman to his tools, the architect to his plans, the lawyer to his books — each plods along to the day of his death, obtaining as well as may be the market value for his work, but never enquiring how that market value is arrived at. The capitalist finds that interest on his money is obtainable at a certain rate, and he too grumbles that he cannot get larger interest on safe investments; but he never makes any investigation into the causes which determine the rate of interest, and its rise or fall. The young man beginning life finds that there is “no good opening”, but it never occurs to him to ask why there is “no good opening”; he creeps into the first vacancy he can see, and adapts himself to circumstances.

Every man is more or less a “politician”, and will spout by the hour about free trade and protection, but men seem to treat political matters rather as abstract theories than as things of practical importance to themselves. The difference between free trade and protection, etc., is not the difference between one set of politicians and another; it is a question of which is the best for us as a community, and as individuals.

It is the purpose of this pamphlet to present a brief summary of the principles which govern the prosperity of individuals and nations; and to show that there might be, amongst us Australians, much greater all-round individual prosperity and wealth than there is: that we might all be much better off than we are: that it is possible for men with willing hands and brains to obtain the means to live in comfort and comparative affluence, much more easily and certainly than can be done now. Which desirable results can only be obtained by good laws.

It may appear at first sight that this is a personal and selfish rather than a national matter, and that the title of this book is hardly appropriate in such a connection; but the fact is that the only way to improve the welfare and prosperity of the country at large is to improve the individual welfare and prosperity of the inhabitants. To advance Australia we must advance the Australians, and the question of individual advancement is really *the* question of the greatest national importance.

It may be said that we are already the most prosperous country in the world; that in no other place can a good living be got so easily and certainly as it can here. Even if we grant



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this, it does not prove that we are as prosperous as we might be, or as we have every right to expect to be. And when we come to look into the matter we find that we are a very long way from any such happy state. It ought to be possible in a new country like this for every man with a willing pair of hands to be always employed, and at good wages. There should be constant openings for our young men with brains and ability to make good incomes. Poverty and enforced idleness of willing men should be unknown. Yet we find the working men constantly seeking employment in vain. There seem to be less and less openings or chances for the young men who are coming forward. In all the colonies an absurd proportion of the population is crowding into the towns. The professions are overcrowded.

In the year 1888 New South Wales paid over one hundred thousand pounds for the support of men who could get nothing to do. The trouble is temporarily disposed of, but will certainly crop up again. It is a curious thing that in a partially settled country we find one colony paying over one hundred thousand pounds in a year towards charity works for those who can find nothing to do. Why should there be any unemployed at all? Surely there is work enough to be done, land enough lying idle, desires enough to be satisfied.

It is often alleged by people, especially of the "upper" classes, that our labouring population are a great deal too well off. "They are getting too independent altogether, these fellows with their eight hours and their holidays: the colony will never go ahead until we get cheap reliable labour." This idea is founded on a hideous ignorance of the most simple rules of political economy. Cheap labour means degradation of the community, and no country has ever been prosperous or happy by reason of labour being cheap; but the exact contrary has always been the case. High wages have everywhere and always meant prosperity, and low wages have always meant bad times.

Let those who do not see the necessity for any change or questioning of the present arrangement of affairs take a night walk round the poorer quarters of any of our large colonial cities, and they will see such things as they will never forget. They will see vice and sin and misery in full development. They will see poor people herding in wretched little shanties, the tiny stuffy rooms fairly reeking like ovens with the heat of our tropical summer. I, the writer of this book, at one time proposed, in search of novelty, to go and live for a space in one of the lower class lodging houses in Sydney, to see what life was like under that aspect. I had "roughed it" in the bush a good deal. I had camped out with very little shelter and very little food. I had lived with the stockmen in their huts, on their fare, so I was not likely to be dainty; but after one night's experience of that lodging I dared not try a second. To the frightful discomfort was added the serious danger of disease from the filthy surroundings and the unhealthy atmosphere. I fled. And yet what I, a strong man, dared not undertake for a week, women and children have to go through from year's end to year's end. And there were places compared with which the one I tried was a paradise.

Some say of course that all this misery is the fault of the people themselves; in some cases it is. There are people who would be hard up, no matter what chances they got; but there are a great many who, try as they may, cannot make any comfortable kind of a living. Do you, reader, believe that it is an inevitable law that in a wealthy country like this we must have so much poverty? Do you not think there must be something wrong somewhere? Of course people are much worse off in the older countries. God grant that we never will reach the awful state in which the poorer classes of England and the Continent now are. Are we not going in the same direction? That is the question which we have to consider. The same trouble is showing itself here which has come up everywhere. Instead of the position of the working people improving at the same rate as the various appliances for getting a living are improved and perfected, we find a woeful deficiency. The improvement in productive power has been like the speed of a racehorse, while the improvement in the position of the people who ought to be benefited thereby has been like the speed of the mud turtle — if indeed any progress has been made at all.

If it be a fact that there is no help for this, and that it is an absolute necessity that there

should be unemployed and paupers, it is a serious matter for us all, because there is no hard and fast line dividing one class of workmen from another. All who work, whether by hand or brain, are equally working for their living, and if that living is becoming harder to get it is no joke for us. We who have no pressing cares, look with indifference on the hardships of poverty-stricken people; but it may be our turn next. It is a matter we should look into. The accepted theory to explain all this is one which was started by a clergyman named Malthus.* He said that people had to slave day and night, and women and little children had to suffer hunger and want because the earth would not produce enough to support its population. He said that just in the same way if a man kept on breeding sheep he would in time overstock his run, so we human creatures tend to increase and multiply so rapidly that we would overstock the earth, were it not that our numbers are kept down by starvation, disease, dirt, misery, and all the evil consequences which follow on and spring from poverty. Nine men out of every ten you meet subscribe unthinkingly to this theory. They will say if asked, "There must always be poor people, because there isn't enough to go round."

