

## LAND TENURE IN NEW ZEALAND

Ladies and Gentlemen:

In this lecture I will attempt to give you a brief account of New Zealand land tenure, including the communal land tenure of the Maori people. I will relate something of the debates about tenure and the experience of leasehold land tenure introduced as an alternative to freehold tenure in the eighteenthies.

This is a large task because it will require me to present a bird's eye view of our country's history focusing closely only on land tenure and matters directly related thereto.

In my lecture on the "Background to the Freehold" I said something to you about the Treaty of Waitangi and as this is the departure point of this review of land tenure which ranges over the century 1840 to 1940 I will begin by repeating what I said in that lecture:

Article 2 of the treaty reads in part as follows:

"The chiefs of the united tribes, and the individual chiefs yield to Her Majesty the exclusive right of pre-emption of such lands as the proprietors thereof may be disposed to alienate."

Article 3 granted to the chiefs the rights of British subjects.

The Maori signatories by this treaty became tenants of the Queen according to the theory of English law and they were granted all the rights of ownership which they enjoyed under their own customary law.

This did not mean that the Maoris were granted freehold rights in land but that the rights they enjoyed by custom were recognised and confirmed.

Land rights among the Maoris, as among our barbarian ancestors and in ancient Israel, were rights of use and occupancy and such rights were participated in by every free man in greater or less degree. Land was owned by the tribe and custom defined within this frame the rights of the hapu or subtribe. Within the hapu were defined the rights of the family and within the family the rights of the individual.

One important consequence of the Waitangi treaty was that it brought peace to a country where inter-tribal wars had been endemic. The spread and influence of Christianity no doubt

reinforced this effect. If all Maoris were British subjects and were subject to British law and justice inter-tribal wars were civil wars and had no place in the new order of things. The journals of Henry Williams show a society where perpetual warfare made social progress impossible and the establishment of a permanent peace may well have been a factor influencing at least some of the chiefs who signed the treaty.

Conquest was an important source of tribal land rights in Maori society and with peace established land rights could no longer be acquired in this way. In consequence tribal boundaries tended to become fixed and unchangeable.

Clearly the Governor's task of purchasing Maori land and selling or granting it to settlers would not be an easy one. Land suitable in location, quality and area for settlement, might include a great part of the territory of a tribe or of one or more hapus and the Maori owners would find it impossible to sell.

Furthermore as the adoption by the Maoris of European methods of agriculture increased — and this was the object of both government policy and missionary endeavour — both the Maori and the settler would want the same sort of land.

The seeds of conflict were present from the very beginning.

I will outline the course of events subsequent to 1840 by looking back from the vantage point of each succeeding decade.

#### 1850-1840

In 1850 the settlements at Auckland and Wellington were both ten years old, New Plymouth was nine, Nelson eight, Otago two and Canterbury's first four ships were nearing their destination in Lyttelton harbour. Captain Grey had arrived as Governor in 1845. At that time there was war in the north. Hone Heke was protesting the passing of the old Maori society in a Maori way. Grey took the field, subdued him and made peace between them. The following year he arrested the distinguished chief, Te Rauparaha, who had signed the Treaty, on his own land at Porirua. The legality of this act may have been doubtful but there is no doubt that the mana of the Governor was enormously enhanced.

Grey purchased a great deal of Maori land adjacent to the northern settlements and in the South Island. The great Governor trod a lonely path. The settlers were developing an ever growing desire for self government. He had made enemies among the missionaries who had powerful friends in

England. His tasks were formidable. As the man on the spot he did not always approve the directives he received from the Colonial Office and he did not hesitate to delay their execution or not to carry them out to the letter.

During his governorship great progress was made, although the settlements, entirely dependent on their own agriculture and trade, were struggling to survive. There were practically no exports until the discovery of gold in Australia in 1850 opened a market for meat and grain.

Peace with the Maoris was vitally important and this the Governor's great mana and power preserved.

The Maori leaders recognised that they were caught up in a great social revolution and they and their people made enormous efforts to meet the changes. Christianity was widely embraced. Literacy and manual skills became widespread. Maoris soon ploughed the land, tended stock and harvested crops. They built flour mills and operated coastal trading vessels. Their produce helped to sustain the settlements struggling to survive.

