

The Land Values of France

By PAVLOS GIANNELIA

A REAL land reform doesn't aim at a division of the land, like the agrarian reforms of Czechoslovakia, Roumania, Yugo-slavia, and especially of Soviet Russia. To be a truly progressive reform, something more than a mere fiscal measure or an act of propaganda, land reform must aim at a just division of the rent deriving from land.

The first step toward such a reform in any country is the determination of the rent of every plot of land in that country—the value of the bare land, irrespective of improvements on it.

Denmark has been the only country of Europe to compile the rent statistics of all its territory, rural and urban. These figures are indicated on special site charts, the rent being measured in crowns per hectare* for the rural districts, and in crowns per square meter for the towns and populated districts. The information is available to any one interested, and is revised and verified every four years.

England was very near to having such a statistical compilation in 1931, as provided for in the Finance Bill of Philip Snowden, who was then Chancellor of the Exchequer. But at the right moment, the House of Lords stopped this "revolutionary" idea. They repudiated the proposal—a repudiation which started the fall of exchange standards—the English pound, the United States dollar, the Swiss franc and the Dutch florin.

In France, except for a few superficial publications, there is nothing to inform us precisely concerning the control of the wealth of the country by means of the touchstone of Land Value—which is the measure of potential rent, and the shadow of population. In *La Vie Agricole et Rurale* of August, 1937, M. E. Michel published an interesting study on the variations of the selling value and annual leasing value of rural property in France. In compiling the following Table I., I am indebted to M. Michel for the figures on land over the period 1908-1912. The 1937 figures are derived from the 1937 Annuary of the French Statistical Office.

TABLE I.

Type of land	Area in millions of hectares—1908-1912	Leasing value in millions of gold francs	Average leasing value per hectare	Area in millions of hectares—1937
Arable	25.7	1,318.6	51	20.3
Meadows	6.9	447.6	65	12.1
Vineyards	1.5	114.6	76	1.8
Forests	9.7	144.8	15	10.7
Moors	7.2	31.2	4	5.7
(Rural) Total	51.0	2,056.8	41	50.6

*A hectare is approximately 2½ acres.

What I wish to emphasize here is the falling off of arable land. In 1880 it was 27.5 millions of hectares. As the above table shows, it fell to 25.7 in 1912, and to 20.3 in 1937. Meanwhile, the meadows increased from 5 millions of hectares in 1880 to 6.9 in 1912, and to 12.1 in 1937.

After the war, and up to 1926, the rise of rural land values was nearly continuous. But in August, 1926, the tax on land values was increased to 27% of the selling value. This prevented a further rise for a while. In the same year, 1926, came the first post-war inflation of the franc from par to 2.75 for the gold franc. When Poincaré stabilized the franc in 1928 (with five paper francs for one gold franc), the rise of land values continued slowly in the agricultural regions, but the gains previously realized in rural property encouraged non-agricultural buyers to invest in agricultural land. The rise continued until 1930, and reached its maximum in the environs of Paris, and also in Brittany, Normandy and the North. In these areas the increase of value over the pre-war price was five-fold (corresponding to the total valuation of the gold price). In the remaining areas the increase was three-fold, and remained at that point, not following the Auriol depreciation of 1936 (seven paper francs to one gold franc), or the Bonnet depreciation of 1938 (twelve paper francs to one gold franc).

Since figures are not available for the bare land values of France, irrespective of improvements, we have to compromise with the present system of assessing real property as a unit, including land and improvements. The following Table II. gives the value of urban and rural real property in paper francs, according to its valuation each year, and the corresponding total value in pre-war gold francs.

TABLE II.

Period	Urban real estate (in millions of francs)	Rural real estate (in millions of francs)	Total value in millions of pre-war gold francs
1914	67,000 (gold)	77,500 (gold)	144,500
1924	145,000 (paper)	135,000 (paper)	105,000
1925	350,000*		130,000
1928	475,000*		95,000
1929	270,000 "	290,000 "	112,000
1935	225,000 "	235,000 "	92,000
1936	225,000 "	225,000 "	65,000

The selling value of rural real estate, including buildings, was about 77,500 million gold francs in 1912, or an average of 1,520 francs per hectare. Deducting the value of the buildings, about 7,500 millions, it will be seen from a comparison of Tables I. and II. that we have a ratio of selling value to leasing value of about 70:2, or a 35

*The figures for 1925 and 1928 include the total value of urban and rural real estate (in millions of paper francs).

year capitalization. (These figures are at best a rough approximation.)

