

Have Modern Improvements Destroyed Farm Land Values?

OUR eyes and ears are assailed on every hand by visible or clamant appeals of the farmer for help. We are told of the tremendous loss which has come to him through the fallen value of his lands and the acute suffering thereby involved to him and his family. We find in truth that hundreds, perhaps thousands, of banks have loaned their moneys on farm lands which are now of infinitely less value than the face of their loans, and that the farmer is in trouble thereby because he is unable, however industrious he may be, to meet the charges upon him, while because of his poverty great numbers of banks have failed and whole States are in distress. There are those who find in these facts a material explanation of our present distressed condition. We are just beginning to realize that the apparent values of the farm were not real ones, and that so far as they have had existence our whole course in modern civilization has been to destroy them.

I am one of those who believe that, whatever steps our State or national governments may take, such values can never be restored.

The tariff I believe to have been a demonstrated failure; the Farm Board has brought no advantage to the farm, but great losses to the rest of the community, and there is no reason to expect better results from export bonuses or other economically unnatural arrangements.

We are usually prone to believe, without analysis or checking against facts, that all progress in civilization means advanced land values, or to assume that the land becomes more productive thereby and those who hold it able to charge increased sums for the privilege of using it—in other words we believe its economic rental value rises. In a general sense this is true, but a specific application of the theory may show results very different from those anticipated. To my mind, therein exists an apparent paradox of the highest importance. I think it is possible to maintain as truth that the greater our progress in and development of the farming industry, the less of necessity has become the value of raw farm lands. The effect upon the lands of the cities I shall discuss later. Let us give this main proposition a careful examination.

First, a general observation must be made as to the social situation. Approximately up to the present time we have had a rapidly multiplying population, and as a result, quickly growing land values of all kinds. Increasing demand for the products of farming land, in the shape of food and clothing, has sustained their price and made farming reasonably profitable, thereby maintaining the value of farming land or advancing it. At present and for the future, so far as it is given us to know it, the increase of population either by way of birth or immigration is likely to be slow. In this regard we are approaching the condition of the older countries, as, for instance, France, where

there is more or less shifting of population from country to city, but no great alteration in the grand total. An immediate result to us is that there is little material growth to be expected in the demand for the products of land in the shape of food and clothing as basically furnished by the farms. We may stop to observe that with no material increase in community requirements to be expected, and with the supplies furnished by the farm more than ample to meet our social needs, we are not likely to have any advance in prices of farm products, nor probably can we maintain even present prices.

Let us return to the effects of modern progress upon land values in the farm, for herein lies the paradox. We have established agricultural schools, and in addition have done our best, through the Department of Agriculture and otherwise, to make our farming population acquainted with better farming methods. The effect of all that we have done has been to make, perhaps, two blades of grass to grow where one grew before. Stating our action otherwise, we have in a fashion by this course doubled the area of our farming lands. The careless thinker may well say that as a consequence the value of farms has increased. But this is not and cannot be true while the potential market for their products remains little changed. Supply and demand will control prices, the doubling of production will reduce them, reflecting back upon the value of producing land.

Again, for many years we have been wildly enthusiastic upon the subject of roads. Every farmer, the country over, has insisted upon having a good road brought to his front gate. But the net effect of improved conveniences of transportation (in this aspect by no means overlooking the automobile) has been to open up for the purpose of production lands not theretofore available, diminishing the value of the farmer's special privilege of land ownership by widening the area of the so-called marginal lands. The far distant farmer producing cattle, or strawberries or what not, can compete on terms of approximate equality with the gardener living a few miles from the city.

Another factor of importance arises. Invention has enabled the farmer to plant, cultivate and harvest much of his produce at less expense and more effectively than ever before. He thus has increased the productiveness of the old as well as the new lands made available by our better roads, and also increased the sharpness of competition between farm products.

The net result of all these factors is thus seen to be to multiply possible production and broaden and deepen the area of the producing land. While we have not recognized generally the importance of all these factors, yet in their workings they are not altogether dissimilar to the situation which was offered to New York and the States of New England when those States were first brought into competition with the cheap and productive wheat and corn lands of the West. In like manner their farm values fell and to a large extent they have never since been restored even though their cities have become wonderfully rich.