#### 1860-1850

This decade saw many changes. The Canterbury settlement was now ten years old. Everything indicated that it would be even more successful than Otago. In both settlements the native title had been extinguished and in both the founding associations were generously endowed. Otago had four hundred thousand acres and Canterbury two and a half million acres. Nearly all was open land. The Maori population was mainly coastal and comparatively sparse. They were long accustomed to European ways. Beyond the settlements there were great areas of treeless land, well watered and covered with native grasses. They were ideal for raising sheep. It was all owned by the Crown and large areas were taken up under grazing licences, i.e. leasehold tenure. These lands produced wool, the colony's principal earner of overseas exchange.

The Imperial Parliament passed the Constitution Act 1852 which granted self-government to New Zealand. The Act provided for a central Parliament and the setting up of six provinces each to be governed in local matters by a Provincial Council.

Grey was recalled in 1853 and one of his last acts was to call the Provincial Councils into existence. The first national Parliament did not meet until the following year and by that

time the Provincial Councils were well established. For both the Provincial Councils and the national Parliament there was a property qualification, only landowners could vote or offer themselves for election. This injustice begot injustice in this decade and the next.

Most of those who took their seats in the national Parliament were also members of Provincial Councils.

The provincial leaders united in a request to Parliament that the right to sell lands which had been purchased by the Crown should be granted to the provinces. This was agreed to by what was called the "Compact of 1856" and it was confirmed by legislation. The great bulk of such land was in the South Island and from that time the principal source of revenue to the Otago and Canterbury Provinces (and in a lesser degree in Nelson) came from the "disposal of Crown lands". These lands were taken up in large blocks; much of it by members of the Provincial Councils themselves. To a lesser degree the same forces operated in the open lands of Wairarapa and Hawkes Bay. This was the beginning of New Zealand's large estates.

Grey was succeeded by an administrator, Lieut. Col. Robert Wynward for twenty months and then by Col. Thomas Gore Browne for the remainder of this decade.

It is probable that you have never heard of either of these obscure army officers. What a contrast with the liberal minded Grey who spoke the Maori tongue and had spent his few leisure hours in recording for posterity the history and legends of the Maori people.

Land hunger in the North Island was growing among the colonists as population increased and Maori resistance to land selling increased. A reaction against the new society was growing among the Maoris. The tide of their culture was returning. Separatism, anti-pakeha feeling, self-reliance and an instinctive awareness of the identity of land and life were everywhere. There were many who thought a war might succeed now, but if delayed failure was certain. The minds of many Europeans were harbouring the same fatal thoughts. The spark that set the fire in the fern was the Waitara land dispute in Taranaki.

When Sir George Grey returned in 1861 the country was on the very brink of war.

#### 1870-1860

Looking back from this year on the decade passed we survey

the very darkest days of our national story. It has been a decade of warfare in the North Island and a decade of prosperity in the South.

In 1860 James Mackay purchased from the Maoris on behalf of the Crown almost all of the land on the West Coast of the South Island. This was to prove to be of very great importance because in the following forty years gold mining in that area was to be a major contributor to national growth and prosperity.

Gold was discovered at Gabriel's Gully in Otago in 1861 and an enormous influx of gold seekers occurred from Australia and California and the very ends of the earth. Within five years the population of the country doubled to around two hundred thousand and the increase was almost entirely in the South Island. Otago was the wealthiest province in New Zealand. In 1865 there was held in Dunedin an Exhibition of Industry and Art. Five years later a University was founded and five years after that a medical school was opened to train the country's doctors.

When New Zealand achieved self-government in 1853 responsibility for Maori affairs, which included the purchase of Maori land, remained with the Governor but in 1863 in response to pressures, the Colonial Office directed that these powers should be transferred to a Minister of Native Affairs responsible to Parliament. Forthwith the Crown's pre-emption of Maori land was waived and it became lawful for private citizens to purchase such lands. This decision ushered in a thirty-year period of "free trade in Maori land". **This was a first step along the road to disaster for the Maori people.**

Purchasing land communally owned, especially where rights of ownership were disputed and custom recognised a web of limited rights and various interests in land, still presented great difficulties. Two years later the Native Land Court (1865) was set up to decide just what lands each tribe and sub-tribe had rights over. **This was the second step along the road to disaster for the Maori people.**

To complete this story let us now advance another decade and look back.

### 1880-1870

The inevitable happened in 1873 when an Act was passed making it possible to give individual titles for Maori land. This

meant that the communally-owned tribal lands could be divided up among individual members of the tribe and a freehold title granted to each. The Native Land Court would hear all claims to such individual titles.

