

CORRESPONDENCE

IRRIGATION AND LAND POLICIES

To the Editor, *Land & Liberty*.

Sir,—I was deeply interested in the letter from Dr. Bernard Ascher in June *LAND & LIBERTY*, "The Core of the Palestine Problem," and delighted to note his mention of the Irrigation District Act of California, as he did.¹

I have read Mr. Lowdermilk's book on a Tennessee Valley Authority for Palestine, but he is silent with respect to the unearned increment that such a vast project on the River Jordan would be the primary cause of.

There is no possible doubt that our California law, Stat. 1897, p. 254, as amended; Stat. 1943, Chap. 368, Div. 10 and 11, being now known as "The Water Code of California," provides the pattern and principles which, if adopted and applied to Palestine, would prove an effective antidote to land speculation under their projects.²

Dr. Elwood Mead, for many years Commissioner of the Bureau of Reclamation (U.S.), was a frequent visitor to Palestine, as adviser. He was a good friend of mine, and we travelled often together. He was always a staunch believer in the principles embodied in our California law, as his recommendations to Australia when they were considering the establishment of a new Capital at Canberra prove.

Dr. Mead also founded Boulder City, Nevada, where all sites, whether for business or homes are leased, but never sold. I was with him when he chose the spot, on what was then barren desert, for the townsite, which was then generally thought would be only temporary, to provide homes for the army of workers building the Boulder Dam. But the absence of land speculators had unforeseen consequences, for Boulder City is now a model town of over 5,000 inhabitants, and is growing steadily. The fact that home-seekers and store owners are not compelled to pay tribute to some speculator in land titles, in order to get a location, is proving a strong magnet.

Dr. Mead made several reports with recommendations for the land settlement projects in Palestine, with some of which Dr. Ascher is no doubt familiar. If not, there must be copies in Jerusalem or Tel Aviv which it might pay him to try and get.

I have twice visited Palestine, and have always believed there is no such dislike of the average Arab for the Jews as the Press has reported in recent years. But the Zionist colonies in Palestine are in the nature of Georgist eplaves, which have been no more liked by the Arab feudal leaders than by the British feudal barons.

The oil interests in the Near East might also be interested in preventing the spread of these principles in that part of the world. We recently saw what a hubbub was created when the Soviets tried to negotiate concessions for oil in Iran within territory previously monopolised by British and American oil corporations. As long as the "ownership" of land is said to be in the Arab leaders, and they will grant certain oil magnates exclusive privileges to extract oil, their money and influence will be used to support the Arabs and to help them keep Jews out of Palestine.

The same oil companies have concessions in Sumatra, near Palembang, which I have visited, but they were never allowed to "buy" the land itself. The principles introduced by Raffles³ over a century before had survived, so that the land still belonged to the natives, and could only be leased.

The world's richest undeveloped oil reserves are believed to be located in the Near East, and conflicts over their control may be more closely related to the problem of Arabs *versus* Jews in Palestine than is generally understood. A job for another Raffles is indicated.

Referring again to the California Irrigation Act, I was in Spain soon after Alfonso abdicated in 1931, and met some engineers in Barcelona who were alive to the need for irrigation works and land settlement in the then highly industrialised State of Catalonia, of which Barcelona was the capital, containing most of the industries. I supplied them with a copy of the Californian law, which Catalonia proceeded to enact into a law for that State, with minor changes. The highest State Court allowed the law as being constitutional, in a test case, inspired by the feudal forces. But the Supreme Court in Madrid held the law unconstitutional. The

Christian Science Monitor, of June 14, 1934, on page 1 printed a cable from Madrid, telling of the Court's decision, and said the law "is not favoured by the central government because it splits Catalonia into small farms, advantageous to small holders." But Catalonia was not satisfied, and I understand that efforts were made to get a new law passed, and that this was the spark that really started the so-called Civil War in Spain when neither side was able to be satisfied.

Whether the same sort of opposition would arise in Palestine, is worth seriously considering. I rather believe that it would. But if we back the oil companies and the Arabs, is it probable that the Soviets will hold entirely aloof?