It is true that the various circumstances of which we have spoken have had the tendency to spread the farm land values, but at the same time they have infinitely attenuated them, so that, as experience teaches us, the value of the whole is materially diminished.

We may compare the operation given to the sudden discovery of new lands inserted among the old. The old values disappear, and all the king's horses and all the king's men cannot restore them, however governments, State and national, may make the endeavor.

Turn now to the effects upon the cities of the advancement in farming. Life there is made cheaper by competition among increasing bodies of farm lands, and to this extent is rendered more attractive. Many of the elements to which I have made allusion have rendered the presence of men on the farm less necessary. These men have been driven to the city. This new population has added directly and powerfully to the city's land value. Differing from the products of the farm, those of the city make their appeal to a market the bounds of which are largely those of the ability of man to buy, instead of the ability of the consumer to consume, which latter serves to limit the consumption of farm products.

But is what I have said true as to all farming land? There may exist small areas which because of peculiarities of soil or of climate are capable of growing crops and where for a while at least land values may be maintained. But no one article of limited use can escape from being supplanted by some substitute if its price goes too high, so this advantage can count for little. Or there may be tracts so near the city that they are prospectively urban and so apparently maintain value for a considerable time. These qualifications do not affect the essential point that our civilization has destroyed almost entirely the farmer's land values, and the sooner he reconciles himself to this fact the better.

To what, from the standpoint of the farmer and of taxation, which we may now introduce, does all this lead us? The farmer complains that his land values have fallen until his farm is not worth more than the cost of his improvements, including the labor originally necessary to make his land available for cultivation. Such appeal for relief is bound to be in vain. The land value is no longer there. With agricultural invention, education and new roads, all operating to magnify the production of old fields or to bring new ones into existence, the market remaining unchanged as to the number of his patrons or only slightly changed, all civilization tends to destroy the land values he believed he had possessed. And when we consider the immense areas of cultivable land near all our great cities, untouched by the plow, there seems never to have been any adequate reason for the existence of the swollen land values attributed to the farm. That the farmer's plight is unfortunate from many points of view we may well agree. The farmer thought, for instance, that the high prices his products brought under the temporary stimulus of war

meant real land values of a nature to remain under the ordinary circumstances of life. He is now waking up to the fact that he has been sailing on a sea of bubbles. He has been unfortunate, and, as we have seen, his misfortune is involving the whole community, in that he has been persuaded to pay real prices for unreal values and has obligated himself beyond any hope of relief. His fall has involved us all.

What, therefore, must the farmer do? He must cease ignoring the fact that farming today does not rest upon the same plane as to personal property that it did one hundred, or even ten, years ago. From the horse, plow, harrow and cow, with a few chickens, with which he originally commenced, he finds himself the user of complicated and valuable machinery. All these new and added instrumentalities have multiplied indefinitely his demand for personal property. Heretofore he has thought of himself as an owner of land. He must now think of himself as a manufacturer using land of diminished and diminishing value. Furthermore, personal property, whether in shape of his permanent improvements or instruments of production, must come to him free of taxation, and his purchases of them must no longer be interfered with by government. He must realize that his land values, such as are left to him, are in fact trifling compared with the real land values of the city. He can only afford, as all men of industry, to be taxed upon the privilege of land holding—a small part of his real wealth. There must be a revaluation of land for the purposes of taxation and a relief to industry.

Even more than these reforms can justly be demanded by the farmer. Our needlessly multiplied instrumentalities of government must be tremendously simplified. County and township governments must for the most part disappear, with all their necessary extravagances.

To this end the State, rather than the rural community, must assume in the most economical manner its duties as to roads, justice, schools and health. The load is too great for our sparsely settled rural areas with their diminished land values. The State, to meet these ends, will be compelled to levy its taxes upon land values, of which hereafter it will be recognized that the farmer is but a small holder. The city, through the values the community has created and which can be levied upon by the State, must assume more and more largely the burdens of government.

Sympathy with the farmer we may continue to indulge in, but let it be, as it has not been heretofore, an intelligent sympathy with and understanding of the real nature of his problems.

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THE final end of the State consists not in dominating over men, restraining them by fear, subjecting them to the will of others. Rather it has for its end so to act that its citizens shall in security develop soul and body and make free use of their reason. For the true end of the State is Liberty.—SPINOZA.