It is hard to see how anyone who believes in religion, who believes in a God of justice and mercy, can believe this theory — will for a moment believe that God puts people on the earth just to starve them off it again.

This overpopulation theory, curiously enough, is accepted by a people to whom it certainly does not apply, and who never learnt it from Malthus. The howling black savages of the interior of this continent are true Malthusians; they believe in applying a positive check to the increase of population, so they operate in a crude but effective way on the female infants, and render them incapable of ever bearing children. They do this to relieve the pressure of population on subsistence, in a wonderfully fertile country where the population is about one nigger to the square league. In their view, the carrying power of the earth is limited to the number of wild ducks, tree grubs, lizards and snakes that it will furnish. Having arrived at this conclusion, they lie on their backs in the sun all day and curse Creation for not having provided them with more food. They endorse fully the sentiment of John Stuart Mill, that it is not the laziness of man but the niggardliness of Nature which is to blame for the privations which they occasionally endure.

Whether this Malthusian theory be true or not is luckily not a matter which we need consider; there can be no question but that our country will support all the population it has now, or is likely to have for the next few centuries.

It is difficult to imagine a number of people so great that our country could not carry them. When we think of the great rolling fertile plains of this continent, the wonderfully rich river flats, and the miles and thousands of miles of agricultural land, spreading all over the country and hardly yet trodden by man, it is very evident that pressure of population on subsistence has nothing whatever to do with our difficulties.

It can, I believe, be shown that the supplies of heat in the sun will in time give out; that the earth will grow cold and lifeless, and will stop turning round and round, and I suppose it could be proved that the earth will some day be overstocked — but all these things are a long way off. Are we going to give ourselves up as lost, and to make no effort to put things straight, because at some very remote period there may not be enough subsistence to keep everybody alive? We would indeed be chicken-hearted to give way to such opinion.

It is generally alleged that these ideas of a better state of things are visionary and unrealisable. If it is the dream of a visionary, that in a new country like this, where we have the most fertile soil and the greatest natural resources of all kinds; where we can grow

*Malthus, Rev. Thomas Robert (1776-1834). English economist and pioneer in modern population study. Best known for his theory, first stated in 1789, that the growth of population always tends to outrun the growth of production, so that poverty is therefore man's most inescapable fate. For a century his theory was used by economists to justify *laissez faire* and oppose efforts toward social or economic reform.

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anything we want and make all things we need for ourselves, or get them by exchange from the older countries: if it is the dream of a visionary that in such a country every man might be comfortably off, and might get a living easily, certainly, and with a large amount of leisure, then God help the people of such a country. They deserve to have it taken from them and given back to the blacks.

CHAPTER II

IT MUST always be remembered that we are dealing here with the simple question whether we can, by any means, be enabled to make a better living. We are not concerning ourselves with the theoretical or imaginative part of life at all. We are simply investigating the supply and demand of bread and butter. We look upon the object of life as being to get the best possible living. We live and work that we may have good clothes to wear, good food to eat, may enjoy the luxuries of life, may go to the theatre on occasions, may take our leisure when we wish it, may help those in need, patronise our friends, and insult our enemies; and that when we die we may leave a good name and a fair amount of money to our posterity, and depart "over the border" with a decent share of good deeds to our credit in the great ledger.

As Bastiat* puts it, the rule is that man shall eat bread in the sweat of his brow, and the object of us all is to get the greatest possible amount of bread for the least possible amount of sweat. We estimate our wealth in money, but money is only valuable for the things it will buy; it is a medium of exchange; paper makes just as good money as gold; a banknote for a pound will buy just as much in any Australian city as a sovereign. When we say, therefore, that we work for money, we mean that we work for the things which money will buy — for the desirable things of this life which we may lump under the name of "wealth", meaning not money, but articles of value. Now we have to consider: What are these desirable things, and how are they obtained?

Everything which we have, or desire to have, is produced by the earth in some crude form or other, and is worked up by human labour into the shape in which we use it. A carriage is simply a hickory tree and other trees, cut into shape, and bound together with iron ore which has been smelted and refined. A suit of clothes is wool from the sheep twisted into shape by intricate machinery, which machinery is also iron and other ores refined and properly treated, and put in proper shape. Everything we have comes from the earth; there is no other wealth; there is no other source of supply. Manna does not drop from heaven in these days. The next thing is to try and find out the system, if any, on which we set to work to make these things. Once we can find the basis, the system of the thing, we will have made a good start.

The reader no doubt has been used to hear a good deal of talk about productive and unproductive labour; about producer and consumer; about supply and demand; about scarcity and overproduction; everything seems mixed up, and there appears to be no system whatever. One thing, however, is clear, namely, that no one gets a living for nothing. We hear about unproductive labourers, consumers, and so on. What is an unproductive consumer? A mere mouth and belly, apparently, which other men supply with food. There is no law whereby such people are maintained, and as a matter of fact everyone except absolute paupers does something, or gives something for a living. No one is an unproductive consumer; everyone helps in some way in the production of wealth. The Governor of the colony draws a salary. Why? Because he does his share in the work of keeping order, protecting the people,

**Bastiat, Frederick* (1801–1850). French economist, best known for his journalistic writing in favour of free trade and the economic theories of Adam Smith.

and managing the affairs of the State. Such share, perhaps, as we might easily get done at less cost, but such as we have fixed at our own valuation. Your services, we say, are worth so many thousands a year — here are your wages. In the same way, through all classes of the people, all are doing their share in production of wealth.