In 1936, when the gold franc was worth 7 paper francs, the selling value of rural land, including buildings, had risen to 225,000 millions of paper francs (about 32,000 million gold francs). The value of land had increased only about half as much as the general rise of prices as measured by the appreciation of the gold franc; and even this selling value of rural real estate seems too high to M. Caziot, who in *Le Temps*, evaluates it as 160,000 millions for the end of 1936.

The following Table III., taken from the French Statistical Annuary for 1937, compares, for the years 1892 and 1929, the size of agricultural holdings.

TABLE III.
(A) NUMBER OF HOLDINGS

Size	In Thousands		Per Cent	
	1892	1929	1892	1929
1- 10 hect.	2,617	1,753	75.1	62
10- 50 "	764	959	22.5	34
50-100 "	52	81	1.5	3
100 " and over	33	32	0.9	1
Total	3,466	2,825		

(B) TOTAL SIZE

Size	In Thousands of Hectares		Per Cent	
	1892	1929	1892	1929
1- 10 hect.	11,245	9,101	23.6	20.5
10- 50 "	36,807	22,170	76.4	49.5
50-100 "		6,064		13.5
100 " and over		7,255		16.5
Total	48,052	44,590		

The foregoing statistics relate only to agricultural land. There is no authentic information about the value or distribution of other lands. There is no information on real property rights, which are very important in France, where half-lease tenantry is widespread, and amounts to individual cultivation and lease-farming. There is no information about the value or distribution of mines, railways, sources of hydraulic power, and last but not least, urban lands, where the values reach extremely high figures, although the weight of taxation in France is such as to stifle industry and suppress land values.

Variations in the value of urban property are much more considerable than in the rural districts. For instance, in Paris, between the Opera House and the Madeleine Church, the value approaches 10,000 francs to the square meter. In the suburbs (10 kilometers from the old city fortifications), the square meter is valued at 50 francs, and in the villages, at only 10. On the other hand, the value of rural land is less than 10,000 francs

per hectare. Considering the size of the rural properties, the value of their improvements has not the importance of the improvement values on urban property.

Due to insufficient data obtainable, there are some questions which cannot be answered: Is the net value of urban land, independently of buildings, 100,000 or 180,000 of the 225,000 millions of urban real estate for 1936 mentioned in Table II.? Of these 100,000 or 180,000 millions, how much is in Paris and the Departement of the Seine?

Even assuming that urban land values for 1936 are two-thirds of the total urban real property, that is, 150,000 millions, this gives us, together with a probable 200,000 millions of rural land value, only 350,000 millions total land value of the country. That would be 8,000 francs per inhabitant, or 6,000 francs per hectare (\$50 per acre). Compare this with the Danish figure of 10,000 francs per inhabitant, and also per hectare (\$80 per acre). The French figures show a collapse of land values, a less dense population, and a less intense cultivation of the soil.

Let us now glance at the taxes. The direct taxes on different forms of income, paid by the 45 million taxpayers, were about 4,000 million francs in 1937. The indirect taxes, paid by all consumers, were more than nine times that figure—that is, 37,000 millions, including 8,000 millions of custom duty.

If the present Franco-British collaboration becomes, as the responsible parties declare, a *free-trading* one, at least between France and all parts of the French and British empires, the largest part of the custom duties will disappear automatically, to the benefit of the French consumer, and to the final benefit of the State.

A physiocratic land reform, substituting a single tax on land values for the present burden of many taxes, presupposes that the 350,000 millions of land values mentioned above would increase step by step, due to increased productive activity encouraged by the relieved burden of taxes, and by the opening of land to use. This indeed has been observed wherever the reform has been applied, and to the extent that it has been applied. With the complete realization of the reform in France, the total land values should reach 1,250 billions (1,250,000 millions), on which a single tax of 2.5 to 3 per cent would yield enough revenue. The present millions now paid in taxes could then be re-invested in productive activity.

Is there any possibility of this reform being applied in France? It must be admitted that the prospects do not look very encouraging at present. But with the ascertainment of the real land value of the country a first step will have been made. Let us hope it is not yet too rash to share the thought expressed by Henry George: "May it not be France's to again show Europe the way?"