**This was the third and final step along the road to disaster for the Maori people.**

The Maori had been defeated. The war had torn Maoridom apart. Tribe had fought tribe as well as the pakeha. Defeat in war was demoralising. To the Maori it had always meant death or slavery and personal diminishment. Defeat may cause grave social damage but a warrior people could survive it. Even the land confiscations which followed the war could have been borne. Maori society could have survived these disasters but it could not survive the evils a fundamental change of land tenure were to bring.

For the Maori of 1870 as for us in 1980, the relation of man to the land he lives by finally determined the very structure of society.

Freehold land tenure caused the death of Maori society as it had been. That anything at all survived this wreckage is a matter for astonishment to any thoughtful mind.

I will not take the story any further. It is eloquently told in the "Report of the Royal Commission on Native Land and Land Tenure, 1891", which I will quote:

"The tendency in the Act to individualise native tenure was too strong to admit of any prudential check. The desire to purchase native land under this law took its very worst form and its most disastrous tendency. It was obtained from a helpless people. The crowds of owners in a memorial of ownership were like a flock of sheep without a shepherd, a watch dog or a leader. Mostly ignorant barbarians, they became suddenly possessed of a title to land which was a marketable commodity. The right to occupy and cultivate possessed by their fathers became in their hands an estate that could be sold. The strength which lies in union was taken from them. The authority of their natural leaders was destroyed. They were surrounded by temptations. Eager for money wherewith to buy food, clothes and rum they welcomed the paid agents who plied them with cash and often with spirits. Such alienations were generally against the public interest so far as the settlement of the people upon the land. In most of the leases the purchases effected

the land was obtained in large areas by capitalists. The possession of wealth was absolutely necessary to provide for native agents, interpreters and lawyers as well as to distribute money broadcast among the native proprietary. Not only was this contrary to public policy it was often done in defiance of the law.

Of all the purchase money paid for the millions of acres sold by the Maoris not one sixpence is left. Their remaining lands are rapidly passing away. A few more years of the Native Land Court under the present system, and a few amended laws for free trade in native lands and the Maoris will be a landless people."

I draw your attention to this dreadful story because it contains a lesson relevant to the world today.

There are many native societies in Africa and New Guinea where the land system confers rights of occupancy and use within a frame of tribal ownership very similar to those in pre-European times in this country.

Modernisation of such economies demands changes in social structure and they are provoking changes in land tenure. If freehold land tenure is accepted in such societies as a solution to the problems brought by change it will lead to all the evils which it has caused everywhere. The final outcome will be the ownership of all the land by the few and a disinherited, landless proletariat, within two or three generations.

The alienation of Maori lands, described so vividly in the report of the Commission which I have read to you, continued throughout this decade and the next and did not cease until the Liberal Government which came to power in 1890 once more forbade the sale of any Maori land except to the Crown. This legalised plundering of Maori land was yet another source of large landed estates in the North Island. As the report says, "in most cases the land was obtained in large areas by capitalists".

After the wars about 3,000,000 acres of Maori land was confiscated. Subsequently some of this was returned to its owners and some was purchased, no doubt, on terms dictated by the conquerors. To what extent these lands came into individual settlers' hands in large areas I do not know.

For the ordinary settler life in 1870 was difficult even in the prosperous south. Population was increasing by natural increase and immigration.

Many immigrants brought in by the gold were seeking land. The demand for land for settlement was constantly mounting but settlers were locked out by the large estates in the open country, by distances, and by the lack of roads and transport.

In 1870 the Colonial Treasurer, Sir Julius Vogel, put forward an imaginative policy to lead the colony out of stagnancy and to dispel the mood of depression and despair which followed the ten years of war. His policy was adopted and by 1872 it was in full operation.

#### 1890-1870

The Vogel policy contained two principal elements. (a) The first was to borrow money abroad to finance the construction of railways, roads, bridges and telegraphs. Borrowed money was also to be used to bring in immigrants on a massive scale. (b) The second element was to provide funds to repay the borrowings. This was to be done by the sale or lease of 6,000,000 acres of Crown lands made accessible and enhanced in value by the railways and other public works. This latter proposal meant of course that this was 6,000,000 acres the Provincial Councils could not sell to swell their revenues and this a Parliament comprised of land owners representing land owners would not accept. This part of Vogel's policy was rejected and this rejection guaranteed that the policy would fail and would bring unprecedented economic disaster.

Incidentally it sealed the fate of the Provinces. Sir Julius had played a prominent part in provincial politics and he had been a defender of the provinces' rights and privileges. This experience changed his mind. He resolved to abolish the provinces and so it was done in 1876.

