

taxation purposes, but for these five acres the owners demanded £6,050. The matter is put in quite a wrong light when people, thus speak of "profiteering." We should be done with these witch words. Every price for land represents wealth transferred to the owner without the recipient having done anything to produce it. The question rests with Jarrow and all other municipalities, how long they mean to tolerate this exemption of valuable land from taxation and what action they are taking to have the law altered whereby taxation and rates shall be levied on land values and taken off buildings and improvements? Given that change, land withholding would be profitless, courts to compel sales superfluous, a vast and expensive administrative machine dispensed with, gifts of public funds to landowners at an end; on the other hand, production liberated, encouraged and rewarded. Surely a natural way toward the solution of the social and economic problems men talk of so anxiously to-day.

Swansea. Last month we reported the agitation among householders in Swansea whose rating assessments have been raised because they have put up poultry sheds, greenhouses, garages, or other structures. It is certainly and unfortunately the law that whoever improves his property is liable to be mulcted in a higher assessment and increased taxation. But how startled these ratepayers are when the law thus hits

them in the face. The correspondence columns of the *South Wales Evening Post* have contained protest after protest. One writes: "I shall most certainly dismantle my greenhouse if the Corporation insist on levying this rate." Another: "I have retired and had hoped to spend a number of pleasant hours in my small greenhouse which was built to help the nation's need in foodstuffs. However, I shall certainly dismantle mine with many regrets if I am to be rated for what is a pleasant and helpful hobby." Another: "I have just returned from the M.E.F. after being away from home for 6½ years and feel disgusted to think we may have to pay extra for this little bit of pleasure and interest afforded by this small addition to a garden." Again: "It appears to be high time that a really live organisation was formed to give the local ratepayers some measure of protection against the autocrats who are running, or I should say ruining, this town." But missing in these letters is any understanding of the law and its inevitable operation. It bids the town to assess and rate every improvement, and in the circumstances the protesters have no case. Their argument is, of course, right, but it proves more than they think—the injustice of taxing any buildings or improvements and the injurious economic effects of doing so. The much-wanted live organisation is one that will get busy demanding the rating and taxation of land values.

"WATER INTO GOLD"

THE PLANTING and growth of cities in America, as described by Henry George in *Progress and Poverty* in 1879, was reproduced soon after in the Murray Valley, Australia. In the 1880s the lands along the slow, shallow Murray River in Victoria and South Australia could be had for a song; half a crown a square mile one writer said. The low rainfall, 10 inches annual average, was the drawback, making even sheep-rearing next to impossible. In 1883, however, George Chaffey was induced to leave California and his wonder-working irrigation schemes there, and visit the Murray regions. He saw that the conditions were ideal for fruit cultivation, with sunshine and water in abundance. George Chaffey as engineer, and his brother, William B., as horticulturist, began the work which has led to such striking results all along the 1,600 miles of the Murray, with its tributaries the Murrumbidgee and the Darling. The story has been graphically told in Mrs. Ernestine Hill's book, *Water into Gold* (Robertson & Mullens, Melbourne, 1943).

The Chaffey family expected to acquire the land on terms familiar to them in America, but, says Mrs. Hill (p. 68), "no grant of land was forthcoming. . . . In his task of conjuring up one of his cities in the sand, this Hercules was to find himself bound hand and foot. Negotiations seemed interminable." They were at last given a concession of 50,000 acres at £1 per acre, with an option on a further 200,000 acres, on condition that they spent £300,000 in twenty years on pumping machinery and other irrigation works. This concession was made by the State of Victoria, and a similar one was obtained from South Australia for lands on their side of the river Murray. Having secured their right, the Chaffey family set out to select the best location for their schemes. An official report of 1888 states: "When the Messrs. Chaffey obtained possession of the land at Mildura, set apart as an irrigation colony, a matter demanding their earliest attention was the selection of a site for a township, in such a position that it would be conveniently situated for traffic, readily accessible to the public, and adjacent to the lands to be first surveyed by agricultural settlers." Here we have the population factor determining the value of land long before the population was there. The site selected was where Mildura stands

to-day; and the South Australian site is now Renmark, the sister city.

