

the lowering of land values. Apart from all other objections to State purchase, to embark upon that now and to reduce rents afterwards is to subject the community to an enormous burden of inflated land values.

HIGH RENTS CRUSHING FARMERS

By Capt. Arthur R. McDougal

It seems to be accepted by the ordinary man that low prices are the main, if not the only, cause of our farming troubles. However, we have a Government with a doctor's mandate, and with a doctor in charge of agriculture, and we do expect that a doctor should diagnose his case carefully and not rush into easy assumptions that may be far wrong.

So far the Government has treated the case solely from the price angle and has ruthlessly and unscrupulously raised, or attempted to raise, prices by all and every means, fair and foul, instead of calmly examining the farming situation and probing the depression thoroughly.

Low prices seem such an obvious cause. Quite. But is it the primary cause, or is it only an extra stress which shows up a more deep seated disease? Are the low prices themselves not a symptom merely of some fundamental ailment?

WHEN PRICES RISE

Leaving the latter query open, let us consider what happens when prices of farm products rise:

Farmers and outsiders, attracted by the improved profits, rush for land and the wildest optimist sets the pace.

Rents and prices of land are driven up, and sane, prudent tenants are compelled to pay higher rents or to buy at boom prices or quit.

Landlords and the new crop of occupying owners, who have been compelled to buy at boom prices, are able to mortgage their land for two-thirds of its then value.

Everything looks all right and farmers are doing fairly well. But they and the mortgaged landowners are in a very unsound position.

When the inevitable collapse in prices occurs and they revert to normal, farmers everywhere are tied by leases to hopelessly high rents and by mortgages to dear land that is not worth as much as the mortgage.

The question to ask now is: Was it the return to normal prices that caused this ruin or was it not rather the inflation of land values in the boom? The low prices merely showed up the unsoundness of the position.

HISTORICAL PARALLELS

Take history. Before Napoleon's day wheat stood at about 46s. per quarter for many years, and farmers did well enough. In 1797 it began to rise, and in 1801 it touched 119s. per quarter. In 1804 it fell to 60s., when there was great distress, and the Corn Law was passed attempting to peg the price at 63s.

This policy went on and things grew worse and worse, until in 1815 imports were forbidden at anything under 80s. per quarter.

How was it that farming paid in 1797 with wheat at 46s., and was ruinous in 1815 with wheat at 74s.?

The answer is that wheat rose 80 per cent; Poor Rates rose 50 per cent; wages remained stationary; whilst rent rose 150 per cent.

In fact, rent all through the ages has taken far too big a share.

On a big mixed arable farm the apportionment of the farming surplus for the normal 13 years pre-war (1901-1913) was as follows:—

Rent to one man for permission to use land, £11,700, equals 46 per cent of available surplus.

Wages to 17 men for a 10-hour day and a 6-day week, £8,385, equals 32 per cent of available surplus.

Farmer's profit, salary and interest on capital, £5,411, equals 21 per cent of available surplus.

No wonder wages were low in pre-war days, when the rent swallowed almost half the surplus.

HOW RENT HAS RISEN

Take now. The same farm in 1931 and 1932 shows division as follows:—

Rent took 61 per cent.

In their tenderness for the vested interests neither Mr Bensusan nor the professors appear to see that the proper remedy is to force land into use and reduce land values by means of the rating and taxation of land values.

Wages took 85 per cent.

While the farmer had to make up the LOSS equal to minus 46 per cent.

On a big sheep farm in 1932 the following shows the division of the gross receipts, given in terms of per sheep sold:—

Shepherd's wage per sheep sold, 3s. 7d., equals 19 per cent. Other charges per sheep sold, 4s. 2d., equals 23 per cent.

Rent per sheep sold, 12s. 8d., equals 69 per cent.

Total charges, 20s. 5d.

Average price per sheep sold, 18s. 3d.

Farmer's loss, 2s. 2d., equals 11 per cent.

If the rent were reduced by 70 per cent, the farmer could live and pay better wages.

THE OCCUPYING OWNER

You say: What about the Occupying Owner? Well, he is suffering from the huge price he paid for his farm and from the heavy mortgage. You cannot expect the nation to endure present food taxes, etc., to help him out by raising prices. If the State did decide to help him, one-tenth of present wasted subsidies, etc., would take over his excess mortgage.

The plain remedy, however, is frankly to face the situation as one caused by inflated land values and *not* by low prices, and to legislate accordingly.

Legislation, to be successful, would have to control rent (conditions of tenure) and mortgages, and the mortgagees would have to liquidate and face losses, the same as most other investors have done.

Finally, I would protest against ever alluding to any price-raising policy as a *Help the Farmer Policy*. It cannot help the farmer. It can only raise rent, and damage the farmer.

Take tithes. This is always headlined as a farmer's grievance. The farmer has nothing to do with tithes. It is a rent charge, and paid by the landowner and *not* by the farmer.

The landlords are here, as usual, astutely using the rather simple farmer as a cat's paw to get tithe reduced. Every argument for reducing tithes can be applied with treble force for reduction of rent.

THE ALTERNATIVES

Anyway, the problem of farming gives us three choices: Raise prices; cut wages; reduce rents by 30 to 70 per cent and liquidate mortgages by selling up land. Personally, as a farmer I see nothing but folly, futility and hardship in the former methods, and I see sanity, justice and success in the last if accompanied by a policy of *consuming* surplus and not destroying it.

The reasoned conclusions that I have made after about 40 years' farming are:—

That under-consumption, high land values and a faulty land system and *not* low prices are the primary cause of the recurring and long lasting agricultural depressions.

That high land values mean lower wages and less purchasing power for food and primary needs, and that to increase prices without controlling and taxing land values is a crime—a blunder and futile.

That landowners have smothered their land with mortgages, crippled their revenues by extravagant and inefficient management, whilst the farmer has been strangled by rack-rent and harassed by bad conditions of tenure and antiquated and hampering leases. . . .

Whatever party does declare the truth will get plenty of support. It must go boldly forward and educate the much deluded people that we can have a prosperous agriculture without food taxes, subsidies or high prices simply by making rent fit prices and not prices fit rent.

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