The damage was, however, irreparable. Immigrants poured into the country. There were 31,774 new arrivals in 1873 and almost 19,000 in 1874 and still they came. In ten years they numbered 100,000.

A world depression, known before 1930 as the Great Depression, had begun and it was to last for twenty years. It was not noticed at first because the economy was stimulated to fever pitch by the great influx of people and borrowed money.

Land values rose to fantastic heights and land speculation was rife in every part of the country. The fever reached its height in 1878 when the bubble burst. Land values plummeted and they did not rise to the level of 1878 again until 1906. One of



the most spectacular casualties of the slump was the Bank of New Zealand which had to be supported by the Government and their credit guaranteed.

The fruit of the speculative fever was unemployment, industrial unrest, sweat shops in Dunedin, nascent trade unions campaigning for protective tariffs, low wages and social misery. The depression was profound. It reached its nadir in 1888. Falling land values brought wholesale bankruptcy among the speculators, among whom were many of the large landed proprietors. Prices for primary produce were low and production inefficient for lack of capital. The road back was painful and slow.

Sir George Grey, twice Governor of the colony, came out of retirement to defend the provinces against their destruction, but nevertheless they were destroyed.

He became Premier of the colony in 1877. He had gone to the country on a programme of triennial Parliaments, manhood suffrage and a tax on the value of land, exempting the value of improvements thereon. The purpose of this tax was to smash up the great aggregations of land and to make land cheap and accessible to the colonists. John Ballance was his treasurer. Before he could put his proposals into effect Grey was defeated.

The political response to the condition of the country was slow in coming but when it came it was vigorous and overwhelming. The Liberal Party, of which Sir George was founder, was returned to power by a large majority in 1890. John Ballance was Premier. The party was destined to run the country until 1912.

#### 1890 — onwards

My father, aged twenty-four, was elected to the Parliament of 1893 and sat for six years. How often have I heard him talk about those days to me. It gave a special meaning to Wordsworth's lines: "Bliss it was in that dawn to be alive, but to be young was very heaven."

The Parliament of 1890 was a motley collection of men. They had different interests, different backgrounds, different philosophies, but they were united on one thing. They were going to break up the great estates and they were going to promote closer settlement. The weapons they were going to use were taxation on the value of land with the exemption of

improvements; purchases, compulsory if necessary, of large estates and cutting them up for closer settlement. The Crown was to resume its right of pre-emption of Maori land. Leasehold tenure was to replace freehold tenure in all land acquired by the Crown. The political battles of the next twenty years were to revolve around this issue.

It is important to emphasise that the greater part of the fertile land of New Zealand was already held by freehold tenure when the Liberal Party came to power. There was, however, a considerable amount of Crown land held on pastoral leases of various sorts and the new roads and railways, especially in the North Island, were opening up a very substantial amount of lands hitherto inaccessible. Then again the freehold lands which they were destined to acquire and to cut up into smaller holdings were converted to leasehold tenure.

In some respects the Land Tax which was quite a substantial impost was in the nature of a rent paid by the freeholder to the community for the lands which he held. This was a modification of the freehold in the direction of leasehold.

Although the economic measures taken by the new Government centred on the question of land tenure there were a great number of other innovations of social importance. The franchise was extended to women. There were important Shops and Offices Acts regulating employment. There was the Conciliation and Arbitration Act for the settlement of industrial disputes. There was important legislation giving local option in the question of the sale of liquor. There was the introduction of the Old Age Pension. A veritable torrent of legislation proceeded from the first two Parliaments of 1890 and 1893. However, the very heart and centre of the new Government's policies centred on the land question and closer settlement.

The first budget introduced the Land and Income Tax Act and the Land Tax fell on the unimproved value of land. This was the most important element of these two direct taxes. The revenue from the Land Tax produced about half as much again each year as the revenue from the Income Tax. This is not a matter which I have pursued beyond the first sixteen years but certainly that was the ratio until that time. The Rating on the Unimproved Value Act of 1893 gave to local bodies the option of adopting a local land tax by a poll of ratepayers and this method of taxation spread consistently from its beginnings until today the majority of local authorities strike their rates upon land values.

The purpose of these taxes upon land value was to diminish the value of land so that land was easier to acquire by persons of modest means. At the same time they tended to force people to sell lands which were held for speculative purposes and which were not being used by making their retention off the land market unprofitable.

The necessity of distinguishing between the value of the bare land and the value of improvements and of having even valuations as between taxpayers led to the establishment of the Valuation Department under the Valuation of Land Act 1896. Incidentally John McKenzie, the Minister of Lands, also set up the first Department of Agriculture.

