

CHAPTER 1  
THE HISTORICAL BACKGROUND  
1788-1900

The Canberra leasehold system is a natural child of the history of Australian land settlement. Its root causes lie deep in that history and owe little to the socialistic or leasehold implications contained within the Biblical injunction:-

*The land shall not be sold in perpetuity; for the land is mine, and you are but strangers who have become my tenants. Leviticus., CH.25, V.23.*

The first principle of English land law is that all the land of a British possession belongs to the Crown, and no one, except the Crown, can have absolute ownership of land. When Captain Arthur Phillip R. N. arrived in Sydney Cove in 1788 to establish a penal colony, all the land of the new colony therefore belonged to the Crown (i.e. the British Government), its ownership stemming from discovery and occupation. The country was sparsely populated by scattered and primitive aboriginal tribes and any concept they may have had of land ownership or possession was of no interest. Thus there were no land laws to amend or repeal.

The story of land settlement in early Australia divides itself into three approximate periods: Crown Grants (1788-1830), Land Sales and Pastoral Licence (1831-1861) and Selection before Survey (1861-1894).

#### The Crown Grant Period (1788-1830)

Governor Phillip had initial instructions to make grants of land to convicts who had served their sentence (*emancipists*) but additional instructions directed him to make grants to free immigrants (if there were any) and to marines who cared to stay in the colony. The maximum grant to emancipists was to be 30 acres, with an additional 20 acres if married and 10 acres per each child. The marines fared better.

*. . . to every non-commission officer one hundred acres, and to every private man fifty acres over and above the quantity directed . . . to be given to such convicts as may hereafter be emancipated or discharged from their servitude.*<sup>1</sup>

Free immigrants were to receive the same grant as non-commissioned officers. All grants were free of taxes, fees and quit rents for the initial period of 10 years but thereafter an annual quit rent of one shilling for every ten acres was payable.<sup>2</sup>

New South Wales had its origin in the desire of the British Government to relieve England of her unwanted criminals and land grants were regarded purely as a means by which the settlement could be advanced to some measure of self-sufficiency. The emphasis therefore was on the use being made of the land. Phillip insisted that land grants were to depend on actual use and occupation, and that they were only available to bona fide settlers. However, Major Grose, the senior officer of the New South Wales Corps who administered the settlement after Phillip's departure in 1792, made land grants unconditionally to officers of his Corps and to certain officials and allowed them to traffic in it. Grose's practice was not illegal. New regulations which arrived after Phillip's departure amounted to an authoritative recognition of land speculation.<sup>3</sup>

The officers of the New South Wales Corps are notorious in Australian history for the trade monopoly they secured, and in particular for their rum<sup>4</sup> trading and their rebellion against Governor Bligh in 1808. Many of them were deliberate, unscrupulous exploiters, using trade and commerce as a long range means towards the realisation of their ambitions to become great landed proprietors. They laid the foundation of many of Sydney's largest and most respectable fortunes of later years by obtaining the ownership of lands upon which the suburbs of Sydney were later to be built. The seizure of mortgaged properties and the purchase of land from uninterested grantees extended the officers' area of holding.<sup>5</sup>

The early Governors of New South Wales and some of the colonial officials in London saw the evils of speculation in land, and of the granting of land to persons who might sell it at a profit without having done anything towards its improvement or cultivation. They attempted to control this by conditions of residence and conditions requiring improvements to be made and restrictions against alienation. But controls which are not enforced hardly induce respect. By 1828 less than ten per cent of nearly 3,000,000 acres granted was cleared, and the cultivated lands were less than two and one half per cent of the total. In 1828 Chief Justice Forbes of New South Wales criticised the abandonment of quit rents in Crown Grants and the failure to collect them. He regarded such rents as a means of controlling land use as well as a continuing source of revenue.<sup>6</sup>

New South Wales had by 1820 proved itself to be a valuable wool producing region. The profitability of sheep farming had been demonstrated and the British Government was beginning to view the colony as more than a mere dumping ground for convicts. The future appeared to rest with capitalist farmers owning large areas of land and employing gangs of convict labourers. The original land grant system had satisfied the modest requirements of a penal settlement but to accommodate the new policy it had to be revised. Henceforth land was to be used as an inducement to attract migrants with money who would settle in New South Wales, develop the land, contribute to local revenue and increase the colony's trade. Governor Brisbane (1821-1825) was directed to abolish land grants to emancipists but to make grants of up to four

square miles to free settlers, the size of the grants to be determined by reference to either the amount of money the settler was prepared to spend on his grant or the number of convict labourers he was willing to employ.

The new policy intensified local criticism of the land grant system. It was alleged to involve favouritism and corruption. The British Government's response was to introduce land sales in 1826 as an alternative method of land disposal. However, as grants were still available, the result was inevitable. Little, if any, land was sold. The resulting lack of revenue caused concern to the practical men who constituted or controlled the Government in London.

