A NEW CIVILIZATION—WHAT NEW ZEALAND HAS ACCOMPLISHED BY HER EXPERIMENTS IN SOCIAL AND ECONOMIC LEGISLATION: BY FLORENCE FINCH KELLY

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FEW years ago there was much complaint in New Zealand over the high price of coal. Parliament investigated the matter and found a state of affairs similar to that of the coal roads and coal mines of Pennsylvania. The shipping interest owned the principal coal mines, and, being without competition, made its own prices. The committee appointed by Parliament found that prices could be much reduced without interfering with wages or lowering profits unreasonably, and it recommended that government should extend to the coal business its plan of competition with private enterprise. For some years the government has owned and operated two coal mines. One of these, a large property, has yielded a fair profit, while the other, much smaller, has resulted in a slight loss. But the two together more than pay their expenses, and they have brought down the price of coal very considerably. But it still stayed at a higher figure than reasonable profits seemed to warrant, and the government decided that the wholesome effects of competition were needed by the wholesale and retail dealers. Accordingly, a few months ago, it established distributing agencies for the retailing of the coal from its own mines.

There is a similar story to tell in the matter of rents. As a result of the colony’s rapid advance in prosperity, land values in New Zealand are unwarrantably high and rents in the cities and towns are excessive. The government decided to put a firm hand upon these high and rising rents, and recently began to acquire land in suburban districts, divide it into small parcels, erect thereon homes of wood or brick, according to latest sanitary requirements, and sell or lease these to workmen at low prices. At first glance the scheme seems not unlike the plans for the buying of land and the putting up of homes which have been carried out by several German cities, by Glasgow, and notably by London. But the idea in all these has been simply ameliorative—to give better housing, better conditions of life to the workingman. And in many instances they have been merely a form
of poor relief, for they have not paid their expenses. The New Zealand idea, although it has been pervaded by that humane feeling, that spirit of brotherly kindness which animates all its activities, has been primarily for the purpose of keeping a controlling finger on land- and house-rents. And the scheme is expected to pay its own cost and to be self-supporting to the last particular.

The income-tax and the graduated land-tax together form an important factor in the government's attempt to prevent the accumulation of big fortunes and to make it easy for the less favored to get together a competence. They were among the first measures passed by the Liberal Government. The income-tax begins with incomes of $1,500, after exempting $250 for life-insurance premiums. The rate is two and a half per cent on the first taxable $5,000 and five per cent on incomes above that amount. The New Zealand tax varies in an important particular from the system of taxation of incomes that prevails in nearly every European state—its initial exemption is very much larger. In England the tax begins with an income of $800; in Russia $600; while in Prussia $214 is the exemption. New Zealand also grades the increase more steeply than do the European states, except Switzerland, where the rate of increase is fivefold, while in New Zealand it merely doubles. All land-tax in New Zealand is upon the unimproved value of the land. All improvements are exempt—that is, all value that has been added by labor, all live stock and all personal property. Land values of less than $2,500 are also exempt. Those from this sum to $25,000 are taxed at a rate of a little less than one-half of one per cent. At that value the graduated tax is added to the ordinary tax and increases gradually until the maximum of one and one-fourth per cent is reached, when the value is a million dollars. The intention of the government in this system of graduated land- and income-tax is not only to bring the heaviest burden of taxation upon the strongest pecuniary shoulders, but also to act as one form of discouragement to the desire to pile up wealth. The amounts paid in both of these forms of taxation and the number of those paying show a steady increase from year to year—another proof of the growing prosperity of the colony. The ever-present humanity and brotherly kindness in the administration of New Zealand's laws is to be found in the discretion given to the commissioner to remit the taxes in cases of widows, orphans, the old and infirm, when, in his judg-
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ment, its imposition would be an excessive hardship. The New Zealand tax-gatherer, as well as the government rent-collector, takes his heart with him when he goes on his rounds.