The Land for Settlements Act gave the Minister power to purchase by compulsion if necessary, large estates and subdivide them and let them on a leasehold tenure to Crown tenants. The first and most famous of these was the Cheviot estate. In all some two hundred and ten estates were purchased with this object in view in the first fifteen years.

Land held under leasehold tenure was not an attractive security for mortgage purposes for private lenders and consequently the Advances to Settlers Act was passed which enabled the settler to borrow money from the Government on reasonable terms.

Under leasehold tenure a man with very little capital indeed could take up a section of Crown land and with moneys advanced by the Government he could establish himself as a farmer.

The total programme of closer settlement was very greatly aided by the lifting of prices for primary produce on the markets of the world from 1895 onwards. This buoyancy of prices was to continue right through until 1921.

There was another important factor enhancing the prosperity of the country. The ship "Dunedin" had delivered in England a refrigerated cargo of New Zealand meat in good condition in 1882. The wool on the sheep's back and tallow from the carcass had until then been the principal exports but now sheep meats were also an exchange earner. More important still, dairy farming had begun in the newly opened up lands of the North Island and refrigeration was to make possible an enormous expansion of the dairy industry.

## Philosophies

Ideologically the Parliament of 1890 was a mixed bag. There were land nationalisers, such as Ballance and probably the six members of the Labour group who were elected for the first time. These men represented the beginnings of the Parliamentary Labour Party but twenty-six years were to pass before the formal formation of a separate United Labour Party. There were Fabian Socialists like W. P. Reeves; there were four Single Taxers the principal of whom was Sir George Grey. The rather inadequate name of this group concealed the fact that they adopted wholeheartedly the total social philosophy of the American writer Henry George. Perhaps the majority were like John McKenzie, a Scottish shepherd and Minister for Lands, who believed passionately in closer settlement and smaller farms and the right of every man to stand on his own land and be free. Then there were a few like Richard John Seddon who probably were more concerned with broad social issues and who were above all students of the politically possible. Whatever ideological divisions there were amongst them the Government was unanimous in pursuit of the policy which was adopted.

All were influenced beyond doubt by the very spirit of the age; by the speculations of economists and social philosophers which had been so vigorous and so wide ranging since the days of Adam Smith. Even members of the opposition had responded to this spirit. Wm Rolleston on matters of land tenure was as liberal as any of the occupants of the Government benches.

### Henry George and Sir George Grey

There is little question that from 1880 right through to World War I the dominant influence in the English speaking world on matters relating to land and land tenure was the towering figure of Henry George, the American economist and populist crusader who had won the intellectual discipleship and personal friendship of Sir George Grey. Their correspondence is preserved in the Library of Congress.

Henry George had had a unique life experience. He had been everything from a sailor before the mast to a newspaper editor. He had travelled widely. He knew the great cities of the eastern United States and the goldfields of the west. He saw the city of San Francisco grow under his very eyes on open land. He

saw the flowering of its splendour, its wealth and its culture and side by side it spawned the same degrading poverty he had seen in the slums of New York.

His life work was to find the answer to the question as to why material progress itself breeds poverty. He concluded that the root cause was the ownership by private persons of the natural resources of the earth, as goods produced by labour are owned and as men and women had been owned in his younger days. He wrote many supplementary works but "Progress and Poverty" was his monument. It was translated into every European tongue. George popularised his ideas of cause and cure in the British Isles, America and Australia. He visited Australia in 1880 and there is no doubt that the Crown Leasehold system of land tenure in the Australian Capital Territory, which I will discuss in my next lecture, was one of the fruits of his influence. His ship called at Auckland en route and there he met Sir George Grey. It was an historic meeting.

As an admirer of George, Grey was in good company. He took his place alongside Phillip Snowdon, Leo Tolstoy and Sun Yat Sen. Professor John Dewey, the American philosopher and educationalist, made an assessment of George and his place in history. He wrote:

"It would require less than the fingers of two hands to enumerate those who from Plato down rank with him."

and

"No man, no graduate of a higher educational institution, has a right to regard himself as an educated man unless he has some first hand acquaintance with the theoretical contribution of this great American thinker."

For my part I regard Henry George as the neglected social philosopher whose message will yet be heard to the great advantage of mankind. It is a common error of the ignorant to believe him to be a mere tax reformer whose message is irrelevant to our times.

### Prosperity

As the new century dawned the country was entering on a new era of growth and prosperity which held perils for the Liberal government.