It was the discovery of the invention of irrigation in that part of the world which marked the beginning of civilisation, and recorded history. Great civilisations and cities have since come and gone. The reconstruction of irrigation works there would create opportunity for many millions, if wisely undertaken. Next door, in the U.S.S.R., vast irrigation works have been reconstructed. Opportunity again knocks at the door of the British, but it may not wait at that door much longer. The basic principles adopted by Raffles for Java and Singapore would help to-day, as then.

They are the basic principles also urged by Henry George, who merely explained more clearly how to make them practical.

Yours, etc.,

RUPERT MASON.

SAN FRANCISCO.

July 8, 1946.

Editor's Footnotes.

¹Correcting a misprint, the words *per square metre* should have followed "£50 stg" in Dr. Ascher's remark: "How can the cost of housing be low if the builder is compelled to pay £50 stg for the plot?"

²This Californian Act, in its four provisions, exempts all buildings and improvements of every sort, rural and urban. It applies within 100 Irrigation Districts serving some 4,000,000 acres of the richest and most attractive irrigated orchards, vegetable gardens, vineyards, etc. The annual revenues of those districts are derived mainly from taxation on the value of land alone, both rural and urban, whether used or unused.

³The story of Sir Stamford Raffles, Java's British Governor 1811-1816, the founder of Singapore, whose principles were Free Trade and revenues from Land Rent, was instructively told in the contribution by F. T. Hodgkiss, *LAND & LIBERTY*, May, 1942, reprinted from *The Freeman*, New York, March, 1942.

WATER INTO GOLD

To the Editor, *Land & Liberty*.

Sir,—Your article in the April number of *LAND & LIBERTY* invites comment. The principal victim so far as Empire preference and Protection are concerned is not the British consumer but the Australian. Mr. Cattnach's calculation, "that if each family in Victoria ate only one pound more per week of fruit produced by irrigation settlements there would be none left for export," has a "catch" in it. The cost is excessive.

Here is the position. Sultana raisins are far the largest line produced and exported. Before the war they were selling from 9d. to 10d. per lb. to the Australian consumer. At the same time the export value of those raisins was rather less than 4½d. per lb. The figures are in Australian currency, which was and is depreciated 25 per cent. in relation to sterling. No doubt the Australian consumer would use much more of our dried fruits if he could get them at the value for export; or to be more correct, value for dumping.

The British consumer has to pay more than the real value of the fruit because of Empire preference. The suggestion is made that "reduced duties" on imported agricultural products and machinery would help. They should be abolished, not merely reduced. Such taxes before the war on all classes of machinery, metals, etc., averaged 30 per cent. Sales Tax is on top of Customs on an inflated valuation.

It is true that Victorian townships are backward in relieving improvements from local taxes. Victoria is the most conservative State in the Commonwealth and has been so since long before Federation. There is a bit of a move on now in some of the Melbourne suburbs, and several polls are to be taken shortly with

a view to adopting rating on land values. Mr. Bronson Cowan's investigations and methods have led to increased interest in the question.

The wild land speculation in the Victorian irrigation areas followed by depressions is due to taxation being concentrated on the use made of land instead of upon its value. We had a clear example of this after the 1914-18 war. I have only the figures for N.S.W., and they are incomplete. From 1918 to 1930, only 12 years, land values increased by £185 millions, or over 91 per cent. This was due to the high prices for primary products, as the world was hungry and cold. Another cause was lavish loan expenditure in resuming land for soldier settlement and for public works. The depression followed. The inflation of land values in N.S.W. in those years would have been greater but for our system of rating on unimproved land values.

Consider the position with respect to sugar. In 1938-39 nearly 56 per cent. of the Australian sugar production was exported, the value being £8 4s. 3d. per ton. The price charged for local consumption was £24 per ton. The average for the year was £15 3s. 11d. The figures are for raw sugar and are in Australian currency. Australia dumped abroad at a third of the cost to local consumers. No doubt the dumped price would have been less but for so-called Empire preference. It is a device for requiring British consumers to pay too much for their sugar.

One word further with respect to sugar. You cannot grow sugar in Queensland without a permit. Without a sugar permit, land may be worth £5 per acre; with a permit, anything from £20 to £60 per acre. The chief advantages of the sugar embargo go to the owners of sugar lands which have a permit to grow sugar.