A NOVEL institution which is a part of the New Zealand system for curbing greed is the Public Trust Office. Its purpose is to provide an office for the management of estates, the investment of money under state guarantee, and the making of deeds, wills and other instruments. The public Trustee serves as executor, administrator, trustee, agent or attorney of any property that is put into his hands by reason of death, incompetency or the wish of the owner to rid himself of its care. It is now carrying on its books four thousand estates, and its investments amount to nine million dollars. Although all its services are performed either free or at very low cost, the office is a money-maker and its profits are large. In fees, commissions and costs of legal service it has saved large amounts to the people of the middle- and working-classes. A wide discretion is given to the Public Trustee in the interpretation of all instruments that come under his hands. He can use not only his judgment, but his heart, and it is a part of his duty to get away from legal technicalities and be guided by common sense, justice and humanity. Indeed, one of the most striking features of legislation and the administration of law in New Zealand is this wide discretion that is given to public officials in every department. The aim of the laws is to secure justice and humanity, and the administrator is expected always to compass that end, and to be both honest enough and competent enough to be freely trusted in the exercise of his judgment and compassion.

New Zealand is a large employer of labor in her public works, and in these the government has endeavored to secure to the workers the full reward of their labor. The work is done by co-operative groups, who associate themselves together under a foreman of their own selection. The work costs the government no more, and the laborers save for themselves the profits that would otherwise go to the contractor. The plan has proved eminently satisfactory, for not only do the workers get more pay and enjoy the educating and elevating advantage of being intelligent, self-respecting partners in the work instead of mere slaves to a job, but the government, which supervises the work and furnishes its own materials, gets what it pays for. The same
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method is employed in New South Wales, where the co-operative groups are called "butty-gangs." But it has not, I think, been tried outside of Australasia.

FOR eleven years New Zealand has had industrial peace. It is the only civilized country that has had during that time neither strike nor lock-out. Controversies have raged over her system of arbitration of industrial disputes, but the final clinching argument in its favor is that it works. It is a practical success. The arbitration court is composed of a president, appointed by the governor of the colony from the Supreme Court Bench, and a representative of capital, and a representative of labor, appointed by the governor on the recommendation respectively of the employers’ associations and the trade unions. There is no appeal from the decision of the court, and it seemed to me that the conspicuous success of the system is largely due to this wise provision. A few years ago a miners’ union was stirred to explosive indignation over a decision of the court, which did not give it what it wanted, and the members threatened to strike. But they presently cooled down and kept at work. And at the end of the life of the award both miners and employers came amicably before the court with a request that it be renewed. The same result has come about in several other cases. The fact, it seems to me, goes far toward vindicating the New Zealand method of settling labor troubles. It compels acceptance by both labor and capital of just conditions until, in calm blood, both sides are able to recognize that they are equitable. An ex-judge of the Arbitration Court told me this story: The girls in a match-factory came before the court asking for an increase of wages. The proprietor said he could not pay what they wanted, that his enterprise was in its infancy, and to increase wages would ruin it. The court heard the evidence on both sides, studied the financial condition of the business and the cost of living in the city, and then the judge said to the proprietor: “It is impossible for these girls to live decently and healthfully on the wages that you are now paying. It is of the utmost importance, not only to them but to the state, that they should have decent, wholesome, healthful conditions of life. The souls and bodies of the young women of New Zealand are of more importance than your profits, and if you can’t pay living wages it will be better for the community for you to close

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your factory. It would be better to send the whole match industry
to the bottom of the ocean and go back to flints and firesticks than to
drive young girls into the gutter. My award is that you pay what
they ask.” The man protested and grumbled, but he obeyed the
order. He did not close his factory, and his business continued to
prosper. The judge’s little speech embodies both the underlying
principle of all New Zealand’s progressive legislation and the spirit
in which it is administered—the welfare of the worker is of more
importance than the profits of the employer. And therein is a com-
plete overturn of all our world-wide and time-old convictions, methods
and ideals. Any civilization which holds to that conviction and
enforces it with all the enginery of its government is a new thing
under the sun. For it is a civilization that is based, not on commercial
success and greatness, but on humanity.