There are men who do not actually make, out of the produce of the earth, by applying their labour, any tangible article of wealth; they do not themselves produce any wealth, but they assist those who do. If we were all like working bullocks, desiring grass and water, and grass and water only, then we might well look upon anyone, who devoted his energies to any object other than the attainment of grass and water, as a supernumerary and an unproductive consumer. If we could do our work without amusement, without recreation, without pleasure to the eye and gratification of the senses, then might we dispense with all "unproductive" labourers. We might all dress in moleskins and flannel shirts, and if we did we might look upon people who wove silk fabrics as unproductive and wasters. But our natures are different from this; we need rest, recreation and amusement; we desire to have pretty things as well as merely useful ones, and we have higher needs than eating and drinking. For instance, actors and singers help us in our work by lightening our minds and stirring up our mirth, so that we go on our way more cheerful and contented. They themselves produce nothing, but they help us so that we produce the more. We pay them their "wages", holding them to have given us an equivalent. Each does his share, and if we seek to weed out those whose labour might be dispensed with, where will we draw the line? Not until we have dispensed with everything except the plainest clothes, and the coarsest food, and the poorest shelter compatible with health.

A civilised man does not choose to live under these conditions, and the result is that many of us devote ourselves to labour that might be dispensed with, if we were all to become anchorites; the principle remains the same, namely, that we are all working for the desired wealth. We merely extend the meaning of wealth from necessary things to desirable things.

We can see, therefore, that all labour tends to the same end, and we should not allow the intricate subdivision of labour to blind our eyes to the great central fundamental fact, *that we are all working for the best living we can get; that such living can only be got out of the earth and its products, and that we are all engaged, more or less directly, in obtaining and improving those products for our use.*

This is the object of work; but besides the men who get their living by their work, there are some that don't work, and still get a living: how do we classify these? We have said that there is no law whereby a man gets his living for nothing, and the reader will find it very easy to define the position of the non-workers. They either own land and live on the rent of it, or they own capital and live on the interest of it. The brainless English new chum who comes out here with five thousand pounds to invest does his share in the aggregate production by lending his capital.

These are the three factors of production of wealth: land, labour, and capital. Production is carried on by these three factors and by nothing outside of them. If a man gets a living at all, he gets it by working for it, or by using his own money, or letting other people use it; or by using his own land, or letting other people use it.

To hear the current speakers and read the current books on this subject, one would think that, as each man came of age, he was earmarked and branded by Providence, one "capitalist", another "landlord", another "labourer", and that they were then turned loose into the world to war on one another. This is not the right way to look at it. There is no hard and fast distinction between different classes of men, and the troubles that continually come up are due to mistakes, and ignorance of the great social principles which govern such things.

This, then, is the system of our social life: We have, the Australians, a nation possessing one of the finest countries in the world, amply supplied with capital, or stored up wealth, of their own and older countries. Their object being to get the best living they can out of their country, they divide themselves into an infinity of trades, professions, and businesses, ranging

from those who direct government. Capital is (theoretically) no more. Every man can go to work properly, it is the best to expect to get the best.

We would expect that nothing left to be done as they want leather, to go on exchanging wretched goods; so long as in exchange for them a good living by going a few people. If they could we liked, and still make material for our own business capabilities will allow; we is lying idle half a million professions for which there is anyone who understands crowding into the towns with one-third of his hands the overseers and clerics *we have about one-third* into the townships, cutting time idle. Why is this? They grow anything in the town less produce, so much the less so much the less to employ is a thing which we may

OUR SYSTEM clearly does dealing with our land. When they started to grant it away they granted it was on the condition that the grantees took the land to their heirs, and their assignees for the fact that, as population They were parted with on secure tenure, because no one that he will be secured in the land were bound to give security land in "fee simple". I intend a cruel mistake was made, The present system is absurd from the community to which

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from those who directly till the soil and tend the herds up to the most elevated officials of government. Capital is easily available for any productive enterprise. Land is plenty. There is (theoretically) no restriction whatever on the method in which they employ themselves. Every man can go to the thing which he thinks will pay him best. If this system were worked properly, it is the best possible system, being the simplest. Under such a system one should expect to get the best possible results.

We would expect that no one would be idle until every want was satisfied, and there was nothing left to be done. So long as there are bare backs to clothe in the old country, so long as they want leather, minerals, and all the raw products of our land, it surely must pay us to go on exchanging with them, sending them the raw material and getting back manufactured goods; so long as any other land wants our goods, and is willing and able to give us in exchange for them such things as we want, it surely should be possible for us all to get a good living by going to work and exchanging with them. We have so much land, and so few people. If they could not, or would not, exchange with us, we could isolate ourselves if we liked, and still make a splendid living by "manufacturing," i.e., improving our own raw material for our own benefit. Either way, we ought to be able to get the best living that our capabilities will allow; whereas we are not using half our natural opportunities, and rich land is lying idle half a mile from towns where men are sitting idle, or only half occupied, at professions for which there is little demand, and trades in which employment is slack. To anyone who understands the system of production, the way in which our inhabitants are crowding into the towns is something appalling. We would call a man a fool who ran a station with one-third of his hands at bookkeeping. We would think a mine pretty well doomed where the overseers and clerical hands numbered nearly as many as the working miners; *and yet we have about one-third of our population in Sydney and suburbs alone!* They are crowding into the townships, cutting one another's throats to get employment, most of them half their time idle. Why is this? The towns can only live on the produce of the country. They don't grow anything in the towns. If there is a bad season in the country, it means so much the less produce, so much the less to export, so much the less to import and use up and enjoy, so much the less to employ town labour on. This wonderful preponderance of town labour is a thing which we may explain as we go on.