*Since the earliest days of the British Empire colonies have been called upon to satisfy the varying needs of the mother country and their resources have regularly been exploited in the pursuit of British wealth, power and ambitions.*<sup>7</sup>

Sentimental attachments and loyalties are a one way traffic from colonies to mother country.

### **The Land Sales and Pastoral Licence Period (1831-1861)**

The Ripon or Goderich<sup>8</sup> Regulations of 1831 authorised the sale of Crown land at public auction at an upset (reserve) price of five shillings an acre. Henceforth, this was to be the sole method of land disposal. The day of the Crown Grant had finished. In a dispatch to Governor Darling (1826-1831) Viscount Goderich, the Secretary of State, explained the new policy and advanced two main reasons in support: the need to prevent dispersion of settlement and the need for an adequate labour supply. The money obtained from land sales was to be devoted to *a real and essential service*, the emigration of unemployed English labourers to relieve the economic distress in England. As the intention was to get as much revenue as possible, the five shillings an acre was not to be accepted until *upon proper notice it shall appear that no one is prepared to offer more*. Credit purchases were finished. It was now to be cash before possession with no limit on the area one might acquire.<sup>9</sup>

The adoption of the new land policy is usually explained by reference to the influence of Edward Gibbon Wakefield's theory of colonisation. Wakefield, who had never been in Australia, worked at his theory in Newgate where he was imprisoned for the abduction of a girl heiress. In his *LETTER FROM SYDNEY (1829)* Wakefield complained that as the refinements of English life could not exist in New South Wales it was no place for a gentleman. A leisured class must have servants to do the work and of free servants (for convicts were to be shunned) there were none. A labourer might work for you during the first year or two after his arrival but he was sure to save money and buy land with it – for land, said the letter, was much too easily obtained in New South Wales – and then the refined master would find himself without a servant, and must spend his leisure in working for his own living. These conditions pro-

duced a new kind of society, and not a good kind. A really valuable colony would be one in which the state of society in England was faithfully reproduced.

How was this to be done? The letter had its remedy cut and dried. All the enumerated evils arose from the cheapness of the land — make land dear. Then the labourer could not afford to buy it and set up for himself and thus he would remain a labourer, happy and contented, earning his master's living as well as his own, and the master would have time to read and converse on intellectual matters with his equally leisured neighbours. Therefore, sell land at a sufficient price, use the money thus obtained in bringing out emigrant labourers, and take care only to bring just as many as would actually be wanted to cultivate the land sold. So everybody would be happy — the rich would hold all the land and the poor would never lack employment. The whole arrangement went like clockwork — in theory.

It should be stressed, however, that Wakefield was not advocating a static society, one in which the labourer would forever remain a labourer. To Wakefield, *sufficient* price meant a price sufficiently high to produce a continuing fund to pay the costs of bringing out emigrants and to prevent free emigrants from becoming independent land owners too easily and too soon.

Wakefield's theories met with the approval of his well-to-do contemporaries in nineteenth century England and together they successfully urged its adoption. The theory was in a limited sense put to the test in South Australia and failed. . . . *the colony (S.A.) had been founded in part to prove the great Protestant assumption that riches belonged to men of understanding, men who found favour in God's eyes. Almost immediately upon arrival unseemly arguments broke out between the worldly wise and the God fearing. The righteous and the upright clashed with the drunkards, the fornicators and the liars . . . speculation in land began.*<sup>10</sup>

The rich landholders, who ought by theory to have been living on their land and employing the poorer immigrants to cultivate it, were clustered together in Adelaide engaged not in elegant conversation but speculating in town lots.

The Wakefield theory and the new land sales policy were identified in contemporary thought. The effect of the land sales policy was dramatic and far reaching. All the evils which flowed from it were thus attributed to the Wakefield theory. In any event the effects of the new policy determined the economic development of Australia and settled the political and social life of Australians for generations. It ensured that the Australians of the future would be predominately an urban dwelling people. Those sheep owners who had hitherto used land under licence within the permitted area of settlement in New South Wales began to buy up their runs if they could afford to and hardly any pasture land was left for newcomers. Those who could not or chose not to buy simply moved with the newcomers and ex-convicts outside the settled districts onto the Western and North-Western plains and ran their sheep over

unlimited areas without the payment of a penny. Governor Bourke (1831-1838), who was forever trying to reconcile his legal duties with common sense, responded with an Act declaring these squatters to be trespassers on Crown lands. But it was impossible to police such an Act and the mere naming of these men as *trespassers* achieved nothing and hurt nobody. Bourke thereupon procured another Act authorising him to licence them as occupiers on the payment of a small fee. But the squatters were not the only result of the new policy. Land was being sold and the Treasury obtained £300,000 from land sales in the 1833-1836 period.