During the last few years there has been a marked tendency on
the part of both labor and capital to get together, talk things over in
a calm and reasonable way, come to an agreement, and then take
this before the court and ask to have it given the force of an award.
The habit of arbitration makes for harmony and good will and a spirit
of just and fair dealing on both sides. There are a few merchants
and manufacturers in New Zealand—but they are very few in number
—who do not like the arbitration system, and would prefer the old
method of settling labor troubles by trial of strength. They belong
to two classes. Either they are bred-in-the-bone conservatives, who
would always think an old way better than a new, no matter what a
new might be, or they are those greedy exploiters of labor, birds of
prey upon the growing wealth of a country, who are never satisfied
with any profits, no matter how great nor how obtained. The latter
are to be found everywhere. In the United States we used to call
them “captains of industry” and worship at their feet. But there is
some hope that we are learning better. Most of the merchants and
manufacturers of the colony are in favor of the arbitration law, at
least in principle. A few find fault with its administration, thinking it
favors the working-class too much. Now and then they grumble
loudly about particular awards, and occasionally a labor union that
has not got all it wanted will pass red-hot resolutions about the per-
sonnel of the court. But these things are of little consequence, and
the temporary irritation which calls them forth soon passes away.
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The things that are of consequence are that for eleven years, during a time of rapidly increasing prosperity—the breeding-time of strikes—New Zealand has been practically free from all labor disturbances, that the variety of manufacturers, the amount invested in them, their profits, and the number of workmen employed have all increased, that the number of petitions in bankruptcy have shown a steady decrease from year to year, that trade and commerce have grown by leaps and bounds, and that the wages and the conditions of life and work of the laboring people have been greatly bettered.

EVER since the liberal government came into power, measures affecting the wages and environments of workers in shops and factories have held an important place in the debates and enactments of the New Zealand parliament. This, of course, is merely in line with what has been done in greater or less degree by all civilized countries. But the New Zealand laws have a whole-heartedness in their reach and depth and in their enforcement which makes them particularly efficient. Their success is largely due to the intelligence with which the labor department is administered. The provisions of the labor laws and the awards of the arbitration court are enforced by inspectors who are appointed by reason of their common sense, their humanity and their fitness for the position. Sunday comes as near to being a complete holiday for every man, woman and child in New Zealand city or town as human effort can make it. Chemists’ shops and restaurants are open for a short time during certain hours, and street-cars and ferry-boats keep up a partial schedule. Otherwise you can not buy so much as a newspaper (there are no Sunday papers in the colony), a cigar, a postage stamp, or a lemonade. Everybody takes a holiday and almost everybody goes out of doors. The weekly half-holiday and the frequent legal holidays are as strictly observed.

The molding power of law in its effect upon the character of a people is strikingly exemplified in the impress which these labor laws have made upon the New Zealanders. To regard a reasonable time for rest and recreation as the due of every workingman and woman has become so much a matter of habit with them that the community is more shocked by any considerable breach of the shops and factories act than an American city is by a murder. A labor-inspector in Auck-
land, during my stay there, found that the waitresses in a certain restaurant were kept on duty longer than the law allowed—no longer, however, than they work in many an American restaurant without anybody being in the least disturbed. The newspapers, usually sedate and dignified, flamed into headlines about “white slavery,” every one talked about it as a most shocking case, and many people declared they would not patronize the place. One finds everywhere this kindly, sympathetic feeling toward the workers, the poor, the aged, the less fortunate. Humanity, embodied in laws that are obeyed, has made a whole people humane.

This spirit has caused a general change of feeling on the subject of the old-age pension law, passed some eight years ago. At first it was looked upon with a good deal of disfavor and considered to be a sort of state scheme for the dispensation of charity. But all that is changed, and I found all classes, among both the government adherents and the Opposition, saying, “It is a good thing.” No one looks upon it as a charity, but as the right of those who have fallen upon hard luck to a provision which will give them a comfortable, dignified and respectable old age, exactly as the prosperous sons and daughters of a family ought to provide home and comfort for old and unfortunate parents. The pension is $125 per year, payable monthly to those who have reached the age of sixty-five, are of good character, and have a yearly income of less than $300. It is more purely a socialistic measure than the old-age pension system of Germany, which is merely a part of its vast workingmen’s insurance scheme. It is more nearly akin to the French measure passed last year, but the latter is less liberal in its provisions and is conceived more in the alms-giving spirit than in the keen sense of the call of humanity.

SUPERANNUATION for teachers was inaugurated last year, the fund to be provided partly by the state and partly by contributions from the teachers. The railway and the police service already have this provision, and the project is on foot to establish the same sort of annuity for the whole of the civil service. The late Premier Seddon had a national pension scheme which he hoped to make “the crowning effort of his public life.” He intended that it should provide a fund, subsidized by the state, to which any one could make contributions and in time get his money back in an old-age
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annuity, with interest upon his payments, and his due proportion of the subsidy. But the shrewd business head of the former Premier did not intend that this huge scheme should be a burden upon the state.

