

c 24 Land Econ.



ANGLE TAB VISIBLE-NAME FOLDERS

CAT. No. 50939

X 20th Cent. Fund, 'Am. Hsg'. ch. 1 'Land for Hsg'. Readable, gives
good pattern. pp 36-7, finally breathe that shd lower blighted values.

Th.

Land Economics Gaffney

Ec. 453 (Census, Graphic
Summary)

Vol. V, pt. 5, atn. to:

pp. 10, 11, 12, 13, 14, 15

p. 17

Vol. V, pt 6, p. 37, p. 10

Mon.

Leapfrogging.

"Old futes" on land spec.

1. Rep't on ~~Haxx~~ Hibbard

2. Have mentioned advantages of proximity. Oft observed --- e.g., at Tiff-Dom's, get ~~xxx~~ much, see ad for foto

So great, even competitors congregate. Hoekshoep. Advantage of wide selection. Portland trips.

Ec-ze on utilities, big thing. Including xportn.

Yet, despite it, leapfrogging.

Figures on vacant.

For Hollow --- or any other road out of town
Desire to be ~~xxx~~ far out?

a. Huddle when get out.

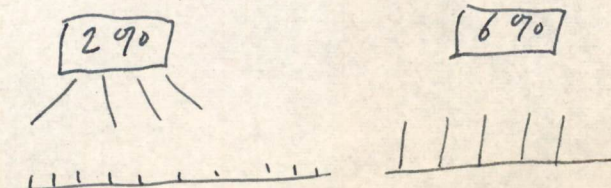
b. Want ads. Advertise "close-in" - never "far out".

c. Cheap land? Spread out? Sure, but nicer to spread out in good location. -- & such are available.

Basic question is, why not ec-ze more on better land, use it intensively, then spread out. We get spreading out w/o intensive use of center. - The more productive land.

Hi land p, yes, but why not intensive use?

Same basic principle as already developed. But with extra



sting - ornitic La,
& resale prospects,
& madness.
& hold's idle to realize
increment soon, by sale.

Land mkt but reflects cap mkt, & that imperfect.

Central land falls to those who ~~need~~ have little pressure to
ec-gz on it. - low i.r. Need get little from it today to
justify holdg.

The more so when antic Δa . Or buy for resale, use not at
all.

Ripening cost thy: Unsure what is best future, so wait.

- a. Why vacant scattered among improved?
- b. " ever taken from previous use?
- c. " find same thing in farm fringe, where no doubt of best use
- d. Even if most ec. to indiv, not to ec. Is waitg for others to
commit, -- a parasite.
 { do pioneering.

Land tax does reduce demand for land - by spec.s. But does not
affect demand for services of land. - which is what D curve means.

(cd. define spec. as one who buys for inv. primarily, takes current use as
incident.)

Mon.

Complementarity.

& other p.w. Rep't on Reg. Surv. NY, pp 151-6

Wed.

Transportation & L.V.

Control, pvt., by r.r.s, over land planning, dubious

~~Wed.~~
Fri.

Spec. Rep't. on Hibbard

Define

Consider 'ripening costs'

Mon.
~~Fri.~~

Leapfrogging, checkerboard. scattered settlement. Rep't on Hoyt.
Cause & effect. - rent as result of p, not
cause. Wherever expanding city turns, creates rents, as they are result of
demand. & creates l.v. that anticipate rents, too much. Thus city doesn't nec.
expand in best direction.

Wed.

Premature subdiv'n. Rep'ts on Fisher (Mich study), Weeks & W.

Hakanson
Fri.

More of same. - Cornick. Add premature zoning.

~~Fri.~~ Mon.

Cumulative elements - basis of bubbles. (

Complementarity
Spec'n

Banks - rep't on

Fisher & Simpson

Jeremiah

Terms of trade, cap. flows, for production. & buying titles.

Bldgs & fillers. -- temporary construction ind. assumed permanent
"acceleration"

Inelastic demand for bldgs, slowly changing ^{total} supply. Hence a small
excess supply brings down market w crash; & excess demand sends it
way up.

Overdevelopment of p.w., ^{cap goes into them easier} very slow development of lands served,
creates vast excess supply

Progressive decay of center pushes people out

Wed.