In New South Wales land became, from the first sales in 1831, a profitable source of speculation and the honest purchaser had to withstand the competition and intrigues of *the unscrupulous land jobbers who include amongst their number some of the more wealthy and respectable citizens of Sydney. The honest applicant is a prey and victim to the land jobbing sharks who prowl about the market place and pounce upon the unfortunate purchaser with a shorter purse and then offer him what may be considered his own land at a reasonable advance – measuring the reasonableness of the price by their own rapacity.*<sup>11</sup>

In administering the land revenue Governor Bourke adopted that part of the Wakefield proposals which applied to bringing out immigrants. In 1832, for instance, £6,400 was set aside from the Land Fund *to defray the expense of bringing out female farm servants.* About £50,000 of the amount obtained from land sales in the four years (1833-1836) was spent on immigration. By 1840 free immigrants were coming into New South Wales at the rate of 10,000 a year and about another 5,000 to South Australia. Of the New South Wales contingent about two thirds were in some way assisted from public funds. From Hobart the *Colonial Times* deplored *the policy of selling the Crown lands of these colonies for the purpose of ridding the mother country of her idlers and vagabonds.*<sup>12</sup>

The mania for land speculation however reached its most frenzied proportions in the Port Phillip district. In June, 1837 the first land sales in Melbourne, then still a part of New South Wales, yielded an average of £31.15.0 per allotment for town blocks. Many of these were to change hands during the next three years at prices ranging up to £4,250. The minimum upset price was raised to 12/- per acre in 1839 and to £1 per acre in 1840. Land sales receipts for that year were £341,000 – more than all the rest of the colony's revenues. Eighty nine (89) blocks sold in Melbourne in 1839 for an average price of £122 per lot were subsequently resold for sums between £404 and £1,266 and 45 lots which in 1840 averaged £366 changed hands in the next four months for prices between £625 and £1,672. Such a land boom could not last. The crisis came in the 1841-1843 period accompanied by a severe drought. Land revenues dropped to a mere £15,000 in 1842. No one had the money to buy land or to employ the labour arriving as a result of the revenue previously obtained. Australia had its first experience of mass un-

employment. In the very year of the crash 27,000 immigrants arrived 1,000 people went bankrupt, two banks failed and unemployment was widespread. Such were the results of unlimited land sales and land speculation generated without the condition of bona fide settlement and without any restriction on transfer.<sup>13</sup>

So far as the squatters were concerned Governor Gipps (1838-1846) converted Bourke's *licence to trespass* into a licence fee of £5 for each run. But Gipps was alarmed. He was aware of the dangers inherent in the continuance of squatting and the need . . . *to declare to the people of this colony that Her Majesty's Government will maintain its rights to dispose of the Crown lands and not suffer them to be kept in perpetuity and at a merely nominal rent by those who might be first to seize them.*<sup>14</sup>

But in Governor Fitzroy's term (1846-1855) the British Government was persuaded to give the squatters even better terms. Orders in Council in 1847 allowed them to lease the land for 14 years with first option to purchase any portion of their run at £1 an acre. These provisions meant that the squatter had obtained official recognition and approval of his occupancy and, in the final analysis, he had obtained it in a manner which hastened the permanent alienation to him of the land he had grabbed. Most of the land then held by a few hundred individuals was never retrieved.

In Australia, where the water supply is of paramount importance, the squatter cum licensee cum leaseholder by buying at £1 an acre the comparatively small area on which water was to be found became the de facto freeholder of a very large holding. The squatter was said to be picking the eyes of the country or peacocking the area. In one case 258,000 acres were secured as a single sheep station by the purchase of seven hundred 40 acre blocks in different parts of it.

*. . . in a colony with a population of over 200,000 the British Government proposed to grant some 18 million acres of land to 1,800 individuals and to do so in return for the payment of a mere pittance when it continued to demand £1 for the fee simple of every acre of barren and rocky scrub. The interests of the majority had been sacrificed to the aggrandisement of a small minority, thousands of colonists and future settlers would be shut out of their rightful patrimony. A privileged class had been created with a vested interest in the maintenance of a high minimum price. The seeds of discord had been sown . . .*<sup>15</sup>

The surrender to the squatters did not go unnoticed by some newspapers, . . . *it is not rhetorical flourish, no figure of speech, protested the Launceston Examiner but a literal fact to say the interests of the Australian colonies were sacrificed at the shrine of Gibbon Wakefield's fanciful theory of colonisation.*<sup>16</sup>

The public outcry against the 1847 Order in Council was so strong in South Australia that it was never put into force, and later regulations sub-

stituted a six months lease tenure thus keeping the land for agriculture if and when it might be needed.