CHAPTER III

OUR SYSTEM clearly does not work as it ought. Where we have gone wrong was, firstly, in dealing with our land. When our forefathers arrived here there was any amount of land, and they started to grant it away wholesale to anyone that liked to take it; and the way in which they granted it was on the English system of what is called "fee simple tenure"; that is to say, that the grantees took the land from the Crown, to hold it for ever and ever, for themselves, their heirs, and their assigns, free of any rent or payment to anyone. No provision was made for the fact that, as population increased, these lands would become more and more valuable. They were parted with once and for all. It was, no doubt, necessary to grant some sort of secure tenure, because no man will produce anything by cultivating land, unless he knows that he will be secured in the enjoyment of what he produces. To this extent, therefore, they were bound to give security of tenure. But that is a very different thing from granting a man land in "fee simple". I intend to show that when the land was granted away in fee simple, a cruel mistake was made, which has thus early shown its effects on us and our prosperity. The present system is absurd and unjust, in that it enables some people to get a lot of benefit from the community to which they have no right, and it discourages industry and prevents

production. It encourages men to hold land idle, and its effects extend to us all, as we all live by what the country produces. "Oh", says the reader, "this man is simply a Henry Georgeite." I certainly agree with his arguments against fee simple tenures; but I do not agree in his remedy. It is a wonderful thing to me how so many people persist in looking upon Henry George as the discoverer of the evils of a system of fee simple tenure. After reading his books, I took up the older writers, Adam Smith and John Stuart Mill, thinking that it was always a good thing to hear both sides of a question, and to my astonishment I found that they agreed with George, or rather he with them, in every particular. *There is no other side.* What people call Henry Georgeism, i.e. objection to fee simple tenure in land, is no new doctrine. Every economist has supported it. It was old before George was born.

John Stuart Mill says: "The plenty and cheapness of good land are the principal causes of the rapid prosperity of new colonies. The engrossing of land in effect destroys this plenty and cheapness. The engrossing of uncultivated land besides is the greatest obstruction to its improvement."

Adam Smith says: "I shall conclude this very long chapter with observing that every improvement in the circumstances of the society tends, either directly or indirectly, to raise the real rent of land, to increase the real wealth of the landlord, his power of purchasing the labour, or the produce of the labour of other people."

I will add here a cutting from a paper read by Mr J. T. Walker, of Sydney, before the Economic Association. Mr Walker's opinion will carry weight with many men to whom the name of Adam Smith is as sounding brass or a tinkling cymbal. Mr Walker says: "I think that radical land reform, with due regard for vested interests, and co-operation, are the true solution of labour and capital difficulties."

If the opinion of such men as Adam Smith and John Stuart Mill goes for anything the mistake is here: but before going further into this question, I would like to mention one matter — more harm than good is done by the energetic writers who persist in denouncing all landowners as "monopolists", "oppressors", and so on. Landowners are not different from other people; we see them constantly and do not feel that they exhibit any desire to "oppress the downtrodden labourer". This sort of claptrap is largely talked in debating societies, and by back slum orators. It only keeps thinking people from going into the matter at all. The old saying, that he who has no case must abuse the other side, is largely believed in; and readers, who see that the land reformers constantly denounce the landowners as monopolists, grabbers, and extortioners, are very apt to believe that they do so because their own arguments are weak. Land ownership in fee simple is a state of things which we ourselves have created, and was not forced on us. If we can show that a grave mistake has been made in our dealings with land, let us try and suggest some reform; but let us not go into hysterical abuse of those who have profited by the mistake.

The first objection is that the men who buy land in the early days of a settlement get a great deal of wealth to which they have no moral right. To illustrate what I mean, near Melbourne is a vast freehold estate owned by one family, and valued at a million of money. Almost all of this is in the same state as it was when Batman first settled on the place where Melbourne now is, as being a likely site for a village. It carries sheep and nothing else. From Williamstown right down nearly to Geelong you travel through it. Near Sydney, on the North Shore, is a vast unimproved block of water frontage property, which frowns on the harbour, bold and rugged, in just exactly the same state as it was when Captain Cook brought his ships round there. It is now worth hundreds of thousands of pounds. What has given these properties their value? Clearly not the labour and trouble of their owners, as they are unimproved. They have steadily increased in value ever since the settlements were founded, because as a country gets more and more settled, and population gets denser, the demand for such land near the capital cities becomes greater and greater. When the community parted with these lands they got a few pounds only, which was all they were worth. Then the people set to work to transform the howling bush into a wealthy city; they worked and worked, building

houses, making lands about the wait," they said going up in value exertions, but says, "When a fine clothes, cos spontaneous fru sea. They are p do not labour g the finest house solely out of the hundreds of tho in his life, and y to toil and pinch he prospers, and unrefined say. Y which makes su

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It is evident th rest of us at the countries are very of the matter has new for landlord We are creating acres by the hund isions and crowd estates all belong leased out, and th so enjoyable — pl the tenants and th sort of thing will

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houses, making railways and wharves, extending the suburbs; they added to the value of all lands about there. Meanwhile the owners of these lands stood by and looked on. "We can wait," they said. They were paying no rent for the land, and they saw that it was gradually going up in value, and that they would in time make a handsome profit, not out of their own exertions, but those of the community. The reader must remember that, as Henry George says, "When a man makes a fortune out of a rise in land value, it means that he can have fine clothes, costly food, a house luxuriously furnished, etc. Now, these things are not the spontaneous fruits of the soil, neither do they fall from heaven, nor are they cast up by the sea. They are products of labour — can only be produced by labour; and hence if men who do not labour get them, it must be at the expense of those who do labour." To whom does the finest house about Sydney belong? It belongs to a man who inherited a huge fortune, made solely out of the rise and rents of real estate near Sydney; a man who counts his fortune by hundreds of thousands, and spends most of his time in England. He never did a day's work in his life, and yet can have every luxury, while thousands of his fellow countrymen have to toil and pinch and contrive to get a living. The more the country goes ahead the more he prospers, and the less he need do. It looks rather as if he "had the loan of us", as the unrefined say. Yet it is not fair to blame the man. We should blame the rotten, absurd system which makes such a thing possible.

