

to defeat the ingenuity of those who, with the ruling passion strong in death, pass the last days of the lives they have devoted to the acquisition of wealth in marvellous devices to deprive the State of the revenues which should be payable on their decease.

With regard to direct taxation it is no secret that Ministers preferred a land- and income-tax to a property-tax, and that the House and the country are divided in opinion on the subject. We have come to the conclusion that a compromise is necessary and expedient. It is the case with all systems of taxation that there is great advantage in a people having become used to them. Thus, we see in some countries the people educated to a mode of taxation which would be utterly distasteful to the denizens of other countries. The people of New Zealand have grown accustomed to a property-tax, and, if for no other reason, a great deal is to be said in favour of retaining it. We think it may be so modified as to deprive it of some of the features which are obnoxious to the views of those who prefer a different system of taxation, and it is our intention to make proposals in this direction. The primary alterations we wish to make are to provide for the exemption of agricultural improvements up to a certain sum, and also to provide for the exemption of machinery up to a certain amount. I know that by this compromise I may be giving pleasure to a few honourable members, who, accustomed to look upon obstinacy as the highest virtue, are delighted when they can point to a modification of opinion on the part of their opponents. For my part I have a high admiration for a public man who has the courage to boldly avow any change in his opinions: therefore, if I were able to admit, which I cannot, that I have entirely changed my views, I should not dread doing so. But I must not be understood to have much changed my opinions on the subject of the property-tax. I look on it as unwise in principle and undesirable in its effects. I should prefer a simple land-tax, in the assessment of which the valuation of improvements was excluded, and an income-tax if the land-tax required to be supplemented. But, as I have said, a great deal of heed has to be given to the fact that people become accustomed to any system of taxation after a time, be it good or bad. Again, nothing could be more objectionable than a constant change from one system to another, and it seems probable, if some compromise be not effected, that we shall oscillate for years between the two systems of property- and land-tax. Again, though an income-tax is, in my opinion, a fairer way of getting at the earnings of the people, it has features of an objectionable nature, to which it would take them years to become accustomed. And I may say further, as far as I am personally concerned, that, whilst I prefer a land-tax to the complication of the property-tax, I am not insensible to the risk one runs in espousing a land-tax to its being supposed he is favourable to such a tax, not for income purposes, but for destroying existing rights. I am no friend to parcelling out the land in large estates, and I hold that, as regards our future disposition of the lands, we are free to deal with them in the manner that is best calculated to put a numerous population on the soil. But when I look back at times past, and remember how from time to time special inducements were offered to rich men to buy large estates because of the money being wanted—of how, in fact, for the sake of money the public estate was frequently sacrificed—I can see no justification for disturbing bargains which, however impolitic, were entered into with deliberation. I was an advocate of checking the system of land acquirement. I desired, when the railway policy was commenced, to double the price of land exposed to free selection. I do not think I took part in the occasional bargains which were made for obtaining large sums from wealthy purchasers. But good faith is of priceless value. In the course of time some of these estates may be wanted for settlement, and, when they are, the State has a perfect right to take them on paying compensation. But at present we have still millions of acres, and do not require anything of the kind. I am, therefore, well disposed to the compromise, which does, in fact, give a land-tax, but accompanies it, I am sorry to say, with a tax on the capital value of personalty instead of on the incomes of its possessors.