

justification for surpluses. The surpluses could, of course, be given away, but the Americans have been up this road themselves and have had to face the international political implications of so doing. If we are really concerned about the hungry nations of the world we will find better ways of helping them than requiring them to be dependent upon our chance surpluses.

The writer also argues that in any event we should store in times of plenty in consideration of times of scarcity.

As for guaranteed prices, these the writer takes for granted, not understanding that the ultimate beneficiaries of price support are the owners of agricultural land, who pay no rates and are privileged taxpayers as far as death duties are concerned. When a young farmer seeks to rent or buy a farm today he finds that government subsidies, price guarantees and other advantages have all been capitalised in the rent or price asked.

Writing in the *Estates Gazette*, February 20, Mr. G. H. Peters, of the University of Oxford Agricultural Economics Research Institute, noted that for farms of all sizes, sold with vacant possession, prices increased by 27 per cent between 1963 and 1964. £80 per acre has been added to the price of farms during the last two years. Mr. Peters then gives the explanation:

"Quite clearly the basic cause of changes in land value must lie in the change in agricultural prosperity. The best indicator of this is the change in the total of net farm income . . . As a rough generalisation we may say that the average farmer has seven to eight times the money income of pre war." (As compared with a general average of about four times. *Ed.*)

Mr. Peters explains that the Act of 1957 providing long term assurances to the farming industry might very well have been a turning point that began the rapid increases in the price of farms.

"Furthermore, the favourable price review of 1964 was followed by new measures, via the control of the prices and quantities of imports, for stabilising the home market." (For "stabilising" read "protecting.")

Finally, Mr. Peters assesses the opportunity for the would-be purchaser of a farm today who has only one third of the price required.



"Assuming that farms valued at average 1964 prices are purchased on mortgages covering two-thirds of their capital value, repayable over twenty years at  $6\frac{1}{2}$  per cent, it can easily be shown that the land costs involved exhaust average levels of net farm income."

In other words, subsidies could be increased *ad infinitum* without the farmer as a farmer benefiting.

The biggest barrier to the understanding of the eco-

## Residual Beneficiaries of Agricultural Policy

LESS than a year ago experts in the property business were saying that the boom in agricultural land prices was about to exhaust itself. Although there is always pleasure in seeing the pundits proved wrong, the continuing rises of prices can give no delight to the young farm labourer saving from his weekly wage packet in the hope of one day possessing a place of his own. The day when a 150-acre farm might be within the reach of any able ploughman has long since gone. Land which might have been offered to his father for £30 an acre before the war is today being sold for ten times that sum — and there is apparently no end to the spiral . . . According to the National Farmers' Union such prices make it just about impossible for anyone to buy a farm from scratch and make it pay . . . All in all, it has been estimated that on average farm land went up in value by 40 per cent last year.

*Financial Times*, February 24.

nomie effects and the moral issues involved in agricultural subsidies and protection is the indiscriminate use of the term "farmer" to describe essentially different interests in the farming community.

If the link between subsidies, guaranteed prices and assured markets on the one hand and land prices on the other were more widely understood the sentiment for "agriculture" would soon evaporate.

## FLAWS IN BETTERMENT SCHEMES

THE ACITATION for something to be done about land profits and high land prices is now so widespread that it has become quite fashionable to advocate some sort of tax on land values.

Details of the Labour Government's proposed Land Commission Bill will soon be published, and it appears from present information that the original plan will be considerably modified. What is certain is that the plan will deal only with sites that come up for development. Any land value collected must therefore be but a small proportion of the total land value in the country.

The Conservative Party is also working on a land policy. Following Mr. Macleod's remark that the Conservatives would have won the election had they had a land policy, comes a statement from Mr. John Boyd-Carpenter, Opposition spokesman on housing. He says that it is the intention of the Conservative Party when returned to office to include among their measures provision for a charge related to increased values arising from planning permission to develop or redevelop.

The great defect of the Labour and Conservative proposals is that they deal only with land values realisable from the granting of planning permission. The great and growing land value that will remain outside any of these schemes is evidently considered to be of no relevance or importance, or, of course, it may not be considered politically expedient to pursue the point.