History - urban & rural. Readup - Sakolski e.g. Hoyt-

Not simul. Hi food p stimulate rural boom, choke urban. & v.v.

1819 - river & road

1926-9 auto

1836 - canal

1940-50 mild fm land boom

1851 ?

195 - ? Small city boom? Resort boom?

1873 r.r. - interest in spreading people out, to traffic.

1893 r.r.

1913 - why no boom?

1920 - fm boom

Discuss Cornick on getting futures out.
Fri. Successful settlement. - ways of getting futures out.

Mon. Have given negative picture so far.

But U.S. remarkably successful, cfd to underdev. countries --- which have had same opportunities as we, some cultural lack.

We tend to take for granted, have land & people, 2 get together
Doesn't nec. work so. S.A., Mid east, land locked up

Res. reg.? Homestead? Very minor. 100m acres so alienated. ~~It~~ C'd. be quickly undone. No effect on cities, resubdivs as in irrig, etc.

Municipality w tax power, bond, & forced participation. E.g. Cty, w county roads.

Form of tax imp. - bare land.

Bond's " - future tax

Morinsons. Durham & Delhi. Colonies - Clark Col.

Most likely to succeed where land mgmt (but not submgmt)
Less opposition from previous types. Lower l.v. for new settlers.
Som J. valley 7Ds, vs Sacto & Willamette.

Mon. Aftermath of booms.

Upper line is supply of ~~used~~ improved land - which is actually being offered on mkt to satisfy demand for services of land.

Other is supply of all land subdivd.

Hinge & Jeremiah right - 2 diff. things. - but one includes other.

As to mnp, ^{sub-}mgnl competitors won't enter & bring p down to original - costs too high, min AC of each is above comp. eg. p if mnp used all resources.

Ship 11-29-53

Reasons for holding idle:

- a. Occasionally, legit. reason:
- b. ~~m~~ Certain reasons which appear legit to indiv., but admit to society.

Waiting to see how area develops - thus prevents area from dev. g. at all.

" " let others bear brunt of being first settlers

- they must do much unrequited labor, establ. community from ground up. Church, lodges, attract industries, etc etc.

Await fall, winter. Costs? Why take from previous use?

- c. Most common, waiting to resell at higher?

Low i.r. or optimist or quick turnover artist. - last not imp., don't hang on long. But realize cap gain sooner by keep vacant, tell them if use.

Or tax-dodging artist - leave delinquent, take advantage of tortoise-paced foreclosure procedures (which themselves result from other landholders desire to keep land off mkt). If goes up, pay or compromise back taxes; if not, just wait -- 40, 50 yrs.

Future higher present - in hopes. Future depends on things outside individ. Unwarranted optimism. & same resale value for non-user or poor, as good user. Lose sight of use.

~~Keep vacant~~

~~Wait for~~

Result: premature subdiv'n.

Eng, Ely, on big spec. land co.s.
& every corp. a land co.: S. Fe, Richmond; Pope & Talbot, S.H.
by indivs, & thru corps, r.e. co.s, land co.s, etc.)

Cap. flows into titles easily - not lending to anyone, buy yourself.
& expectation of all kinds, backed by inevitable A.L.V. Shaker Heights.
Flows into munic. bonds. W & W, & Fisher.

But hard into bldg. Must borrow - bldrs work on borrowed M. Zeckendorf, Hi-r.
Can't match the self-financed spec.s, & optimists, hold'g for future.
Move out beyond

→ Cause & effect - ~~what~~ empty inside & excess subdiv'n. Rent as
result of demand, purely.
(Any solution to limit subdiv'n? Mpy. - & further As expectations.)

Demand, conc. toward center.

As center filled, dim. returns deflect outwards. But not strong, have A's returns,
Vacancy deflects it outwards, not crowding. complementarity.

Clearly seen by look'g at skyline, or pop density.

(Not just pure vacancy, but all underuse - & that nigh universal.

"Bubble" apt - empty insides push out ~~finger~~ skin.

* Skin is fringe of grow'g ec. Decisions there are
crucial to dynamic ec. Inv. occurs there. Bank loans.

Most cyclical of all production, subdiv'id'g.

