

Irrigation and Land Values

BY L. R. EAST, C.B.E., M.C.E.

Chairman, State Rivers and Water Supply Commission, Victoria

IRRIGATION has not been promoted by successive Governments in Victoria as a social service—although irrigation has been the means of settling on the land some thousands of ex-servicemen of two world wars. Irrigation has been undertaken because of the widespread recognition of the need for water in a country subjected to recurring droughts, and because governments were convinced that irrigation was profitable to the whole community. It has always been accepted that irrigation projects must be economically feasible; the anticipated benefits must outweigh the estimated costs. . . .

Fifty years ago, taxpayers were certainly not prepared to subsidise the landowners whose properties were to be irrigated, although they accepted the need for advances by way of loans from State funds to meet the initial cost of irrigation works . . .

Every acre-foot of water sold to an irrigator in Victoria increases production by from £15 to £400 — averaging about £50 over all forms of irrigated culture. The total value of this production last year exceeded £41 million . . .

It must be remembered that the profits to be made from irrigation development lie not in the sale of the water or even in the sale of the agricultural products grown on irrigated lands, but largely in the increased value of the lands which are served. It is estimated that irrigation has added approximately £40 million to land values in the irrigation districts exclusive of the value of improvements made by irrigation. These figures tell only half the story, because they do not include the very considerable enhancement in land values in the towns and cities resulting from irrigation development.

The author has suggested elsewhere¹ that it is essential for the community to rethink its attitude towards public expenditure on developmental works and to decide whether it could afford to subsidise such works largely for the benefit of the limited section of the community which receives practically the whole benefit in unearned increment. Unearned fortunes are made only at the expense of the community.

The unearned increment is by no means limited to irrigation farms. Commercial and residential sites in towns created as a result of irrigation—such as Shepparton — have reached fantastic price levels.

The author suggested in an Address² he gave as Chairman of the Melbourne Division of the Institution of Engineers, Australia, that interest charges on developmental works might well be met from a special land tax—a State

Development Tax—designed to distribute as equitably as possible the cost of developmental works over the owners of all properties benefiting both directly and indirectly from the works. If all developmental works were included in the proposal, then a uniform tax on land values, without graduation and without exemption, would effect the fairest distribution of cost. Such a tax would be very properly called the State Development Tax. It would be simple to assess, and impossible to evade. It would not penalise industry or increase the cost of living, but it would reduce land speculation and it would transfer a good deal of the burden of taxation from rural industries and farms, and suburban industries, where land values are relatively low, to the cities where land values go to thousands of pounds per foot frontage, or hundreds of thousands of pounds per acre.

The outstanding advantage of a State Development Tax on land values is that revenue from the tax would automatically expand to meet the increasing cost of financing new development works, expenditure on which, if they were truly developmental and reproductive, would be reflected in increases in land values in town and country, at least equal to the total expenditure.

In the author's Presidential Address to The Institution given in March 1953, reference was again made to this matter. It was pointed out that it was becoming more and more difficult for newcomers, or even the sons of our own farmers, to become landowners.

Contrary to popular opinion, high land values are not of any advantage to the farming community: on the contrary they are a heavy burden, in that as properties change hands — and they change hands relatively frequently owing to deaths and other causes—those who purchase the lands generally start their farming operations with a heavy burden of debt and have insufficient capital to develop their farms. Natural closer settlement of agricultural or grazing lands by private subdivision and private purchases becomes in this way more and more difficult for buyers to finance because of high land values, and government closer settlement by compulsory acquisition becomes more and more costly to the State for the same reason.

These high land values put an increasingly severe brake on practically all development aimed at expanding production. They are real enough, and the landowners concerned are in no way to blame for wanting full market value for what they sell. The defect is that most taxation and rating systems fall heavily on production, and leave

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1 East L.R.—**Financing of Development Works**, Melbourne University Press, 1944. 2 East L.R. — **The Faith of an Engineer**, **Jour. I.E. Aust.**, Vol. 17, No. 9, Sept. 1945. 3 East L.R.—**Engineered Progress**. **Jour. I.E. Aust.**, Vol. 25, No. 3, March, 1953.

practically untouched the unearned increases in land values that are the inevitable result of developmental works and other activities carried out largely at the expense of the general taxpayers of the community.