It may be said, "We have plenty of land; there is no need to make an outcry about it being granted away — you can get acres and acres out back at the selection price." "Out back" you can; but every day the words "out back" mean further and further out. At present the far back land has little value except what the owners add to it; but every day there is less and less available land worth taking up. It is all very well to point to dry waterless plains and say, "There is land — plenty of it — what are you complaining about the land system for? If you want land, go and take up some of this." But there is an almighty difference between such land as this, and the rich lands on the coast rivers, down about Illawarra, and on the banks of the Hunter and Macleay. The injustice, the stupidity, of the arrangement, consists in the fact that our immediate predecessors granted away for ever and ever, in fee simple, free of rent, the best lands we had, and left the present generation the wilderness. They should never have allowed any absolute ownership free of rent to be acquired in land. As the land gets more and more scarce, those who enjoy the advantage of using the picked lands of the colony should also enjoy the privilege of paying something to the community for it.

It is evident that once all the available land gets into the hands of owners, they have the rest of us at their mercy. Writers who deal with the subject as it presents itself in older countries are very fond of denouncing the tyranny of the landlord over the tenant. This phase of the matter has not yet forced itself upon our community to any extent. The country is too new for landlord and tenant disputes to have sprung up; but we will have them, sure enough. We are creating the largest landed proprietors yet known — men who count their freehold acres by the hundred thousand. As soon as we leave our cities with their pitiful little subdivisions and crowded buildings, we can run in the train through miles and miles of freehold estates all belonging to individual owners. These will all be cut up into farms some day and leased out, and then the fun will begin. We will have all the things which make life in Ireland so enjoyable — plenty of good landlord shooting then. We all know the bitter hatred between the tenants and their landlords, not only in Ireland, but in Scotland, England and Wales. That sort of thing will come here some day — the poverty and all, unless we mend our system.

As to the question of discouraging improvements, many people are under the impression that our present system, of what is practically absolute ownership, is the only one that encourages improvements. "If you make the tenure of land subject to a rent," say they, "or to any restrictions, there will be no money spent on the land, no improvements made, and great deterioration will set in. We will have wooden houses instead of stone, paling fences instead of walls." But a very little thought will show them that this is erroneous. It is only when the owner realises that he can only add to the value of his land by making improvements that

improvements will be made in real earnest. Under the present system it generally pays better not to improve; improvements cost money. Any man who has tried his hand at building and laying out a garden knows that in nine cases out of ten it would have paid him better to let the land be idle, and wait for an increase in value. It is only when we get rid of this increase in value through no good deed of the owner, that we will get proper increase in value by way of improvements.

As to the locking-up of land; it is astonishing how far this locking-up system prevails. Nearly every country town in New South Wales is cursed by the proximity of some large estate which can neither be bought nor leased. Think of the loss to the community caused by this. Every day's work done on bad land while better land is lying idle is done at so much loss. Every unfortunate selector who is driven out on to the Macquarie and the Bogan to take up the dry plain, while land is lying idle on the rich river flats all over the colony, is working at a dead loss to himself and the community. It is on the success of such men as these that city men live. Our present system is direct encouragement to the owners to hold land idle and wait for a rise. The thing has taken a great hold in this colony, and the cleverest man is not the man who can use a bit of land and make something out of it, but the man who can make a rise out of a railway being made to his property.

For city properties the evil is intensified. When we hear of George Street property fetching a thousand pounds per foot, we say, "How prosperous the country must be! What wonderful advances we are making! A few years ago it could have been bought for a hundred pounds an acre!" What we ought to say is, "What a dreadful handicap on the colony it is, that men should be able to get such a lot of the colony's products for land which was increased in value by the State. What fools we are to allow it to go on!" That is what we ought to say. To anyone who understands the matter, it is a cruel thing to see the settlers in the interior of our colony, striving day after day on their little properties, with no comforts, no leisure, no hopes nor aspirations beyond making a decent living, and to think that it is owing to the labour of these men and such as these that the owners of Sydney are living luxuriously, travelling between this colony and England, drawing large rentals, or spending the large values which they never did a hand's turn to earn or deserve.

There is one stock argument which seems to go down with a lot of people. It is said that the people who buy land when it is worth little, and hold on to it till it rises in value, are risking their money, and that if the land falls in value they lose, so that they surely ought to be allowed to profit if it rises. The answer to this is that we should never have to go into the risk at all. It is too great a certainty that land will rise in any fertile unsettled country. The man who buys runs a very small risk, and has the chance of a huge profit. The community on the other hand make a very small profit if the land falls in value after it is sold, and they make a huge loss if it rises.

Land which was bought for a pound an acre has often risen in value to twenty thousand pounds per acre by the exertions of the community, and the owner has reaped the benefit. Land buying in the early stage of a settlement is a kind of lottery, in which the investor is pretty certain to win; and where the fortunate men profit at the expense of their fellow men, not for once but for all time, and not merely for themselves but for their descendants. We have prohibited all other lotteries, and yet not one of them ever did one-millionth part of the harm which this has done. There is no sense in abusing the men who have taken advantage of this state of affairs. The way was open to them, and they adopted it. I expect most of my readers only wish that their forefathers had secured a few acres about Sydney at the time when they could be bought for a keg of rum. Their descendants need do very little work now; other people would have to work for them.