During the war the "permit" system was applied to wheat growing. The result was a severe restriction of the area under wheat for the 1944-45 season. Nature then took a hand in the game and produced a drought. This wheat-producing country actually had to import wheat at high prices because of the folly of its doctrinaire Labour Party politicians in restricting wheat production.

Let me in conclusion show the inverse way of applying the protectionist superstition. When the farmer wants agricultural machinery, supplies, trucks, etc., he has to pay grossly inflated prices because of import duties, or, more correctly, taxes.

But because the wheat industry is an exporting industry, except when there is a severe drought, another plan has to be devised under the plea of guaranteed prices. Thus for the next five years it is proposed to pay the farmers 5s. 2d. per bushel f.o.b. The balance, less expenses, which will be considerable, will be divided 50-50; the first half doled out to the farmers at intervals, the second half will be held against the time when the f.o.b. price of wheat falls below 5s. 2d. As the export parity of wheat is now over 10s. per bushel, and the price is likely to remain high for some years, millions of the farmers' money will be held up against a future year when the price may be low.

The protected manufacturers are allowed to charge inflated prices for their goods, the consumer provides doles for them, because generally they do not export. But the farmer is to be required to provide for a dole for himself in a future bad year. There is no doubt that with Free Trade the farmers could buy cheaper, get full value for their production and be in a position to make their own provision for adverse years.

Yours etc.,

SYDNEY, N.S.W.
May 14, 1946.

A. G. HUIE.

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THE FOOD SUBSIDIES

It is notorious that we are all well cared for by a most generous Government, which spends money lavishly so that we do not have to give over much (or more than we can afford) for this, that and the other thing. Never mind how or where the Government gets the money—that is just one of the tiresome questions that may be left to the querulous critics of the planned economy. In his Budget statement, Mr. Dalton estimated this largesse at £335 millions. Asked on April 15 how the amount was made up, he gave the following details:

	Million £
Bread, flour and oatmeal	64.2
Eggs, fresh, frozen and dried	40.2
Meat and livestock	30.0
Milk	27.0
Potatoes	23.1
Sugar	21.8
Cheese	11.4
Butter	8.0
Margarine, cooking fats, oils—net	8.0
Dried fruits	5.5
Bacon and ham	5.0
Tea	5.0
Dried and condensed milk	4.6
Pulses and soya products	2.3
National milk and milk in schools scheme	21.0
Other welfare schemes	7.7
Animal feeding stuffs	22.6
Fertilisers	7.5
Contribution to the cost of New Zealand Government's stabilisation policy in respect of food products	4.5
	<hr/> 318.9
Credit: net gain on other foodstuffs	0.4
	<hr/> Total food subsidies 318.5
Clothing	12.5
Raw materials	3.0
Coal and transport	1.0
	<hr/> 335.0

The amount of £318 millions for foodstuffs was made up of £161 millions paid for home produce and £157 millions for imported produce. As the latter, when it comes from other countries than the Dominions, is subject to customs tariffs, it would appear that the Government extends its generosity by itself paying the duties it collects!

SUBSIDIES INCREASED

A revised estimate on July 18 was given by Mr. Dalton of £334 millions a year "to hold retail prices steady" on food subsidies account. Of this total, £191 millions is for home supplies and £143 millions for imported supplies.

It has since been announced that the Ministry of Food is contracting to pay higher prices for butter, meat, bacon and eggs from Denmark, New Zealand and Australia. There will be no rise in the price to the consumer, but the increases are to be met in the form of bigger subsidies. The new agreement with Denmark, signed on August 1, whereby Britain is to pay 1s. 11d. per lb. for butter and 1s. 4d. per lb. for bacon, instead of 1s. 8d. and 1s. 0½d. as hitherto, still leaves prices well below the remunerative level for Danish farmers. In the result the Danish Government is providing subsidies of £9,250,000 a year, of which £6,250,000 goes in keeping down prices to consumers in its own home market and £3,000,000 for "capturing trade" by benefiting consumers in Britain. Thus British consumers receive a gratuity from Danish taxpayers in addition to what the British Government has to spend to provide them with food below cost. Altogether a fantastic state of affairs.