### The Selection Before Survey Period (1861-1894)

The whole question of land disposal and of the use of the resultant revenue was a constant source of dissension and agitation throughout the 1830-1850 period. It became an argument to support increasing demands for self-government. Emancipists complained that the sales system favoured the new arrival with capital whilst the new arrivals complained that it fostered land jobbers and speculation. The residents of the Port Phillip district complained that the money obtained from land sales in their district was being used to further the interests of the wealthier and more influential section of Sydney's population. They began to clamour for separation from Sydney.

The 1840's were, as were the earlier years, a time when land legislation was enacted by, or by the permission of, the British Government. This often meant the authorities in London legislated on general principles which should have been modified before application to the Australian colonies or on information given them by interested parties who happened to have influence with Ministers. The British Government therefore bequeathed to the colonies — more particularly New South Wales and Victoria — a well established legacy of land problems when self-government was granted in 1856. The problem was a local one and it was now to be dealt with locally. But the squatters and others who had benefited from the lack of any sensible land policy had little need for concern. The Australian *democrats* of the time were presented with or actually demanded constitutional barriers against democracy.

*... a people so careless from sheer selfish indolence about their political rights deserved to have the worst evils of despotism inflicted on them.*<sup>17</sup>

The Legislative Assemblies were elected bodies. However, as men of property might vote several times at an Assembly election, once by virtue of adult age and residence and again in every electoral district where they had property to the prescribed value, the Assemblies were greatly influenced, if not controlled by the squatters. In addition, powers of veto were vested in so called *Houses of Review*, in the colonies designated Legislative Councils. The property qualification for membership of these Councils and the very restricted electoral franchise ensured that they would remain very much squatter controlled. This was particularly so in Victoria. But in the end it was not only the *House of Review* device for thwarting the expression of the popular will which caused the collapse of attempts at land reform. Faulty legislation, poor administration and human greed all contributed to the failure.

As few squatters had the money to purchase all the choice, well-watered areas on their runs, the idea was conceived that if these could be taken up by free settlers the grip of the squatter on his huge tracts could be broken or at least the extension of his empire limited. This was using the peacocking tech-

nique by which so much land had been amassed into enormous runs to break the squatter's power. So was born the policy of *free selection before survey and conditional purchase*, a scheme whereby any man could settle at a moment's notice on a fertile patch of a squatter's leasehold, get its exact boundaries surveyed later, and claim it as his own by simply residing there, making small improvements and paying off the £1 an acre purchase money by small instalments. The scheme commenced in Tasmania but in 1861 when the first 14 years lease period ended in New South Wales the Premier John Robertson was ready with an Act to implement the policy in his colony. Henceforth, a man might *select* blocks of between 40 and 320 acres of Crown land. The twin ideas of free selection before survey and conditional purchase were to become the panacea for the land problem. The Robertson Land Act of 1861 became the pattern for land legislation in all Australian colonies. The squatters sought to obtain the eyes of the land they had grabbed. They appealed to the Banks for money to protect themselves against those selectors who might easily ruin station property by taking the choice patches, not with any intention of farming them, but to demand the squatters buy them out. Since a great deal of the money spent on the land in the late thirties had been borrowed from England, a new class of landowner sprang up – the absentee living in London on the profits of his ownership or the interest on his mortgage. Bank finance soon dried up and the squatters resorted to dummyming i.e. arranging that blocks they needed should be selected by a person who would transfer the blocks to them as soon as possible. This led to perjury on a large scale because every selector was required to solemnly swear that he was not acting in any other person's interest.

The judgement of history is that the Robertson Land Act of 1861 was ill-conceived and most carelessly administered, that it was so full of loop holes that it could not possibly have achieved its purpose. Robertson stubbornly resisted efforts to make worthwhile amendments. By 1884 selectors had occupied over 23,000,000 acres of Crown lands in New South Wales but nearly all this had passed into the hands of the squatters. Only one man in nine among the selectors actually remained on his land and farmed it. Robertson's law had tried to give land to the people but its main effect was said to have been to give ownership of land to the squatters.