There is another argument sometimes advanced, which looks well on paper but carries little weight. It is argued that if a man pays money for land and lets the land lie idle, he is entitled to profit by any advance in its value, because he has lost interest on his money. This is a rotten argument. If a man likes to lock up his capital in unproductive, unused land, it is his own fault.

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The land is handed over to him to use, not to look at. If he uses the land he can get a return for it, which will pay his interest. If a man bought a mare for a hundred pounds and never rode her or bred from her, by the time she was twenty years of age he would, if he calculated up the interest on her price, expect to get for her several thousands of pounds, whereas he would really get nothing for so old an animal, nor would he expect it. He would ride her and breed from her, and so get a return for his money year by year. In the same way let the owners use the land if they want interest.

This is where we want to make a reform. Our land system is bad: it drives the men into the cities; it causes good land to be locked up; it enables some men to live at the expense of others; it enables a man to say by his will that for twenty-one years after his death no one shall use his land. Fancy that; a dead man's will can override the needs of the living. We have created a land-grabbing mania — an earth hunger. Five hundred and fifty-two persons in a population of over a million own upwards of seventeen million acres of freehold; they possess in fee simple over one-half the alienated lands of New South Wales. Squatters have been forced to buy where they would rather have taken a good lease on secure tenure. To buy the land they have had to borrow largely from English capital, and our lands are mortgaged up to the hilt; the purchase money has been spent in wasteful extravagance in public buildings, in useless courthouses, etc., in one-horse country towns. Where we ought to have spent money in irrigation we have spent it in building tramways and bridges, and such like city works, which add nothing to the productive power of the country. This is the thing which cries aloud for a reform.

CHAPTER IV

WHAT SHAPE must our reform take? The followers of Henry George say, "Resume all the land again without paying compensation, except for improvements." At least, they say, take all the annual value except enough to induce the land owners to collect it. They purpose not only to make land pay all taxes, but to go on to take all the annual value, whether needed for taxation or not (*Progress and Poverty*). This is too sudden a remedy altogether.

We cannot fairly resume the lands which we have sold, even though we got but small money for them; we cannot fairly take "all the annual return, except enough to induce the owner to collect it". The men who own the land now are not, except in some few cases, the men to whom it was originally granted. The present holders have paid well for it in many cases; our whole credit system is founded on those fee simple tenures; the banks have accepted the money of the community, and have advanced it on security of these tenures. It would be too great a jar, a dislocation of industry and security to attempt any sudden method. Henry George wants to burst up the present system on which all our credit and business is founded, and leave us without anything in its place. His plan, if adopted, would make things very nice for our posterity, but would leave us in a bad way.

The great keynote of the reform must be to let men hold lands to use, and not to look at. We must try and devise some means whereby the productive lands of the country shall be available for use by individuals, under the most favourable circumstances for themselves and for the community; we must devise some means whereby no one can hold land idle and unproductive while others are anxious to use it, and whereby all value created by the State will go to the State. We must secure to every man the benefit of his labours, and so far as is needful for that purpose we must give the holders secure tenure, and enable them to mortgage their holdings to get an advance of money to aid in improvements, and to allow

them to sell out to others should they desire it. We must conform to the tendency of the times to concentration, and allow good large areas to be occupied.

We cannot touch the values already accrued, but what we want to do is to find out the present unimproved values, and see that any rise in them is reaped by the State. If the owners like to let them lie idle they must pay for the privilege, and above all, and beyond all, we must stop, once and for ever, the trafficking in lands; if a man wants to make money out of land, let him do it by legitimate improvements, not by "holding for a rise". If we have any sense we will see that the State gets the benefit of all rises.

How can we do all this? First of all as to country lands — these are the productive lands of the community, and if we take the matter in hand at once, there will be little difficulty in dealing with these.

The generality of country owners would lose nothing by any reform, because, whatever value their lands have, they have themselves created by improvements and labour. Almost any farmer in this colony would cheerfully sell out if you would pay him in full for all his improvements, and the original purchase money of his land. They have got no "unearned increment" of value at the expense of the public. We don't hear of a farmer making a hundred thousand pounds by the construction of a railway to his farm; but we hear of speculators and syndicates dealing in Sydney property doing it often enough. The farmers have been working at their farms to add value to city property, more than to their own property. Some farm land, of course, has a value over and above the improvements — such land as the Hunter River Valley, for instance. There is farm land on the Hunter worth, unimproved, one hundred pounds per acre; but all the community ever got for it was one or two pounds per acre. The men who own this sort of land have got a large rise in values for which they never worked, and they are in the same position as owners of city property.

To put straight the tenure of country lands, I would make every land owner send in a valuation of his land without improvements. Let it be optional for the State to pay him or his mortgagees the unimproved value, and become his landlord at a rent to be assessed; his improvements to remain his own property; or else let the State put a tax on him calculated on the excess of his valuation over the original price which he gave. We would thus get a true valuation, because every owner would know that if he valued too high he would find himself taxed on that value.

We would thus resume control of the lands, and the existing credit system would not be disturbed. The owners could hold for ever and ever, or until they liked to sell out, but their lands should be revalued once in every five years and a fresh rent imposed. This plan works very well in Japan. The speculation in land would thus be done away with, because no man would be able to hold land as a speculation; the rent would make him use it, and he would not be able to get much more than the original unimproved valuation, because every five years such valuation would be overhauled and rectified. His improvements he could at any time get full value for, and he would thereby be encouraged to make improvements and discouraged from holding land idle, instead of being, as now, encouraged to hold it idle and discouraged from improving. Any bushman can tell hundreds of cases where rich land is locked up in the big freehold runs, carrying sheep, while miserable selectors are trying to get a living on stony ridges. This rich land would be made to pay a proportionate taxation; its present value would be fixed so that the owner could never make anything by a rise in it. That would be reaped by the State. The owner would be driven to improve or to let others onto it who would improve it. This plan would greatly help all small farmers and settlers. Their holdings would pay no rent to speak of, having, without improvements, no value above the original purchase money. And the immense increase in aggregate production that would result would give us all a fresh start. Owners of rich land would see that nothing would be gained by holding onto it idle, and they would put it in use. There would be a demand for labour of all sorts. The prosperity of the country would at once go ahead, and prosperity of the country would mean prosperity of the towns. People would be able to buy things, employ

