

The movement in land-values is shown by the following table of the capital value of land and improvements (both rural and urban) :—

Year.	Capital Value.	Unimproved Value.	Year.	Capital Value.	Unimproved Value.
	£	£		£	£
1913 ..	340,000,000	212,000,000	1924 ..	568,000,000	333,000,000
1918 ..	421,000,000	260,000,000	1926 ..	603,000,000	341,000,000
1920 ..	470,000,000	290,000,000	1928 ..	631,000,000	335,000,000
1922 ..	544,000,000	329,000,000	1930 ..	664,000,000	338,000,000

These figures are the aggregate of valuations in the Valuation Department and are far short of the prices at which land was changing hands in the boom years.

MORTGAGE POSITION PRIOR TO 1931.

The great increase in land-values and land dealings was reflected in the figures relating to mortgages. The following table shows the estimated mortgage position :—

Year.	On Suburban Land.	On Country Land.	Total.
	£	£	£
1913	37,000,000	48,000,000	85,000,000
1920	55,000,000	88,000,000	143,000,000
1925	80,000,000	115,000,000	195,000,000
1930	115,000,000	130,000,000	245,000,000

It will thus be seen that during the years between 1913 and 1930 the unimproved value of land increased from £212,000,000 to £338,000,000, an increase of approximately 59 per cent. Mortgages increased from £85,000,000 to £245,000,000, a rate of increase of approximately 188 per cent.

POSITION OF MORTGAGORS AND LESSEES IN 1931.

In brief summary the position was that the export farm income of the country, which in 1920 was £48,000,000 and in 1925 and 1929 was £55,000,000, had dropped in 1931 to £36,000,000, while the mortgages on farm lands had increased from £88,000,000 in 1920 to £130,000,000 in 1931. The total mortgages (suburban and rural) were in 1931 £241,000,000, and interest had to be met on this sum out of greatly reduced income.

VIEWS OF THE ADJUSTMENT COMMISSIONS ON THE CAUSES OF THE SLUMP OF 1930.

In the first question of the questionnaire the Adjustment Commissions were asked to state the principal causes of the difficulties of mortgagors and lessees. Factors mentioned in the answers were the breakdown of commodity prices, excessive purchase prices of land, low prices for farm products, high rents, faulty subdivision of land, lack of provision in good times for repairs and maintenance and failure to provide reserve funds, high rates of interest, lack of capital, short flat-term mortgages, increase in farming-costs.

In the second question the Commissions were asked to what extent certain stated factors were causes of the difficulties in their districts, the first factor being that of excessively high purchase prices. The general tenor of the replies was that the purchase prices were too high, even in relation to the pre-slump price-level. One Commission was of opinion that buyers had arrived at values of farm lands by guess-work, instead of basing it on a careful analysis of working-costs in relation to the value of production. Another Commission stated that its experience was that the price paid for all lands purchased in the years 1918 to 1920 and 1928 to 1929 was in excess of the true value, and that the majority of the applications in its district were in respect to lands purchased during those years. On the other hand, one Commission thought that, viewing land-values in relation to the pre-slump level, there was no evidence of excessively high purchase prices, except in isolated cases. I think a fair summary of the replies on this head is that in perhaps 50 per cent. of cases the price was above productive value even if the price-level before 1930 had been maintained.

APPROACH TO THE MORTGAGE PROBLEMS BETWEEN 1930 AND 1936.

Amongst other courses open to the country in these difficult years were the following :—

- (1) To increase the internal price-level by manipulating the rate of exchange on London :
- (2) To reduce costs, including wages :
- (3) To alter mortgage contracts by reducing principal sums and rates of interest, &c. :
- (4) To temporize by suspending the exercise by mortgagees of their remedies when the mortgagor was in default, hoping that the position would adjust itself in time :
- (4) To let matters take their course—in other words, to do nothing.