*. . . the reckless waste of territory was not less pronounced than the moral deterioration. This disgraceful spoliation went on with the full approval of the Department and of the Parliament . . . a chaos of waste and a record of pilfering that must pile disgrace on every Parliament from 1861.*<sup>18</sup>

The operation of the Robertson Land Act was described in the words of a Royal Commission (New South Wales 1883) as . . . *tarnishing the personal virtues of veracity and honest dealing by the daily habit of intrigue, by the practice of evading the law and declaration universally made in defiance of fact.*

Self interest had created a laxity of conscience in all matters connected with the land laws and the stain attached to many. Here was an instance



where . . . *idealism had to encounter the traits of human nature and, while a land law should not be framed for rogues it should at least take them into account.*<sup>19</sup>

In Victoria, the Duffy Land Act of 1862 was also designed to break up the large land holdings but once again the hopeful expectations were never fully realised. In 1871, Charles Gavan Duffy (a condemned Irish rebel of 1848 and later Premier of Victoria) complained bitterly that his Act had failed through *the iniquitous conspiracies of the squatters while the very class for whom I legislated sold its inheritance for a paltry bribe. The squatters even went so far as to obtain paupers from old men's asylums to dummy on their behalf.*<sup>20</sup>

By degrees the public began to realise that its land was being handed over to a few men who had grown wealthy from the wool industry and the free selection quarrels between squatters and genuine selectors only intensified the bitterness. These feelings against the squatters were to last for generations. This deep social cleavage in Australia, this passionate sentiment festering around the question of land alienation explains why even in what passed as conservative circles there was a radical attitude towards the ownership of land. Australia had attracted free settlers who had personal knowledge of the clearance of the Scottish highlands of men to make room for sheep and deer, by men who had known the cruel savagery of landlordism in Ireland and its stubborn tyranny in England. Australia had seen in a few generations a whole continent monopolised by a few and all the poverty, insecurity and squalor of the old world reproduced in the new land.

*Between 1861 and 1894 50,000,000 acres of land had been alienated in large holdings and there had been an immense actual and relative increase in urban population.*<sup>21</sup>

The period 1870-1900 was for the most part years of grave and deep economic depression in Australia. Wool was practically the only exportable earner of overseas exchange, gold production had slumped and the dairy and meat trade was not a practical proposition until refrigeration was developed. They were years of large scale unemployment, of sweated labour in the urban areas and of itinerant labourers on the rural scene and of the swagman humping his swag from station to station looking for work. These were the bitter years when the land aggregation of the squatters was shaping Australia's social and political future. Thus it was that with the birth during this period of the industrial movement, with all its flamboyant militancy, an element of bitterness not to say savagery was introduced into Australian social and political life.

These influences in the Australian society in its formative and plastic phase, in the years when it was enduring the industrial anguish which flowed from the land monopoly were significant influences on the future. The general question of land reform was not exclusively an Australian question. It

was a world wide problem out of which was springing the Marxist answer of Communism and the many forms of radical thought which found expression in Europe such as syndicalism, anarchism and various forms of socialism. The relationship of man to property was seen to be at the heart of the social question and many of the influential social thinkers of the day were at one in tracing a multitude of social evils to the private ownership of land.

### The Reform Proposals

The material setting of the Australian colonies changed rapidly in the 1850's with the discovery of gold. Between December 1851 and December 1861 the total population increased from 438,000 to over 1,170,000. In Victoria alone the population increased from 97,000 to over 539,000 within those years. The increased Victorian population was significant as the squatters in that colony had been most successful in the big land grab.

The earliest demands to *unlock the land* in Victoria came from a few successful diggers and business men seeking channels of speculative investment in the certainty that land values would rise. By 1854 however the position had changed. Alluvial mining was beginning to peter out and the catch-cry *unlock the land* was as popular amongst the diggers as the call *abolish the licence fee* which culminated in the Eureka rebellion (1854). In New South Wales the feeling against the squatter was strong, but in Victoria it was bitter. The complaints of the squatters that they were the injured pioneers of Australian civilisation, the hypocritical professions that their aim was to serve the public good, their assertion of social superiority over *the urban mob* and their exaggerated claims for compensation immeasurably embittered the crisis.

The Melbourne *Argus* began a campaign as early as 1854 demanding that the Government *unlock the land* and impose a land tax. The remarkable Englishwoman, Caroline Chisholm, whose place in Australian colonial history as *the Immigrants Friend* has been rediscovered within the last couple of decades, was a strong supporter. Mrs. Chisholm wrote in 1854: *the land must be unlocked! I never could – I never would recommend this country to any man, if I did not think this possible and that it would soon be done*<sup>22</sup>. In 1857 Mrs. Chisholm was condemning *the crushing monopolising and withering land system that now exists* and in describing the needs of colonial life she *did not advocate or wish that every man should become a farmer but children ought to take precedence over sheep. As for compensation for squatters they should compensate the colony for the frightful and demoralising effect of such a system as the one we now have working.*<sup>23</sup>

These early campaigns to unlock the land inspired the legislation which raised such high hopes. But the disappointments and frustrations which followed produced another climate of opinion – one in which more specific and fundamental land tenure proposals began to flourish. By 1870 there had developed under the general label of land reform two main proposals – perpetual government ownership of all land (sheep run and suburban block alike) with

Crown leases to be made available or continued private ownership with a progressively heavy land tax. The proposals were of course exciting more interest outside the colonial Parliaments than inside.