The general rates in irrigation districts — now levied on unimproved capital values — are a step in the right direction in that they are levied on what is essentially unearned increment and do not bear at all upon the improvements effected as a result of the farmers' efforts on the land. For 1957/58 these rates on unimproved capital values are expected to amount to 25 per cent. of the total revenues from irrigation districts...

The Commission is a regional planning authority to the extent that it is responsible for town water supplies, for farm water supplies, for irrigation, for flood protection, drainage and stream improvement, and in co-operation with other authorities for mapping, soil conservation and catchment preservation.

Much has been achieved. Over very large areas the menace of drought has been removed, and the overall effect of the Commission's undertakings on the economy of the State has been very great indeed in enabling continuity of production in spite of the vagaries of climate.

Some 664,000 residents in 298 country towns can enjoy the convenience and safety of reticulated water supplies, and works to supply additional towns are in course of construction. Twenty-one thousand farms on which reside some 63,000 people over an area of 11,500,000 acres have been made habitable by the provision of assured supplies of drinking water for the people and their stock which number at least 2,300,000 sheep and 40,000 cattle. Irrigation channels have been constructed throughout an area of 2,150,000 acres in which have been developed 16,000 farms where last year 855,000 acres of land received ample supplies of water for pastures, for vineyards, for orchards, and other forms of intensive culture...

Irrigation has resulted in the development of thriving country cities and towns where, in most cases, not even villages would exist without irrigation. A former Chairman of the State Rivers and Water Supply Commission described the Commission's task in irrigation expansion as being "*to scatter plenty o'er a smiling land*" and that is just what it does...

In water conservation, upon which expansion of our population is absolutely dependent, we cannot stand still. *Vast natural resources do not of themselves make a country great and prosperous — that comes only from the vision, ability and courage of its people — and the greatest and most needed of these attributes is courage.*

EDUCATION IN A FREE SOCIETY

To the Editor of Land & Liberty.

Sir,—Mr. A. J. Carter's article on Education in a Free Society reminds us that economic justice and mental freedom are as inherently linked together as man's body and mind. And the distinguished educationalist, Massimo

Salvadori* has recently shown that education as practised today tends to foster servitude and not liberty of thought.

But Mr. Carter's trust in positive State action is not convincing. A hundred years ago John Stuart Mill pointed out that "a general State education is a contrivance for moulding people to be exactly like one another . . . it establishes a despotism over the mind leading by natural tendency to one over the body." Surely subsequent events have amply confirmed Mill's view. The Germany which surrendered itself to Hitler was the most state-educated nation in Europe. In England State-planned education preceded Economic Planning.

The careers of most of the outstanding characters and intellects of the world suggest they owed little or nothing to orthodox education, of which State education is the extreme expression. Perhaps the most successful educational experiment in modern times has been the Danish Folk High School movement. This was independent, unorthodox, controversial—and inexpensive. It emphasised the "useless" humanities above technical instruction, it provoked students to reject authority and think for themselves—the true purpose of education. But, since these schools have accepted State subsidies their spirit and influence have sadly declined.

The family, as the natural unit, has the first responsibility in deciding the child's schooling. The community, in self defence, has the right to prevent the family from deliberately producing ignorant, dangerous or useless citizens. If authority laid on *parents* the responsibility for educating normal children up to a prescribed standard in the rudiments higher education could safely be left to all the ingenuity and variety of competitive intelligence. And this variety of competition would evoke controversy, the sure indication of independent and vigorous thought. At present parents do not exercise thought about their children's education because the State thinks for them and, through the tax collector, robs them of the means of paying. If the responsibility and the money were both restored to the natural sources an intelligent interest would grow automatically.

Mr. Carter admits the right of parents to contract out of State education. This, if granted, would widen the variety of teaching and by arousing controversy do something to check the tyranny of examinations. Examinations (purely technical subjects apart) tend to instruct pupils what to think rather than develop the spirit of independent enquiry, and the majority of teachers, wishing to earn their salaries with the least exertion, do not encourage pupils to ask awkward questions. Such teachers naturally seek shelter behind the rules and regulations laid down by State Inspectors. Private education should be entirely free; competition would eliminate schools which failed to develop intelligence.

Yours faithfully,
FRANK DUPUIS

Heswell, Cheshire.

**Education for Liberty*. Pall Mall Press, 3s. 6d.