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AGRICULTURAL AND SOCIAL LEGISLATION IN NEW ZEALAND

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FOR a small country—and partly, no doubt, because it is a small country—New Zealand is marked by an exceptionally wide range of governmental interference in economic and social affairs. Today we are less entitled than we were thirty odd years ago to be characterised as a laboratory for social experiment; and anyway as a practical and thoroughly English people we would scornfully repudiate any such rôle. Quite fitting is the title chosen by M. Albert Metin, "Le Socialisme sans Doctrines."

New Zealand's total area is 66 million acres, of which 44 million acres are occupied as farms. The population is 1,400,000 (forty-eight per cent rural). The number of farms is 85,000, with an average area of 508 acres; forty-seven per cent of the farms are of less than 101 acres. Dairy cows number 1,300,000; sheep, 29,000,000. The expanding volume of exports is summarized in table 1.

GOVERNMENT ECONOMIC ENTERPRISES

Railways were constructed and are operated by the State. They are probably generally regarded as the least successful public enterprise in the country, for, although current revenue exceeds expenditure, the balance is now inadequate to meet interest on capital costs. Weight must, however, be given to the fact that many lines were constructed to develop the country, with no expectation that they

Table 1. Annual Exports of Butter, Cheese, Frozen Meats, and Wool from New Zealand, 1908, 1918, and 1928

Year	Exports			
	Butter (hundred-weight)	Cheese (hundred-weight)	Frozen meat (hundred-weight)	Wool (millions of pounds)
1908.....	230,000	280,000	2,120,000	162
1918.....	431,000	883,000	2,037,000	109
1928.....	1,449,000	1,567,000	3,794,000	227
Per cent exported to Great Britain.....	80	99	92	68

would pay in the strictly accounting sense. Moreover, railway rates were habitually scaled down until revenue merely balanced outgoings. By contrast, privately-operated lines, charging "what the traffic would bear", would have had a wider margin of profit to meet the hard times that have everywhere struck railways, and it is unfair now to reproach the State enterprise for failing to measure up to the standards of private profit-making industry. There is no reason to believe that private administration would serve the country better than the State monopoly. On the contrary, the duplication of lines by competing concerns would be a wasteful extravagance. Judging by much American experience, too, it seems in many ways easier for the government to undertake direct responsibility for public utilities than to struggle endlessly with the problem of regulating them.

Telegraph and telephones, as well as the post office, are also government monopolies.

Hydro-electricity is also being developed as a State monopoly, and with conspicuous success. Power is generated in government plants; unified control gives valuable economies, the plants being linked together so that surplus energy from one will be available to supplement the others. In urban areas, retail distribution is undertaken by the existing municipalities; in rural districts, *ad hoc* bodies are elected by the consumers. At no stage does any element of private profit enter into the provision of electric power.

Coal mines, as a State enterprise, arose from the government's need of fuel for its own railways. They also now supply the general public.

The Public Trust Office, caring for many of the functions commonly left to lawyers—notably the lucrative business of estate administration—is one of the most important and successful State enterprises in New Zealand. Established in 1872, it became self-supporting in 1874. In the past twenty years, estates under its administration have increased sevenfold to £50,000,000. The Public Trustee, a civil servant, is thus responsible for the conduct of such varied types of business as a brewery, many farms, and a jam-factory. The office pays land tax and income tax at normal rates, as for a commercial enterprise; furthermore, one-half of the net profit is now transferred to the ordinary revenue of the government.

In the field of insurance, the government offers life, fire, and

accident insurance. Proprietary and mutual concerns have found it by no means impossible to survive this State competition; but the value of the government's intervention in the insurance field is clearly evident.

Forestry is undertaken by the New Zealand government on a fairly substantial scale, but not in any manner that calls for special comment.

LAND SETTLEMENT

Since the early 1890's, land settlement has been fostered by the government through compulsory acquisition and subdivision, and through graduated taxation. The bulk of the land had already become private property, though substantial areas were still vested in the State. The policy of the Liberal-Labour government—in office from 1890 to 1912—was to retain public ownership, with long or "perpetual" leases to individuals. But this policy did not survive the desire of tenants to obtain the unqualified freehold, a demand due in part to the greater sense of security thereby conferred, but chiefly to the fact that it facilitated land speculation during a period of rising values. The transfer of land has been simplified (though not correspondingly cheapened) by the well-known Torrens system.

LOANS ON MORTGAGE TO SETTLERS AND WORKERS

Loans on mortgage are made directly by the government to the borrower without the intervention of credit-associations. In part, the scheme originated in the peculiar land-tenures mentioned above, which called for credit facilities to a type of borrower who stood beyond the scope of existing lending institutions. Loans to city workers on the security of houses now extend to 95 per cent of the construction cost; yet losses on realisation have been but one-twentieth of one per cent of the aggregate loans to date. Intermediate credit is likewise granted directly by the government to borrowers, and the machinery of the Public Trust office is used in its administration.

INDUSTRIAL ARBITRATION

Since 1894, industrial disputes in New Zealand have been settled by governmental conciliation and arbitration. For ten years the country was completely free from strikes. The ensuing period has seen a fair number of stoppages; but broadly speaking, the scheme

has succeeded in enabling necessary adjustments to be made with much less hardship than would otherwise have been probable. An attempt was lately made, though quite unsuccessfully, to make of industrial arbitration a scapegoat for farmers' post-war difficulties. Of necessity, the State's intervention in this sphere has obliged it, through the Arbitration Court, to prescribe in minute detail the conditions of employment.