Probably the earliest of the organised land tenure reform movements, but typical of them, was William H. Gresham's Land Tenure Reform League which campaigned actively in Melbourne from 1870. The League, which survived only a few years, had a manifesto consisting of quotations from Emerson, Carlyle, Spencer, Dumas and John Stuart Mill. Its objects were:-

- (1) *The immediate cessation of the sale of all Crown lands.*
- (2) *The fee simple of the public domain to vest in perpetuity in the state, that is, in the people in their corporate capacity.*
- (3) *Occupancy, with fixity of tenure, subject to rental for revenue purposes.*
- (4) *Land alienated to be repurchased. No re-sales to individuals but the transfer of rights to be permitted.*
- (5) *The gradual abolition of all indirect taxes whatsoever, the revenue of the state to be derived solely from the rental of land.<sup>24</sup>*

The most remarkable feature of the League's objects is the resemblance to the later policy of Henry George. Gresham's programme of reform has been described as one *to the contents of which thirty years of Georgian propaganda have added little new in ideas.*<sup>25</sup> Gresham, who called the League's policy one of *applied Christianity*, hinted at the many social reforms which could be financed by its adoption.

The mounting evidence of concentration in land ownership inspired the Victorian reformers to accelerate their campaign. Parliament continued to debate legislation designed to obtain a wider distribution of ownership. But the legislation permitted by the House of Review was either partly or wholly ineffective. It did not impress the reformers. Their remedy was more fundamental and using popular magazines periodicals and even daily newspapers they spread their doctrine of land nationalisation. The message was taken into Parliament. In 1876 James Mirams campaigning on a policy of land nationalisation was elected by a record majority as member for Collingwood.

The argument for land nationalisation as presented by these reformers may be summarised:<sup>26</sup> the possession of land is the foundation of all wealth and no government has any moral right to sell it and deprive future generations of what is rightfully their property as much as it is the property of the present generation. By leasing the land in lieu of selling it or giving it away the government would be in receipt of a perpetual and ever increasing revenue more certain than the fluctuating revenue obtained from the sale of lands or from the receipt of customs duties. In all well regulated communities land naturally increases in value without any effort or expenditure beyond first cost. This increase is due to the progress of society in population and in wealth and

should be saved for the public to yield an ample revenue for all purposes of government. The alienation of land by the State is the most wasteful of all modes of raising a revenue. The construction of railways at public expense has doubled the value of land near the lines without the expenditure of one cent by the owners of this land. It is a glaring injustice for such owners to enjoy for themselves and transmit to their posterity this unearned increment.

But the Government was not heeding these arguments. It needed money and it continued to sell the land not grabbed earlier by the squatters in their hey-day. The fact that land values are created by the community was however gaining recognition and there was increasing agreement with the contention that land increased in value in a manner disproportionate to the rise in value of any other commodity and altogether different from the aggregate increase of other wealth. Financial institutions were beginning to consider land values as good security to the lender which could be relied upon in the long run.<sup>27</sup>

Land nationalisation died as an attractive proposition in the Australian colonies during the 1880's. Property values and rents fell and expropriation lost its appeal. Many reformers who had lost faith in land nationalisation turned to land value taxation as a remedy and re-entered the arena to engage in a complicated rivalry with land nationalisers. Again the proposals did not originate with or become confined to urban radicals. Land nationalisation may have elements of socialism in it but some thought a land value tax just another tax. Or is it? At least one writer in 1872 thought otherwise. After quoting Adam Smith and McCulloch on the virtues of unfettered industry he condemned a proposed land tax as . . . *introducing a large installment of French Communism amongst us.*<sup>28</sup>

But the times were changing and no Victorian Government, however conservative, was averse to obtaining revenue even if this meant an installment of *French Communism*.

The land taxers excused their move away from the more fundamental land nationalisers and argued that:

*. . . whatever may be said in favour of the leasing system in theory, practical observations show that a man will go, even at some inconvenience and disadvantage to himself, where he can obtain a freehold, rather than remain where he cannot. What is to be done then to obtain for the State the increment of the unimproved value of the land – if leasing cannot be adopted? The answer is obvious – taxation!*<sup>29</sup>

The land tax introduced in Victoria in 1877, claimed to have been *most imperfect and not properly understood by anyone*, was aimed at all holdings of more than 640 acres. It was explained by the historian, Rusden:

*. . . the law had afforded facilities in Victoria for acquiring land under false pretences and plundering the State . . . and it was contended that the only way to meet out justice was to a progressive land tax starting at a high*

*point and rising by leaps and bounds, in a manner which would make lucrative tenure of large estates impossible. The adopted phase was that it was necessary to burst up large estates.*<sup>30</sup>

The opponents of land nationalisation and land value taxation enthusiastically embraced economic laws as affording justification for their success in the big land grab. What, they asked, distinguishes and therefore singles out for confiscation the unearned increment of land rather than increases in the value of other forms of property? Has the State earned the increment any more than the owner? Arguments that a land tax would be unjust and economically injurious were regularly voiced in the 1860-1900 period. This opinion may have owed much to self interest for inspiration but very often it was based on an interpretation of classical economic theory – particularly the writings of Adam Smith. The gospel of economic science had arrived and it was being preached in and out of the colonial Parliaments to sustain many political beliefs, particularly free trade. Tariffs were denounced as opposed to the sound principles of political economy.