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professional men, and meet their bills more regularly than they can now. The town values of lands I would deal with in much the same way. Fix the present value without improvements, by the owner's own valuation, and let it be clearly understood that the owner would reap no benefit from any advance on that value. Such value as he liked to add by improvements he would be welcome to. Once the owners saw that they would make no profit by holding their land idle, a lot of it would be brought into the market, and prices all round would fall in consequence. The present absurdly high value of land must be brought down somehow. It is no use saying we can do it without any jar, because there must be some jar. The present owners of Sydney, for instance (and there are not such a great many of them) could, if they liked to combine together, rob the colony of thousands and thousands of pounds by simply raising their rents. The business of the colony must be carried on in Sydney, and under the present system we must pay the owners of Sydney what price they like for the use of their land. There is no second Sydney to go to. We have given them this vast power, and we cannot take it away by any means which will be unfelt. I think the fairest way is to do as I have suggested — don't interfere with the present values, but look after any future value, and the result will be that prices for city land will reach their true level.

The tremendous lot of unimproved land about Sydney, which is patiently waiting for a rise is something wonderful. Go up into the Post Office tower and look round. You will see hundreds of acres of land, exactly in the state in which Captain Cook found it, but all of it worth according to present values from a thousand pounds per *foot* down to three pounds per foot. Once the owners get to know that no further advance is possible, they will begin to use this land, and when all this unimproved land comes into the market, the inhabitants of Sydney will not have to levy such a heavy tax on their country brethren as they have been doing, to pay the colossal rents of city properties.

This is the great reform which must come sooner or later. I am quite aware that it is little use arguing and pointing out a thing which is not severely felt — the average Englishman feels nothing unless it hits him with the force of a club. Well, this fee simple ownership, if not mended, will hit us like a club, and that before very long. It has hit them that way in the old country. They are compelling landowners to hand over their land to tenants who wish to use it. I propose some day to go more fully into this land question, and to point out in detail its bearings on the different kinds of properties. For the present we are all agog over our fiscal policy. Any change in the fiscal policy will mean only a change in distribution; it will add but little to production of wealth. Nevertheless, as it is at present the burning question, we may as well try and get at the principles of it, and see how it affects us and our prosperity.

CHAPTER V

THERE HAS sprung up, for what reason I know not, an impression that land reform and protection are diametrically opposed. The gentlemen who advocate the single tax theory meet the gentlemen who advocate protection in deadly combat on public platforms. There is no antagonism between true land reform and protection, as I propose to show. They support each other and should go together. The single tax men forget that if they make their tax as heavy as George wishes, *viz.*, a confiscation tax, it will upset all existing arrangements, and burst up the present system. If they only make it a light tax it will have no effect, but will simply be passed on by the landlords to the tenants. The last time a land tax was proposed this was provided for in all leases. The question between free trade and protection, when you come to the bedrock of it, is simply whether it is better for a community such as ours to

exchange its raw materials for the manufactures of other countries, or to tax its own people and so create manufactures.

It is quite clear that the stock protectionist arguments hardly put the matter properly. It is rather feeble to talk about being overwhelmed with foreign boots, and inundated with cotton material. These things are not curses but blessings. We wear boots and clothes; the question is whether it is better to make these things for ourselves, or to get them from other countries where they can be produced cheaper. The free trade theory is that so long as any foreign country will furnish us with manufactured goods cheaper than our own people will make them, it is advisable to let them come in free, because our own people can go to something else more profitable. Bastiat, the great free trade authority, says in his *Economic Sophisms*:

"Why are men attached to the system of protection?"

"Because as liberty (of exchange) enables them to obtain the same result with less labour, this apparent diminution of employment frightens them."

"Why do you say apparent?"

"Because all labour saved can be applied to something else."

"To what?"

"That I cannot specify, nor is there any need to specify it."

"Why?"

"Because if the sum of satisfactions which the country at present enjoys could be obtained at one-tenth less labour, no one could enumerate the new enjoyments which men would desire to obtain from the labour left disposable. One man would desire to be better clothed, another better fed, another better educated, another better amused."

Again: "As long as a man has wants to satisfy and time at his disposal, there is always something to be done."

That is the whole theory of free trade; and it is exactly on this point that in practice the free trade arguments break down. Something else! Our people ought to be able to go to something else, no doubt; they ought to be able to go out into the bush and grow wool and dig up the minerals. The market for these things is not yet oversupplied, and the land is not yet exhausted; but, owing to our land tenure system, their chances of going to something else are lessening every day. So long as there are unemployed or only partially employed men, crowding into our cities eager for a job of work, it is no use for the free traders to say that there is no need to foster manufactures, because the people can go to something else. They can't get anything else to go to. So long as they try to keep up their wages, i.e., to maintain a high standard of living, they cannot hope to compete with the underpaid labourers of the Continent and England. Henry George, in his *Protection and Free Trade* lays down a doctrine which amounts to this, that wherever wages are highest production is cheapest, and he quotes the Americans as a proof. The Americans have got a start of the world in machinery, and can turn out manufactured articles cheaper than lower wage countries. When those lower wage countries get the same machinery as the Americans (and this they are doing every day), they will soon disprove this fallacy that the more a man is paid for his work, the less expensive his work is. The true reason of the American success is simply that they have a huge local market secured to them by protection. The bigger the market, the cheaper can the articles be sold. If any coachbuilder here were to try and make buggies of the same quality as the Abbott or Fleming buggies, he would promptly go smash. They have a huge home market, and where he could sell one they could sell a hundred, so that they can gain all the advantages derived from doing things on a big scale. They can compete with foreign labour because of their huge home market, because of their immense start in machinery and scientific knowledge, and because they are protected heavily against foreign competition both of goods and labour — no unemployed foreigner can land in America without paying a tax, nor can his goods go in without paying a tax. It sounds rather well for them to talk about fair competition with the world! The fact is that where labour is high no manufactures can stand without

