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## Agriculture and the water subsidy myth

**A**GRICULTURE, and its associated industries, provides our dense urban populations with their food and much of the basic materials to clothe and house them. This has been made possible by rapid mechanization, improved strains of crops, and judicious use of fertilizers, pesticides, and irrigation water. The environmental quality of "greenbelts" and other "open spaces," for which urban man yearns, is supplied copiously by agriculture. Yet, many of these same people tend to look down upon agriculture while at the same time believing that they are somehow subsidizing it—with particular reference to water. Let's look at the other side of the picture.

The prime agricultural lands in California are the flood plains—the valleys down to and including the basin lands. This land has been provided with an adequate water supply for agriculture, but the supply has often been "mined"—through ground water extractions far beyond the capability for natural replenishment. Fortunately, the wealth created by irrigated agriculture has made it possible to obligate the land to repay the cost of surface water development schemes to supplement the groundwater supply. Thus, agriculture has above all, made massive water development possible in California—so one out of every 10 citizens of the United States can call California home.

California's burgeoning urban population finds the flood plains are the cheapest and easiest places to settle. There is a built-in water supply, and the flat topography and alluvial soils are ideally suited for urban construction. The urban sprawl begins here and is continually encroaching upon our best agricultural lands. Two public policies are involved, and there will be no change until these policies are radically altered:

(1) The policy of flood control as a non-reimbursable public expense. While the flood plains can be precisely delineated (with agricultural soil surveys), it is present public policy that all people

share in the cost of flood control. This is not equitable. Through the centuries, in various parts of the world, agriculture has always survived floods, and can continue to do so. It is a sparsely populated activity, and either flood-proofing or escape possibilities are usually feasible. There are major urban benefits in the short term but in the overall view, flood control involves continually escalating costs, and unwise public policy. If, henceforth, the urbanizing land owners benefitting had to pay the costs of flood control this would be a real deterrent to indiscriminate urban sprawl. Federally sponsored flood insurance would be most helpful, but for agriculture rather than for urban concentrations that face ultimate disaster.

(2) The public policy that urban usage is the "highest and best use of the land." The ad valorem tax on land is required to provide governmental services to those who occupy the land. Agriculture involves sparse populations and equitable assessments should be low, commensurate with the services received. Urban populations are relatively dense, and assessments, to be equitable, should be high. Instead, assessments are based on the speculative value related to the prospects of urbanization, which results in agriculture subsidizing the services required by the urban communities.

An equitable policy might be, first, to assess the land on the basis of use (for agricultural use with low population density, the assessment should be low), and, secondly, to assess a one-time capital gains type tax when the use of the land changes. This should be paid by the subdivider who changes the use and could well be high enough to take the profit out of urban sprawl.

Urban man does value open spaces and greenbelts, and continually moves toward the periphery of cities. However, if our public policies did not make this migration so easy, efforts might instead go into improving the now sadly neglected inner cores of the cities.