Nor is this the only blind spot. Most people recognise that the only way to bring down the price of land is to make more of it available. Mr. Boyd-Carpenter proposed three ways of doing this: revision of development plans so as to zone more land for housing; buying land in advance for major developments; and speeding up planning procedures. None of these proposals will affect land at present zoned for residential purposes in respect of which planning permission has not been applied for, nor land for which development permission has been given but on which no development has taken place, nor land that is developed but needs redeveloping. These are the areas at which the policy makers should be looking, for these are the areas which can more quickly increase the supply of land.

The problem as seen by our political leaders is how to collect some portion of increased land values for the community, and how to make more land available. The view that sees some kind of betterment charge as the only means of achieving the first objective, and modifications to planning decisions as the only way to influence the second, does not see their incompatibility. Every means yet devised to collect betterment has the effect of decreasing the amount of land that would normally come onto the market. This is the fatal flaw in all betterment schemes. In treating land for development differently from already developed or undeveloped land, development is discouraged. The only way out of this difficulty is to treat *all land alike*. In this way there is no incentive for land owners to keep their land in an untaxed category.

There is, however, some awareness of the incompatibility mentioned, and references to increment charges are usually tempered with observations that any such charges must not be so high as to "dry up the supply or significantly add to the price" of land (Sir Alec Douglas-Home), or that there should be "no discouragement to bringing land forward for development" (Mr. Boyd-Carpenter).

But it is not sufficient to draft programmes designed to collect betterment that will merely *not discourage* owners from bringing land forward. What is needed is a vehicle for the collection of land values that will *positively encourage* owners to develop their land.

The requirement is for a measure that will treat all land alike, that will encourage the bringing of land onto the market, that will not discourage maximum development, and that will give to the community the benefit of all increases in land values.

There is one method only of achieving these diverse objectives and that is to levy a straightforward tax of so much in the pound on the annual realisable market value of *all* land, regardless of present use.

## THE PROFESSIONS LOOK AT LAND VALUES

WITH only a few weeks to go before the publication of the Bill to establish the Crown Land Commission, there are signs of increased activity from the emerging pressure groups of political interests. The Conservatives will concentrate hard on this issue, which promises to be a major political bomb of the decade. Backed wholeheartedly by many substantial forces, including developers, land owners, estate agents and investors, the Opposition will wave its flag high.

When the Bill reaches the floor of the House, how much objective assessment shall we be likely to find? If the history of the land question teaches us anything, it is the lesson that objectivity is most difficult to find anywhere that land issues are discussed.

There is no shortage of suggested remedies, but where can we hope to find a glimmer of enlightened analysis uncluttered by prejudice and vested interests? A bold attempt to explore along these lines was made last month under the auspices of the Acton Society Trust, at the request of the Joseph Rowntree Social Service Trust, which provided funds for a colloquium on land values.

Under the Chairmanship of Douglas Frank, Q.C., a two-day meeting in London was convened by Dr. Peter Hall, and attended by many of the leading academic and professional people concerned with the problems of land value, land use and land economics. Among those who presented papers were Professors Colin Clark, Alan Day and P. A. Stone, Dr. Nathaniel Lichfield, P. H. Clarke, and Bryan Anstey. The subjects included "The Price of Building Sites in Britain," "Site-Value Rating and the Recovery of Betterment," "The Case for Betterment Charges," "Land Nationalisation" and "Land Taxation: Lessons from International Experience."

The discussion revealed great differences in approach to the subject on land values and betterment, and although opinion divided sharply on some issues there was general recognition that land values were a most important social and political issue and that some method of taxing land values was desirable and inevitable.

A review of the paper "Site-Value Rating and the Recovery of Betterment" appears in this issue. Reviews of other papers will appear in subsequent issues.

### J. A. MARSHALL

WE REGRET to report the death, at the age of ninety-four, of J. A. Marshall, a member of the United Committee for twenty-one years and an advocate of its objects for very many years of his lifetime.

Since his retirement he had written over 500 letters to his local newspaper.

We pay tribute to a man of high ideals who worked unceasingly for their realisation. To his wife go our sincere condolences.