After Richard Seddon's death in 1906, Sir Joseph Ward succeeded to the leadership. The energy and strong sense of purpose of the government were by this time largely spent. The

party had no unifying philosophy. The radical liberalism breathed into it by its founder had been slowly replaced by a vague socialism of a Fabian type but couched in the idiom of earlier years. The parliamentary Labour group had slowly detached themselves after 1906 though still supporting the government. Their socialism was faintly tinted by a modest infusion of Marxist thought.

### **Triumph of the freehold**

In the election of 1912 the Government was defeated. The leader of the new government was William Ferguson Massey. The key note of his policy was freehold land tenure. Tenants of the Crown were to be able to acquire the freehold of their lands. The thousands of settlers the Liberal government by their policies had put upon the land had deserted their benefactors and had elected a "farmers' government". This is best illustrated by the story of one such beneficiary.

### **A saga of success**

I have mentioned to you that the very first large property to be purchased and divided up by John McKenzie, Minister for Lands, was the Cheviot estate in North Canterbury. It comprised some 84,000 acres and on it were settled some three hundred Crown tenant farmers. One of these was a young man, twenty-four years old, named George William Forbes. In 1893 he was successful in the very first ballot for farms. In 1930 he was sixty-one years old and the Rt Hon. G. W. Forbes was leader of the United Party and Prime Minister. The United Party was a sickly child of the Liberal Party which lived about three years. In 1931 it fused with Massey's Reform Party which had risen to power by destroying the leasehold policy of its predecessor which had enabled Forbes and thousands of others to become prosperous farmers.

The new government of the Reform party elected in 1912 was destined to rule New Zealand under various aliases until 1935 and it was destined to lead the country to disaster. It inherited from its predecessors a country at a level of prosperity never before attained. Two years later we were at war.

The sellers' market for food and fibre caused by the war and the inevitable wartime inflation kept prices high and the economic fever caused land values to rise. In spite of the reduced labour force, caused by military service and difficul-

ties in ocean transport, caused by fewer ships, high production levels were attained throughout the war and continued long after the "boys" came home.

Theirs was to be "a country fit for heroes". Preparation for the days of peace began in 1915 with the passing of the Discharged Soldiers Settlement Act. When it became fully operative after the war, in the words of Professor Condliffe: "In effect the Government turned loose on the real estate market 22,585 new purchasers armed with £22,627,864 of borrowed money."

The effect on farm land prices already high may be imagined. There was a national orgy of land speculation and economic fever only to be compared with that of the Vogel era. In 1921 there was a catastrophic fall in wool prices and a disturbing fall in the price of butter and cheese. Overseas prices were weak and uncertain but not impossible until 1929 when the export price index plunged to a record depth.

The year 1929 in U.S.A. began in a glow of prosperity. Before the year ended, after a hectic fever of speculation, prices on the New York stock exchange plunged disastrously. This was the first icy breath of an economic blizzard which was to sweep around the world. The great Depression had begun. I will not weary you with an account of those years. Years of want, unemployment, hunger, emigration. Years of uncertainty, unrest and vast social damage.

The years of the onset of world depressions have been 1880, 1930 and 1980. There appears to be a fifty year sequence. Their relationship to wars may be of interest to students of economic history.

An economy such as ours must have some defences, some power of adaptation to periods of world depression and not face universal economic and social collapse when such occur. I will claim in a later lecture that a universal Crown leasehold system of land tenure can offer just such a built-in defence.

In summary I will point out that in both the Vogel led and the Massey led years of economic disaster, land speculation, fuelled by borrowed money, was fortuitously raging at a time when a long period of low export prices were commencing. Massive falls in land values followed, with economic paralysis and much suffering. In both cases recovery had to await the lift of the worldwide depression accompanied by rising price levels. The Liberal Government in the 1890's and the Labour Government

in the 1930's reaped the political advantage of these price upturns.

There is one notable difference between the world depression of 1930 and that now beginning in 1980. When the former depression occurred desperate farmers increased the country's production greatly in an effort to compensate for low prices. In the present depression production has not increased and farmers political influence has called forth subsidies at a cost to the taxpayer of about \$400,000,000 per year. These bribes to produce have evoked a minimal response but they have kept land values sky high.

In 1980 massive internal and external borrowing alone have prevented land values from falling. The selling out industry is the only one in the country which flourishes. If history has any lessons it suggests that we are on the brink of disaster. Such are the bitter fruits of freehold land tenure.