The Chaffey family erected their pumps and advertised their land. They were soon disposing of town lots of one-eighth of an acre at £20 each, villa allotments of 2½ acres at £100 a lot, and land for cultivation at from £15 to £20 per acre in 10-acre lots. The success of the engineering efforts to supply water as and where wanted, was immediate and lasting. It was soon found that fruits of all kinds, and especially citrus and vines, could be cultivated to great advantage. The cliché was never more true, that the desert blossomed like the rose.

Inevitably there was land speculation, and periodic slumps and booms. Mrs. Hill speaks of "Mildura fever" breaking out—"land-hunger for those magical acres that three years before had been an *Ultima Thule* of dead hopes and dying sheep. It sent prices soaring to £40 an acre for fruit land and £50 for town blocks. One ten-acre orchard selection that a year before had been sold for £100 in ten years changed hands for £450. Soon the owners refused to sell at £60 an acre."

We are reminded that in those years the Australian States had rigid regulations and formidable tariff duties, one against the other. New South Wales and South Australia refused to allow vine-fruit to cross the borders. New South Wales imposed a duty of 2d. a lb. on dried fruits, so Victoria was the only market. Then in 1893 came the great Australian trade crash involving all in ruin. All save three of Victoria's banks closed their doors. Mrs. Hill says: "It was the natural reaction of the land boom. The Mildura settlers were ruined; the Chaffey Brothers included. Land values sank. "Twenty planted acres changed hands for £2 10s.—in later years the value rose to £240 an acre."

A remnant of settlers carried on cultivation. The railway came to Mildura. State works followed on the Chaffey schemes, and many weirs were constructed, leading up to the time when the great Hume Reservoir was opened just before the war, which completes the harnessing and control of the Murray River all along its 1,600 miles to the sea. The citrus industry grew steadily. Soldiers' settlements were established after the 1914-18 war, notably that at Red Cliffs. Land

values were rising again. "Another land boom," says Mrs. Hill. "Values were rising in a swift upward climb, until they reached £200, £300, £400 an acre." Blocks bought by settlers for 30s. an acre in the crash, they sold for £350 an acre in the boom, and, because no better investment offered, bought others on a rising market, with the banks behind them. "Common sense had taken wings." This boom, however, was short-lived. By 1923 land values ebbed to less than half again. Since that time conditions have favoured greater stability. Marketing has been better organised. In 1901 Federation led to the removal of inter-State tariffs. Then there came Imperial Preference in 1931 and the capture of the British market for dried fruits after Ottawa. For thirteen years the voluntary organisation of marketing and price-fixing in the trade became statutory and compulsory for all growers until these powers of monopoly were shattered by a Privy Council decision in 1938 and the industry was brought back to a voluntary basis.

There is another side, however, and C. B. Fletcher in *The Murray Valley* (1926) says that Protective duties on imports tend to be prohibitive and the man on the land says they are an eternal brake on progress. A great area of the soldier settlements is held from the Crown on long leases and does not give much in the way of security when money has to be raised.

Both Mrs. Hill and Mr. Fletcher in their books speak of the need for overseas markets for the fruit products of the Murray Valley. Mrs. Hill looks to a continuance of the Ottawa policy of preferential Empire tariffs, to protect the Victorian growers against the competition from California and Greece. How this is to fit in with the world's need for freer trade, and the present Anglo-American movement away from Protection, we are left to guess. Mrs. Hill seems to think that the Victorian fruit cultivators want British housewives to pay more for their dried fruits and other foodstuffs from Australia. Mr. C. B. Fletcher puts another alternative to Australia. He admits that "unless dried fruits from Australia can be landed in the world's market to compete successfully with the produce of the Mediterranean and American vineyards and orchards, our irrigation efforts may as well be abandoned." He goes on to show that reduced "overheads" is one of the secrets. Water carriage along the Murray is not fully developed. Reduced duties on imported agricultural products and machinery, etc., would also help. It is also true that these townships along the Murray are backward in adopting the system of relieving improvements from local taxes and concentrating local taxes on land values. They have the experience of paying State and Commonwealth land value taxation, but continue to raise most of their municipal revenue from taxing the industry and improved property of the cultivators. This does not make it easier for them to compete in world markets.