Australian land reformers in the 1870-1880 period were very largely influenced by the writing of the eminent nineteenth century scientist, Alfred Russell Wallace, who was also the President of the Land Nationalisation Society of England, and John Stuart Mill. The *discovery* by Mill of the unearned increment and his development of ideas favourable to their cause made his writings influential with land reformers. Mill would appear to have been a convert to the principle of land reform. In 1857 he wrote to a resident of Melbourne that although *in principle* he was *quite in favour of considering all land as the property of the State and its rent as a fund for defraying the public expenses, the antipathy of Anglo-Saxon immigrants towards a leasing system and the high administrative cost of land taxation should dissuade any colonial government from attempting to capture land rent.*<sup>31</sup>

This reliance on English writers was however to change dramatically with the publication in 1879 of Henry George's *Progress and Poverty*. George's book, which was to capture the attention of the world, soon became essential reading among Australian land reformers.

Henry George, who was a printer by trade, migrated from his native Philadelphia to California in 1859 when he was 20 years old. Ten years later he visited New York and was appalled by the dramatic contrast of tremendous wealth and festering poverty in that great city. Why, asked George, is poverty an inevitable accompaniment of material progress and why are *almshouses and prisons as surely the marks of progress as costly dwellings, rich warehouses and magnificent churches?* What, he asked, would be the social conditions in San Francisco when the population increased, the railroad had crossed the prairie, industries established and wealth multiplied? In the following years as if in a laboratory he saw this social evolution occur. This he observed as he studied critically all the accepted political economists from Adam Smith to Mill. His conclusion was that the fundamental evil which perverted and dis-

torted the free enterprise economy was the private ownership of land – and land meant all natural resources. Private property in land he called *a bold bare enormous wrong*. It acted like a wedge driven into the social fabric elevating all above, depressing all beneath, enriching the few and impoverishing the many. . . . *the monopoly of land by the few is the root cause of inequalities in wealth which mean that so many must live the life of a slave and die the death of a pauper.*

In contrast to the dull economic texts of the day Henry George's writings were colourful and persuasive. George claimed that: . . . *political economy as currently taught is hopeless and despairing. But this is because she has been degraded and shackled, her truths dislocated her harmonies ignored and the word she would utter gagged in her mouth and her protest against wrong turned into an indorsement of injustice . . .*

George maintained that political economy had failed to see the answer to the riddle of poverty, although it was clearly laid out before her eyes, and that with his remedy not only would the root cause of poverty be abolished but a host of other social benefits would follow its adoption.

. . . *in every essential land differs from those things which being the product of human labour are rightfully private property. It is the creation of God, they are produced by man. It is fixed in quantity, they may be increased illimitably. It exists though generations come and go; they in a little while decay and pass again into the elements. What more preposterous than that one tenant for one day of this rolling sphere should collect rent for it from his co-tenants, or sell to them for a price what was here ages before him and will be here ages after him.*<sup>32</sup>

The influence of Henry George's writings spread quickly. *Progress and Poverty* was translated into all European languages. Its impact on world political thought was tremendous.

Henry George did not advocate land nationalisation. He steered away from any direct means of destroying private property in land, because alternatives such as land nationalisation would, he believed, require para-revolutionary social action and would put excessive, and possibly dangerous, power into the hands of the State. Further it would be administratively clumsy and impractical and would destroy the flexibility and adaptability of the free enterprise system, in which each man, while pursuing his maximum economic advantage, would incidentally, as if led by Adam Smith's *hidden hand* achieve the greatest good for society.

To destroy private property in land it was not, said George, necessary to confiscate land but merely to confiscate rent and at the same time remove taxation from the earnings of capital and labour. (*Rent* in this context means a sum paid annually for the use of land but not of improvements – what some call raw land. This sum capitalised is the market value of the bare land, called in Australia the unimproved capital value of land.) Revenue from this source,

George claimed, would be sufficient for the ordinary needs of Government and could even leave a surplus to be used for the common good. He claimed that this taxation would be the only taxation necessary. His followers were therefore called *Single Taxers*.

