

This great fall in export income was not completely reflected in the internal price-level. The following table gives an interesting picture as between export and other prices :—

Year.				Wholesale.	Retail.	Imports.	Farm Expenditure.	Exports.
1914	..	..	..	1000	1000	1000	1000	1000
1919	..	..	..	1103	1567	1941	1511	1671
1924	..	..	..	1584	1604	1555	1586	1597
1928	..	..	..	1417	1618	1360	1642	1520
1929	..	..	..	1413	1607	1355	1636	1456
1930	..	..	..	1376	1562	1345	1628	1144
1931	..	..	..	1270	1447	1322	1490	874

The general picture is one of steadily rising prices to 1914, a sharp and continued increase to 1921 a temporary drop in 1922, a fluctuating but high price-level till 1930, and then a catastrophic drop. Before taking the question of prices further, this is a suitable place to consider the effect of prices and other factors on land vlaues.

THE UPWARD MOVE IN LAND-VALUES TO 1930.

Farm costs move behind market values. The high prices of the immediate post-war years consequently increased the farmers' net profits at a higher rate than the rate of increase of market prices.

The great increase in the farmers' income was but one factor of the internal prosperity. As already pointed out, the rise in overseas prices meant that a smaller proportion of exports had to be set aside for interest payments abroad ; in addition, there was a great flow of funds made available by heavy Government borrowing in London. The result was a wave of almost unbroken prosperity, with the peak occurring in 1921.

The high profits of the farmers were capitalized in land prices, which quickly reached absurd levels. Two other factors tended to increase these values. The first was the purchase by the Government of land for the settlement of returned soldiers. The second was the reduction in direct taxation. In 1920 land-tax receipts were £1,557,903 and income-tax £6,369,765, but in 1926 land-tax was down to £1,266,659 and income-tax to £3,368,516. During these years the farmers paid no income-tax, and not all the land-tax paid was in respect of farm lands. If, for the sake of example, we assume that £9,000,000 was a proper sum for direct taxation and that one-half of this sum was fairly payable by the farming community, the difference between that sum, £4,500,000, and the £1,000,000 (or less) paid by farmers in land-taxes is a fair indication of the value of this tax concession. The capitalized value of this sum at 5 per cent. is £70,000,000, and it is not unreasonable to suggest that this was reflected in increased land-values.

The result of the wave of prosperity referred to was an extraordinary land boom. In 1918 and 1919 the position in connection with transfers of land was—

—				Number of Transfers.	Area.	Consideration Money.
					Acres.	£
1918	..	..	..	19,949	2,014,526	18,083,634
1919	..	..	..	22,496	2,013,468	25,197,354

but for the years of the first "boom," 1920 and 1921, the figures were—

—				Number of Transfers.	Area.	Consideration Money.
					Acres.	£
1920	..	..	..	45,128	3,882,683	62,446,574
1921	..	..	..	55,746	4,573,482	81,790,063

Transfers dropped between 1923 and 1924, but between 1925 and 1930 they continued at a high level.

In the twelve immediate post-war years (1919 to 1930) 418,914 transfers of land were registered. The total area comprised in these transfers was 28,653,739 acres and the total consideration-money shown was £462,027,881.