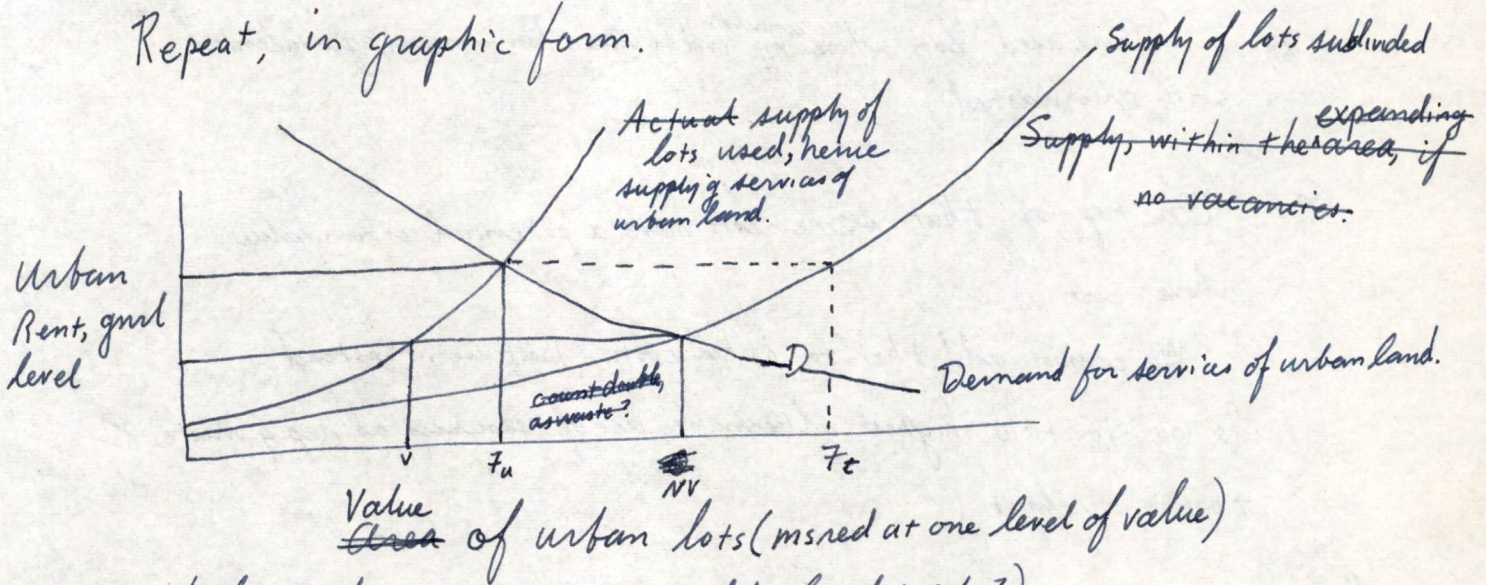
There, spec. most disequilibrium'g. Spec., in genl, can be
either. Here, accentuates p movements. Causes unec.
production, critic. demand 30-50 yrs.

Oversupply makes unec, projects otherwise ec.

Subdivide as soon as can sell lots for fm land p + subdiv'id'g costs

over new der-mts, or making it messy

Repeat, in graphic form.



(If land is fixed, how can we speak of a land supply?)

If no vacancies, supply wd. meet demand at N.V.

(Supply curve implies costs. Alternative use, & subdividing costs.
9+ rises bcs. costs more, probly not to provide same area, but same relative value)

When get out to NV , wd. stop, if all lots used. But is still great excess demand, bcs only V lots are let be used. H_i rent level.

Causes ~~express~~ more subdivid'g.

(understates. Spec. Values go higher yet. & before gett'g out to
~~the~~ have T_6 have even higher rents, excess subdiv. farther out.)

$NV - f_x$ area is cost of excess subdiv'n, beyond need. as long as idle, all waste. If
ever used, just excess of cost over demand is waste. (In practise, graph extends far beyond
where demand curve hits zero)
under demand curve - + the cost of production

ever used, just excess of cost over demand is $\frac{1}{2} \times \text{excess}$ where demand is $\frac{1}{2} \times \text{excess}$
 $T_n - NV$, unused, value is area under demand curve - the cost of production
 less. (value of land depends on demand, not cost of production, purely) (OVER)

Waste is:

1. Cost of producing vacant lots -- alternative value of land + subdiv. costs.

As the lots are idle, that cost is all waste. - or at least its annual value is, as long as lots idle.

