

THE TRANSPORT PROBLEM

By Alwyn Valentine

(The following is part of an article which appeared in the *Australian Motorist* of 1st March. The author was for 30 years in the service of the Victorian Railways, which are owned by the State, but the principles enunciated are capable of a wider application. We omit the details which Mr Valentine gives of the financial position of this railway system, but one of the points he makes is that no provision was made for a sinking fund, and that the amount allowed for depreciation has never been adequate.)

The railways have been the main factor in the development of the State, and, notwithstanding modern expansion of road-motor transport, still are the dominant agency in that regard. They have created and maintained a fund, in increased land value, more than sufficient to meet construction costs. This fund has not yet been drawn upon.

As a rule private railway companies have obtained more than the cost of construction from this source, by securing beforehand, by free grant or at low price, the land to be benefited, and afterwards selling it at enhanced prices. The land granted to the Canadian Pacific Railway is reported to have realized £4,000 per mile of line, and that granted to and secured by the Midland Railway Co., Western Australia, must have proved very profitable eventually. During the past few years the London Metropolitan Railways of London have been selling, at £5 to £10 per foot frontage, outer suburban land originally bought at cow-pasture prices.

That method of reimbursement is not open to the Victorian Government now, but a plan is available by which the same result may be achieved equitably, and also by which stability and order may displace instability and disorder in the Railway finances.

THE REMEDY

The plan is: Relieve the Railways Account of the debit represented by the interest charges on the Capital Expenditure on permanent way construction and equipment and future extensions and defray such interest charges and amortization charges involved from the proceeds of a special rate on the unimproved value of land levied throughout the State, without exemptions and graduations, to an amount yearly sufficient for the purpose.

Adoption of this plan would enable the charges to railway users being based on the cost of services rendered. Except for the provisions of a reasonable reserve to meet traffic shortage in poor seasons, railway freights and fares would, or should, be computed so as to allow railway earnings to cover no more than working expenses, including maintenance, and interest on and depreciation and amortization of the capital invested in rolling stock, machinery and plant, workshops, general offices, etc.

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Under the present policy railway freights and fares are designed to cover, in addition to working expenses and interest on the capital cost of rolling stock, etc., the interest and expenses on capital cost of almost every mile of line built since the establishment of the Government Railway system. If road transport suffered a similar "damnosa hereditas," if its freight and fare charges had to provide for the interest on road expenditure on the first bush track axed to the last highway bitumened, it would not be within the field of competition with the railways. A readjustment of the

interest charges on the lines suggested would bring the railways nearer to level with roadway competitors.

FINDING OF RAILWAY STANDING COMMITTEE

The effect of railway construction on land value is strikingly indicated in the following extract from the first general report of the Parliamentary Standing Committee on Railways, signed by the late Sir Thomas Bent, as chairman, and other members: "Abundant evidence has been obtained that in some instances the value of country lands would be doubled by the construction of a railway, while, in every case, they would be enhanced in value from 25 to 50 per cent, according to their distances from stations. . . . On analyzing the evidence received in various parts of the colony it was ascertained that five proposed lines, having a total length of 118 miles and estimated to cost £840,902, would increase the capital value of the properties served by them by over £1,000,000."

But, significant as the quoted statement is, it reveals less than half the truth. The lines enhance not only the value of the land through which they pass, they enhance to a much larger extent the land values of the cities and towns on which they converge—especially of the City of Melbourne, to which all the lines act as feeders.

CYRIL F. JAMES

We have learnt with deep regret of the death of Cyril F. James of Bendigo, Victoria, reported to us by his daughter on a recent hurried visit to our office. The sad news had come to her by cable while she was travelling to this country. Cyril James was one of the outstanding figures in the agitation for Free Trade in Australia and the Free Trade he preached was the whole doctrine of the freedom of production with freedom of exchange. In other words his platform was that of Henry George, whose principle and policy inspired a public life of hard endeavour and lofty ideals. Among his most intimate friends was the late Louis P. Jacobs who encouraged him to come to this country and spend a year in association with British co-workers. That was in 1920-21 and many were the meetings that Cyril James addressed besides attending several notable conferences of the land values movement as well as the International Conference (as an Australian representative) convened in London, November, 1920 by the Cobden Club. He was a deeply religious man, a sweet and strong character, a charming companion and on the platform a most persuasive speaker with his quiet effective manner, ever urging the great moral purpose of the cause he upheld. Close and intimate also was his friendship with John Paul, these two from first acquaintance always anxious to make the most of the days they could have together in converse and consultation. At the meeting in our Tothill Street rooms to wish "God speed" to Mr and Mrs James on their return to Australia, Louis Jacobs expressed for all present and for the British movement their appreciation of a visit among them that would be long remembered; and it is so.

Cyril James was one of the trustees of the Australian Henry George Foundation. Among his colleagues there, as among the people of Bendigo, his home town, his name will be enshrined as that of a loyal and true servant of his fellow beings. To Mrs James and to her son and daughter, bereaved, we offer our sincere sympathies.

A. W. M.

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