COMPULSORY COOPERATION IN AGRICULTURAL EXPORTS

New Zealand farmers shared in the general post-war depression, and their satisfactory experience in war-time controls led them to demand some form of unified control in peacetime. Control boards have therefore been set up for all important exports except wool. Typically, these boards are elected by producers, with a minority added by the government and commercial interests. They are given extraordinary powers, even to the extent of prohibiting the export of New Zealand farm produce by any agency other than themselves. The Dairy Control Board alone exercised this full power, and with unhappy results. It encountered opposition on the part of London importers to which it was unequal; the market was weak owing to the general strike and the prolonged lock-out of British miners (1926); and the Board was torn by internal dissensions in a manner sufficient to wreck any chance it ever had of succeeding in its ambitious plan. The Board was forced to abandon absolute control. But the Dairy Board, like the other produce boards, has continued to function and has yielded good economies to producers, without any evidence of injury to consumers.

PENSIONS

Pensions have been granted aged persons since 1898 (to men at 65; women at 60). They are non-contributory, being financed wholly by general taxation. Pensions for widows with dependent children have been provided by the State since 1912. These measures, strenuously opposed at their commencement, have long ceased to be matters of controversy.

FAMILY ALLOWANCES

Family allowances have been paid from ordinary government funds since 1926. Where the family income falls short of £4

per week, the sum of 2 shillings a week is paid to the mother for her third and each later child.

UNEMPLOYMENT RELIEF

Hitherto, unemployment relief has taken the form of public constructional works, government labour exchanges, and where necessary, charitable relief by local authorities. A novel plan has been enacted this year (1930), with the creation of an Employment Board and an Unemployment and Sustenance Fund. All employed men are to contribute £1 10 shillings per annum, and additional money will be raised by taxation. Employers, as such, will not contribute. Relief to the workless will be at the rate of £1 1 shilling per week for adult men, with less for minors and more for family men. The Board is vested with powers designed to regulate employment.

EDUCATION

Education in New Zealand is financed in an unusual manner, with particularly valuable results so far as rural schools are concerned. The full cost of elementary schools is provided by the general government. There is a nation-wide scale of teachers' salaries and extra compensation is paid to teachers in remote districts. Hence, country children have educational opportunities more nearly approaching those of city children than one commonly observes abroad.

THE WELLINGTON MILK-DISTRIBUTION MONOPOLY

In the capital city of Wellington (population, 105,000) the legislature has granted the municipality a monopoly in the retail distribution of fresh milk. Private vendors may operate only in so far as licensed by the municipality. The margin between consumers' costs and producers' receipts has been narrowed; the quality of milk has been immeasurably improved; and the experiment in municipal socialism is an undisputed success.

CONCLUSION

Inevitably, the most conflicting deductions are drawn from New Zealand's wide experience in State socialism. People who are disposed to be friendly are entitled to emphasise that economic and

social conditions have improved, either because of, or in spite of, State interference. The per capita wealth of the Dominion is calculated to exceed that of all other countries except the United States, and for equitable distribution of wealth New Zealand is nowhere surpassed. The death-rate is the lowest in the world, and infantile mortality is just half as severe as among the white population of the United States.

Certainly our experience has shown in its own small way that an entry by the government into new fields leads almost inevitably to more and more interference with the "natural order". We have State railways, therefore coal mines; a new land tenure, therefore government loans on mortgage; the State sets out to reduce strikes and finds itself regulating in detail the conditions of industry. It is notorious, too, that these experiments, however vigorously condemned at their commencement, have been quickly accepted as normal, even by their political opponents. These politicians, indeed, when translated from the Opposition to the Treasury benches, have continued and often extended the range of government enterprise. Such an evolution is no doubt capable of more than one explanation: it may be held to prove that the new State functions have been vindicated by experience, and that governments, whatever their political philosophy, would court electoral disaster by sincerely applying the principle of "Less government in business"; or conversely, some may argue that New Zealand's new State functions have been of the nature of drugs; and that the people, their fibre weakened by excessive maternalism of the State, cannot now stand on their own feet. Personally, I prefer the former view. I think that most criticism concerning the inevitable incompetence of the government to regulate social and economic affairs is based upon notions that were valid enough a century ago; but since then the technique of public administration has improved out of recognition. Certainly it has improved relative to the efficiency of private competitive industry.

It is probably true (this in answer to a question) that industrial development has in a sense been retarded by the State regulation outlined above. No doubt a full-blooded American industrialist would find his way annoyingly harassed by "socialistic nonsense"; and "efficiency", in a very narrow sense, would thus be checked. Yet the same truth might perhaps be expressed, with a slightly different emphasis, by saying that through the liberal assertion of

public rights, New Zealand has happily been saved from some of those more ruthless manifestations of man's acquisitive instinct that one sees in, say, North Carolina.

Insofar as State socialism has succeeded in New Zealand, and I conclude it has, on a balance, very definitely succeeded, this has been largely due to honest and efficient administration. We are the fortunate inheritors of the British political system, uniting executive, administrative, and legislative functions in a manner conducive to effective action. And, since 1912, the Civil Service has been so far removed from politics that neither technicians nor heads of departments surrender their office on a change of government. The Civil Service Commission plan of personnel control is one of the most valuable features of the public life of New Zealand. This is perhaps an administrative detail. But then the success or failure of government action cannot be judged by *a priori* theories; the problem resolves itself simply into a question of good or bad administration.