Just before the parliamentary election of last December Mr. Seddon issued a "manifesto" setting forth the general and some of the particular aims of his government. Here are some extracts from it which illustrate that spirit of humanity, in its largest sense, which I have tried to show is the dominant note of the liberal regime in New Zealand:

"I believe that the cardinal aim of government is to provide the conditions which will reduce want and permit the very largest possible number of its people to be healthy, happy human beings. The life, the health, the intelligence and the morals of a nation count for more than riches, and I would rather have this country free from want and squalor and the unemployed than the home of multi-millionaires. . . . I have tried to provide such social and economic conditions in this colony as will prevent that helpless subjection of one class to another, so wide-spread in the older lands. A spirit of self-respecting independence already marks our people, and I would have the title 'New Zealander' imply, the world over, a type of manhood, strenuous, independent and humane. The practical reformer must often be content with small profits and slow returns; he must proceed piecemeal and by slow and steady stages, removing obstructions to and providing facilities for a higher development of the people as a whole. I understand this to be modern humanitarian legislation, and I claim that this spirit pervades all the progressive laws and state experiments that my government has tried during the last fifteen years." In the same paper, in reference to a system of paid government-nurses with medical attention and care, which he had in view for the poor in large cities, especially for women at maternity, Mr. Seddon said: "The silent martyrs of life are the low-waged workers' wives who keep the cradle full and bear the double burden of maternity and poverty." Did any other government ever stop from its tax-gathering and navy-building and army-provisioning long enough for a word of compassion and an act of care for the women who bear the "double burden of maternity and poverty"?

In New Zealand there is no labor party, while the socialist party is small and unimportant—it polled but two thousand votes at
the last election. It is almost as much opposed to the government as is the Opposition, and has rarely failed to make a mess of things when it has succeeded in getting a finger into the enactment of legislation. The one fact that made possible the revolution in New Zealand was that in 1889 the Liberal Party in parliament, after a brilliant and determined contest, had shorn property of its right to the ballot. The one-man-one-vote principle had its first trial in 1890. The great maritime strike, which for four months had paralyzed every industry in New Zealand and Australia and had ended in the utter defeat of the workingmen, had stirred up many new ideas and had made thinking men determine that such a state of affairs must never recur. The industrial depression, the falling population, the drain of wealth out of the country, the general bad conditions that were constantly growing worse, had made many of the public men willing to try a new order of things. And when the Liberal Party was returned in the 1890 election New Zealand at once set her face in a new direction. In the sixteen years since then she has not shown the least sign of turning back.

That New Zealand stands where she does to-day, at the head of the countries of the world in the general happiness and prosperity of her citizens, is largely due to the remarkable capacity as a fighting general of his party of Richard John Seddon, who was premier of the colony for thirteen consecutive years. He was a man of very great will-power, an astute politician, and possessed of such dominance of character that throughout the colony he was generally known as "King Dick" by both enemies and friends. The opposition to him and the measures of his government was and still is bitter and determined, and the driving of this progressive legislation through parliament has been no child's play. The Anglo-Saxon has always had the courage of both his convictions and his prejudices and has always been eager to fight for either of them, to his last gasp, with whatever weapons the spirit of his time approved. The struggles over these measures in the New Zealand parliament between the government and the Opposition have been like the fights of two bulldogs. But of late years the government majority has been so overwhelming that it could carry most of its measures without much difficulty.
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The history of the New Zealand movement points two striking morals that are especially significant to Americans. One is that molding power of law to which I have already referred, and the other is the tremendous driving force of individual character, the extent to which the individual can make himself an influence that will change the whole course of events. It was John McKenzie, with his bull-dog grip on his own convictions and his determination to fight till he won, who gave to the colony’s poverty-stricken thousands the possibility of owning their own prosperous homes upon the land. It was William Pember Reeves, now for some years the colony’s agent-general in London, who gave it its arbitration system. He determined, after the great maritime strike, that New Zealand must have something of the sort, studied the question in all its bearings, investigated the workings of similar contrivances elsewhere, drew up his bill, and then fought for it in parliament until that body, smiling doubtfully over its feasibility, but willing to give it a trial, made it the law. In similar way the credit for the old-age pensions act belongs to Richard John Seddon. In the early nineties there were four men in New Zealand, whom their associates nicknamed “The Quartette,” who were accustomed to get together and discuss the things they would like to see done in New Zealand and decide on the things it would be possible to do—but always bounding their efforts by the immediately possible. They were John Ballance, who was then premier; Sir Robert Stout, W. P. Reeves and Edward Tregear. In the ardent hearts and shrewd, practical brains of these four were conceived many of the measures that have made New Zealand a shining light in the eyes of all who desire social and economic reforms elsewhere. Ballance died long ago. Stout is on the Supreme Court Bench. Reeves has long been in London, and only Tregear is left.

