In an endeavour to guard against land speculation, 2,300 hectares of land ear-marked for development were acquired by the state before the plan was publicised. Another 1,400 hectares are still to be purchased. The Local Development Corporations will provide the services before the land is released for development. It is here that the French thinking seems to have gone wildly adrift. After declaring that "land speculation will not be tolerated," M. Lamour stated that: "The land will eventually be sold to building promoters—entrepreneurs who will finance hotels, shops, blocks of flats, chalets, camping sites and so on. These promoters may either let the properties or sell them for letting. It will not be possible to purchase land for resale at a higher price when main services have been provided with the support of state and local authorities."

It would seem from this that the French authorities consider that only land "speculation" (i.e. land purchased before, and sold after, public improvement) should receive special attention. In taking this very narrow view, the major issues of returns from land ownership are completely lost. It is clear that for many years after the completion of the public works, site rent returns will continue to increase and will disappear once more into private pockets. Having taken the step of acquiring the land, it would surely be of greater benefit to the French nation if the sites to be developed were let on long leases, with rent revision clauses. An even better solution would have been to tax land rent from the beginning of the project, thus building up a continuous Development Fund for further improvements.

The merits and demerits of large-scale state investment schemes such as this can be debated at great length. Where, however, they are carried out and ultimately lead to increases in personal wealth by virtue of monopoly advantage or ability to purchase monopoly advantage, there is every need for the strongest criticism.

Ducks and Drakes in U.S. Farming

WOODROW WILLIAMS REPORTS

THE UNITED STATES is enjoying a rather exuberant "boom" at present, and this has been reflected in fairly good prices for farmers — especially for hogs and cattle. Even grain prices are fairly good, in spite of the fact that government price supports have been generally reduced. I have no idea how long this "boom" will last but I suspect that it will slacken somewhat by the end of the year. The tax reduction of 1964 sparked the boom (and some more inflation) and now another tax cut is pushing it along — but at the expense of more inflation I suspect.

Every month my farm magazines comment on the pending new farm legislation at Washington. As near as I can see the trend is away from a high "loan" support and towards a direct subsidy. This is in operation with corn and wheat now — and has been used for ten years or more with wool and sugar beets. Since we are importers of wool and sugar, there are no restrictions on acreage of beets or flocks of sheep. But corn and wheat are in "surplus," so only those farmers who reduce their acreage to a certain "allotment" are eligible for the "production payment."

The payment is made to the farmer at a rate of cents equal to the difference between the "loan" rate (cash loaned by the government in lieu of future sales while corn and wheat is stored) and the "support level." Both loan and payment are limited to what is called a "normal yield." This yield is determined for each farm. The idea is to circumvent the practice of intense fertilization of the allotted acreage, which tends to defeat the aim of reducing production. Any surplus over this normal yield must be disposed of at the market price. Since the loan rate is usually below the regular market price, very little grain is now going into government storage — which is perhaps the brightest part of the whole scheme. Nevertheless, there is considerable wheat in storage.

Here is an hypothetical example of this support system: If a farmer has a normal yield of thirty bushels of wheat, and an allotment of twenty acres, he will be paid the direct subsidy of 20 cents per bushel on 600 bushels at about \$1.25—this varies according to location from the seaboard. Now, if he fertilises heavily, and raises forty-five bushels per acre, he must sell the fifteen bushels per acre on the "open" market. This has been holding somewhat above the loan rate, but, of course, quite a bit below the loan plus direct payment. In the above example the support would be \$1.45. There is some talk of raising this part of the support and financing it by a tax on the millers. Some claim this would be a "bread tax," but proponents claim it would raise bread no more than a fraction of a cent!