A former chairman of the State Rivers and Water Commission of Victoria, Mr. Cattanach, C.M.G., has calculated that if each family in Victoria ate only one pound more per week of fruit produced by Victorian irrigation settlements, there would be none left for export. So much for the supposed necessity for a guaranteed and protected export market. Various estimates, varying between five and ten millions, have been made as to the population that could find a prosperous occupation of the wide lands along the Murray Valley when irrigation has had its full effects. With land and markets freed from monopoly a thriving home demand would form the natural foundation for a prosperous export trade. Then would the marvellous works of irrigation that harness the great river bring their true reward and find their full justification, and the "Water turned into Gold" would enrich the whole people and not the protected few.

D.J.J.O.

GERMAN LARGE ESTATES

AN ARTICLE in the *Fortnightly Review* for March on "Land Reform in Germany," by Mr. Tibor Mende, contains some interesting information about what has been happening in the Soviet zone. The object of these changes is not merely economic but also political, aiming at eliminating the influence of the Junkers. A calculation by Georg Schmidt, former president of the Union of German Agricultural Workers, is quoted in support of the statement that between 1924 and 1930 the Reich spent no less than 3,264 million marks upon the support of the large estates. It is also stated that during the Nazi régime the estates of 16 princes were enlarged by 600,000 hectares. In March, 1939, there were 5,554 big landowners owning $5\frac{1}{4}$ million hectares of land. (One hectare equals 2.47 acres.)

The partitioning of land carried out in the Soviet zone of Germany resembles that in Poland, Rumania, and Hungary. The estates of Nazi leaders and supporters and of all owning more than 100 hectares were confiscated, together with all stock and equipment. This land is divided among small farmers, farm workers and refugees in holdings of five to ten hectares. The recipients pay a price equal to the value of one year's crop at autumn 1945 prices by instalments to be spread over 10 to 20 years. The new holdings cannot be sub-divided, sold, leased, or mortgaged. The agricultural machinery is handed over to mutual aid committees. This, coupled with the small size of the holdings, enforces a certain degree of collectivisation or co-operation.

Shortage of equipment and livestock has in many cases made the practical carrying through of the proposals impracticable. "In addition to the material damage inflicted by battle, millions of Red Army men lived off the land and requisitioned not only grain, potatoes, and livestock, but also tractors and other agricultural machinery."

A system of compulsory deliveries of quotas of produce according to the fertility of the district has been instituted. What remains to the farmer can be sold in the free market. This resembles what is in operation in the Soviet Union.

A TRADE UNION DEMAND

For the Annual Delegate Meeting of the National Union of Distributive and Allied Workers, being held in Blackpool in May, the Preston Branch has submitted Resolution in the following terms: "This A.D.M. believes that to prevent an alarming growth of unemployment in this country, the Government should be urged to include in the next Budget a tax on land values, such as was contained in the Labour Budget of 1931 and repealed by the reactionary National Government in 1932. This Delegate Meeting realises, as did the Tories in 1932, that a tax on all land values would provide public revenue out of the public fund now enjoyed by private landlords, and would force unused land in town and country into good use, thus providing new opportunities for useful employment in the production of food, homes, minerals, etc. As the Labour Party has long advocated this policy, this Delegate Meeting declares that the time is opportune for prompt action by the Government on these lines."

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