ECONOMICALLY the New Zealand reforms have been made possible by a borrowing policy. A big public debt, amounting now, net, to some two hundred and eighty million dollars, stands at the base of her prosperity. To get the money for its railway, road and telegraph building, the buying of estates, the loaning of money, and all the rest of its many activities, the Seddon government floated loan after loan, mainly in the London market. Many critics of the government consider this policy an invitation to certain disaster. But
it must be remembered that the whole of these borrowings has been invested in such wise that they are all either directly or indirectly productive and beneficial. The annual income continues, year after year, to be larger than the expenditure, while the assets of the colony, the things for which the debt was incurred, more than cover the indebtedness, and are yearly increasing in value.

One hears much in Australasia about the effect of the New Zealand legislation on capital. The opponents of the Seddon government declare that it drove capital away from the colony, and considered this one of the blackest accusations that could be brought against it. A man who has been associated with the government for many years replied in this wise to my inquiry upon this matter: “Of course, capital, like everything else in the world, flows along the lines of least resistance. It is bound to go where the road is easiest and it can get the biggest returns. That is, it will go where it can exploit labor most. As we have been doing our best for the last fifteen years to make such laws as will prevent capital from exploiting labor, we are not surprised or disappointed that it doesn’t rush hither from the four corners of the world. But, distinctly, we do not want any capital to come here that is not willing to give labor just conditions of work and a fair share of results. We consider that we shall be better off without it unless it is willing to put up with the conditions we impose. We are not trying to see what big individual fortunes we can make, and the thing we are trying to do can not succeed in the same country where big-fortune building is possible. But we are not driving away our native capital, and we are learning how to use it co-operatively, and so keeping its increase at home. On the whole, we think we are better off without an influx of capital from abroad.” The spirit of this man’s remarks was repeated to me many times by others, and I think they represent fairly well the feeling of the supporters and also of many of the opponents of the Seddon policy.

One striking effect of New Zealand’s progressive legislation is that it has checked that rapid growth of the cities at the expense of the country population which elsewhere is one of the greatest problems of the time. The small towns which I visited were all trim and smart looking, their shops giving evidence of a standard of living quite as high as that in the most prosperous of our own farming communities. In the cities merchants and others have great difficulty in finding boys
for office and errand work. The boys who elsewhere supply this need, because they must work to help support their families, do not have to work and are in school. The people are orderly and law-abiding beyond comparison with any others of whom I know or have heard. On Labor Day in Auckland, the largest city in the colony, fourteen thousand people, nearly all of the working class, were congre-gated in the park. And all day I did not see a single brawl or dis-turbance of any sort nor one drunken or disorderly person.

PUBLIC life is extraordinarily pure. Corruption or mismanage-ment in public office is almost unknown. The success of all the reform measures has been due as much to the men who have administered them as to the measures themselves, while no small degree of credit belongs to the people of the colony, because of their law-abiding character and their willingness to give fair trial to new statutes. Notwithstanding the fearlessness with which the New Zealanders have cut loose from the established economic order one finds among them a curious strain of conservatism. For instance they gave the ballot to women thirteen years ago, and the women use it and cast almost as high a percentage of votes as do the men. Mr. Seddon told me that he did not think his government could have carried a good deal of its social legislation without the help of the women voters. But they have not yet given to the wife her joint right in the home, and Premier Seddon was being soundly rated when I was there because he was advocating such a measure. There is a lack of individual initiative and of private energy in the industrial life which strikes an American like the dropping of notes from a familiar air. But individual energy, unshackled and well stimulated, has given us our railroad problem and our Standard Oil methods and our meat-trust horrors.

The life of the New Zealander flows in leisurely style. To whatever class he belongs he has ample time for rest, recreation, amuse-ment, and he declines to live at a pace too strenuous for him to enjoy these things. He gibes at the American for his eternal chase of the almighty dollar, and he refuses to believe that that dollar is worth all that his American friend gives up for it. His ideals of life, like the sort of civilization that his government has evolved, are not based on dollars and are not bounded by commercial success.