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protection. Adam Smith said that they would grow up naturally; as a nation grew out of the infancy stage its surplus capital would, he said, "naturally turn itself to the employment of artificers and manufacturers at home". Both those artificers and manufacturers, finding at home the materials (in our case say wool and corn), and the subsistence (i.e., capital) necessary for their work, might immediately, even with less skill, be able to work *as cheap* as inhabitants of mercantile states at a distance (say England). They might not be able to compete at first, because they would not have such good machinery; but in time they would be able to compete, and be able to "jostle" the manufacturing country out of the local markets.

Smith, in this paragraph, overlooks the fact that labour will not reduce its wages sufficiently to compete with "mercantile" states. They only hold their own by degrading their labour to the starvation point, and to "jostle" them out of our own, or any other market, we must reduce our labourers accordingly, a thing which we are loath to do. He says that by this means any landed country will in time manufacture and carry too. But the great wages question he has overlooked. We cannot compete with German iron goods, for instance, even though we have the iron here, until our labourers like to come down to working fourteen hours a day, with no holidays.

The English operatives can beat our local cloth factories in our own markets, although the wool has to be carried there and handled by hosts of people, and brought back here made up. If we could get men at English wages we would soon beat them; but the old, old question then comes up — are we going to pauperise our labour in the strife for the world's markets? It must be remembered that our object is to put our working classes on a higher footing than they now stand; and if we do this, we can never expect them to manufacture things for us at the same rate of pay as the foreign makers get. The trusts and monopolies whereby labourers are robbed, and which grow up under protection, and which formed, so far as I can see, almost the sole basis for Henry George's book, *Free Trade and Protection*, are not the fault of the system, but of the way it is administered.

This question of free trade and protection is purely a wages question. While we have men unemployed, or half employed, it is idle to talk about the economic value of their labour and to say that they need not manufacture, as they can go to something else. It is for the free traders to say to what else they should go. Failing an answer to this question, the country will inevitably go for protection. We can see pretty clearly the reason why these men are unemployed: the bad land tenure system is the reason of it. But even when tenures are put right, I think protection is the correct policy. We can of course, all devote our attention to wool growing and farming, two things in which, by reason of our superior natural advantages, we are bound (for the present, at any rate) to find something to do. We can exchange our products for those of other countries. With all our best land available, we might command the markets of the world for raw material. But is it a fitting destiny for such a nation as ours that we should have no higher objects than to grow wool and reap corn? Are we to have no arts nor manufactures? These things will only grow by protection. There is no question what protection is: it simply means taking out of the pockets of certain of the community a sum of money for the benefit of the others; and I say deliberately that such a proceeding is right. We have now the best of the wool trade; but the South American supplies are catching on us. We cannot export wheat to compete with America. It is better for us to make for ourselves a local market, even as the Americans have done. It is better to lay a tax on the exporting producers, and enable some of our people to start manufactures, so that as these latter grow up we can create a system of exchange over which we have control. Our own farmers and wool growers will have a certain market with their own manufacturers; and the manufacturers will have a certain market with their country people, instead of having to compete with auction sold goods sent out here in huge batches, and made by starving wretches working fifteen hours a day. There is no doubt that there are quite enough of us to get a good living, even when dividing our labour as I propose. Every other country almost has done the same thing. If all the world were one country, under one set of laws, it would

be a different matter. But we cannot long devote ourselves entirely to wool growing and farming, and as soon as we get any surplus labour we must give it a chance.

Here is the gist of the whole matter. Adam Smith says, "It is the maxim of every prudent master of a family never to attempt to make at home what it will cost him more to make than to buy." No, but if he has to keep some of his family doing nothing, it is better to make the article, even at a loss, than submit to the loss of keeping the family idle, and also buying the thing.

This, then, should be our policy: Reform our land tenure, so that we may get the best possible use out of our lands; and reform our tariff, so that we may give our industries a start on some other basis than that of cheap labour. We will, of course, amass a huge revenue of Government; but I have yet to learn that *that* is an evil. There are plenty of ways of spending Government money besides building the North Shore bridge. We can start irrigation works, and go in for artesian water. We can afford to amuse ourselves a little, and life need not be such a very "root-hog-or-die" proceeding as it now is.

One question is much debated — should trade be free between the colonies? Certainly, once we get all the colonies under one Government, and get the land system in each on a proper basis. At present our farmers out in the back country are clamouring for protection against Victorian products. They say that the cost of carriage prevents them having a chance. That is one of the beauties of our present land system, that men have to go three or four hundred miles inland to make a homestead, while better land is lying idle near the towns; also, they say that they cannot compete with the splendid land which the Victorian farmers enjoy. When we get a proper land system, all such land will pay an additional rent to the State, and the man that has the advantage of using it will have the privilege of paying for it. We must always keep in view that our object is the greatest good for the greatest number; and as soon as we get all the colonies under one government and under a proper land system, then we will know that everyone has a fair chance, and it will pay us better to put some of our people on to manufactures and art, rather than to go on being "a country where they grow wool". This will be better than letting our manufactures grow up, by our population growing down in their standard of living.

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