It is important to note that in Australia, land nationalisers and single taxers were at one in advocating that the selling of Crown Land should cease and that such land should remain state owned available to private persons only under a leasehold tenure. During the 1880's the question of tenure and land value taxation became the topic of the day and discussions of the problems even penetrated the universities. In Adelaide in 1885 questions about the unearned increment were placed on the examination papers. In Sydney the *Bulletin*, the *bushman's bible* and a weekly newspaper of immense influence among the early unionists, was urging its readers to study Henry George and Christ as proper guides to the mellenium. The existing land tenure was identified as *the only barrier to the reign of true Christianity on earth*.<sup>33</sup> Yet George's influence in Australia probably remained rather restricted until after his tour in 1889-1890.

The organised land tenure reform movement became essentially a single tax movement from that time. Single tax leagues sprang up everywhere. Farmers, city workers, businessmen and professional people — they all became enthusiastic about confiscating the unearned increment. George's doctrine swept excitedly through Australia. The linking of his name with social and economic reform gave assurance that he would be sympathetically received by the emerging Labor Party. Although he had an *abiding influence*<sup>34</sup> on members and supporters, the Party as a whole did not endorse the single tax theory. It acknowledged that unearned income from land belonged to the State and it championed the idea of a land tax but it never saw this land tax as a single tax. The majority of the Labor Party being protectionist demanded high customs duties no matter what other taxation was imposed while the minority was not so strongly free trade as to favour obtaining the whole Government revenue from land.<sup>35</sup> However, for many decades *Progress and Poverty* ranked with another American work, Edward Bellamy's *Looking Backward*, as essential preliminary reading in Labor circles.

The Free Trade Party was charmed with the idea of revenue from land in lieu of customs but as many of its leading members were also large land holders the Party found the single tax theory a little too difficult to accept.

The Protectionist Party, on the other hand, condemned the theory from the outset. Party leaders were reluctantly willing to consider the need for a land tax but they could never accept such a tax as a single tax.

Henry George was not a socialist.<sup>36</sup> It seems absurd today that anyone who had read his published writings could have so regarded him. But in the history of political ideas what people think a man or group stands for is often a more potent influence on the course of events than the sober truth. It is not

necessary for present purposes to decide whether Henry George's single tax theory was an original theory, it is not necessary to decide whether he was one of that exalted class of men of whom the world was not worthy or whether he was in fact a *Yankee bounder . . . an apostle of plunder . . . a preacher of unrighteousness*.<sup>37</sup> What is essential is an awareness that Henry George aroused an interest in political and economic questions more intense than the world had ever seen before. By his colourful writings, persuasive oratory and magnetic personality Henry George focussed world attention on the question of land value and land ownership. The importance of George in Australia was that he stirred a new and deeper interest in the questions of land tenure and land disposal and in so doing gained many prominent and influential converts to the principles of the taxation of land values and re-inspired the faith of those already converted. His particular significance for present purposes is that his influence and the popularity of his teachings in Australia reached its zenith in the very decade of the federal movement.

This then is a brief outline of the history of early land settlement in the two most populous Australian colonies. The story in the other colonies was similar. The whole chapter is a dispiriting story of the lack of foresight, faulty legislation, poor administration, political corruption, dishonest practices, moral cowardice and human greed. The purpose is to remind the reader that land laws, land administration and disposal were lively political issues from 1820 until about 1920. Public and Parliamentary interest then waned. The method, or lack of method, of land disposal in the early half of the nineteenth century inspired in the later half a climate of public opinion receptive of the ideas of land tenure reform. The existence of this social atmosphere must be acknowledged, its background of thwarted reform measures must be appreciated to obtain the fullest understanding of why there developed, parallel with the movement of the Australian colonies towards federation, an almost universal demand that land within the area to be chosen for the federal capital should be owned by and forever remain the property of the nation.

#### NOTES ON CHAPTER 1

1. Manning Clark, C.H., *Select Documents in Australian History*. 1788-1850, p.218. Sydney, Angus and Robertson, 1950.
2. *Quit rent* was a feudal term denoting rent due usually from the tenants of manors in lieu and in discharge of the services for which they were otherwise liable. Upon payment the tenant was said to go quit and free of all other services.
3. See O'Brien, Eris., *The Foundation of Australia*, pp.220-230. Sydney, Angus and Robertson, 1950 (2nd Edition)
4. Rum was the name used for all spirits at the time.
5. O'Brien, E., *Op. cit.*
6. Else Mitchell, R., Justice of New South Wales Supreme Court in a paper delivered to Australian Planning Institute, Sydney, November, 1966.
7. Burroughs, Peter., *Britain and Australia 1831-1855. A Study in Imperial Relations and Crown Lands Administration*. Oxford, Clarendon Press, 1967.