

# LAND & LIBERTY

Editor

V. H. BLUNDELL

Asst. Editor

R. C. GRINHAM

APRIL, 1965

TWO SHILLINGS

Land Values and the Farmers	41	Editorial
United Committee State- ment on the Allen Report	44	
Too Much For Granted	45	Paul Knight
Instruments of Power	46	A. J. Carter
Richard Cobden— Land Reformer	48	W. E. Bland
A Statesman Pioneer of Land Reform	50	Julia Bastian
Birthday for the Prophets of Whitfield Street	51	Peter Rhodes
Machinations in the Money Market	52	George Winder
Starting Young	55	Robert Miller
Letters and Miscellany	56	



JOURNAL OF THE UNITED  
COMMITTEE FOR THE TAXATION  
OF LAND VALUES LTD.

177 Vauxhall Bridge Road, London, S.W.1.  
VICTORIA 4266 & 4979

Annual Subscription:

U.K. and Sterling Area, £1

U.S.A. and Canada, \$3

Established

JUNE, 1894

VOL. LXXII, No. 851



## EDITORIAL

### Land Values and the Farmers

A REFRESHING and (in the climate of the times) challenging article on agricultural policy appeared in the *Liberal News*, March 18. The article calls for the abandonment of current attitudes towards food production in this country. Says the writer:

"Since the time of the Corn Laws British agriculture has lived in perpetual fear of free trade. As the world's biggest food importer we suffer the ambitions of the food exporting nations to the point where our farmers think persistently and only in terms of defence. . . . Cheap imported corn is no longer a curse but a blessing, or could be a blessing, for it has yet to be tapped as an aid to the more economic rearing of our livestock."

The point is made that our conditions are poor for home grown corn, which is uneconomic in terms of real costs. Livestock on the other hand has the advantage of excellent natural conditions. British industry has perfected the art of importing raw materials and converting them into finished products at a profit. Given the opportunity, says the writer, we might become a food exporting nation offering price and quality unbeatable.

"What kind of economic tangle is it we have concocted," he asks, "when we now subsidise home cereal production and thereby raise the cost of animal feeding stuffs so that further subsidies must be sustained to assist the producer of meat and meat products?"

A guaranteed market and a minimum price structure would, in the opinion of the writer, still be needed. Surpluses arising from the guaranteed market, he says, would still appear but this would not matter since, thinking globally, there can never be too much food.

This is dubious reasoning for it overlooks the fact that food cannot be disposed of unless there is an *effective* demand for it. The existence of hungry people is no economic

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.