⚡ (Those used lots whose ^{annual} mp wd be less than annual equivalent of costs, also wasted.)

2. On top of that, some lots have a potential urban value above costs.

We cannot add that to other costs. But use it instead.

Is ok to take highest alternative use of resources as rep. g waste, & that is surely it.

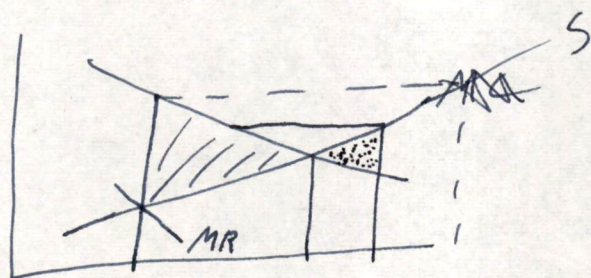
What do we mean by waste? The max. values the idle land & eqp. have produced. Which wd have bn to use the low cost ones to satisfy the hi urban demand; & the hi-cost ones, don't produce at all. Thus value resources at max. alternative use, ok.

after bubble collapses, values drop. But historical cost of prodn is still waste. & can't value all at low level either, ignores cons. surplus.

$V - F_u$, some used lots are wasted, their cost of subdiv'n $>$ rent wd. be, if no vacant. (This is used land in remote subdiv'ns)

Critic says, value of land is moved by demand curve. Answer: if vacant lots at lower cost were used, wd. put them under that part of demand curve. But have refrained from claiming that as their value. If no vacancies, these wd. never have bn subdiv., their value wd. be below p line - we have not claimed that. etc.

cf. to traditional mnp analysis.



Waste is triangle - assumes rejected resources all find alternate work, use.

But if mnpist deliberately holds idle, add area under MC.

& Whether or no, add waste of bringing in mgnl competitors.
--- e.g. many steel co.s today. Hi p attracts mgnl output, cost $>$ eq. p .

Legit? Yes. Excess product'n not so big a part here, bcs is used, unlike subdiv'n. Just dotted area.

Must be integral part of explaining boom & bust. Fetter.
Add spec., dotted area may become tremendous.

Cumulative elements.

1. Complementation.

are various conveniences of large opt. size. Once ~~they~~ ^{local mkt} gets big enough, for them, they come ^{one by one} - & then on that basis many subsid. grow up.

E.g. shipping service, N.Z. to S.F., staples - but richness of times was oddments tucked in corners, that made up $\frac{1}{2}$ cargo.

A great city grows on basis, first, of basic things. Once started, very fact that people & goods are there makes it place to come for many activities, which brings more people & goods, etc.

A break'g pt., becomes emporium, attracts mfrs, etc.

Thus grows enough to establish new things that require even wider mkt - TV, pipelines, ships from Ecuador, Civic Opera, etc. ...

all cumulates.

So, bes new urban growth has proved often compl. in past, tend to think of new subdivs as new complements, not competitors, overlook growing excess supply - forget is

2. Spec'n, as K. defines - buy'g to resell.

some limit to demand.

Esp. when productive inv. opp. fall, ~~down~~ Δ i.e., pushes up l.v., stock too, that Δ is itself an inv. opp to indiv, as they rise. Then a peculiar hypnosis, such times, spec. rs come to think of Δ s as quite like any other gain from inv., many actually don't stop to think com't go on forever. Or just gamble they won't hold sack.

Income forgotten. --- current inc., at least, any questions referred to future.
Inf. future to misjudge.

Play on p of title, & work on expectations of what crowd expects the crowd's expectation to be. Mob psych., frenetic advertising, etc.

Becomes a whole way of life - Fla. article.

& spec. becomes diseq - more they go up, more you expect further Δ . Books enter - publicity value of Δ ? becomes greater than warning of later decline.

3. Bank'g. (Jeremiah?)

Again, as other outlets choke off, banks move into stock & n.e.

Merger movement helps, '20s. Decline of comm. loan.

Δ l.v., optimism of future, makes land seem very liquid, good asset. Also encourages merger, self-fn'g of large corps, driving banks to n.e., & securities of large corps., & munic. bonds.

Δ M available to finance spec. xactions, build them up, & make land seem more liquid, cumulat'g.

In areas where l.v. rising, it becomes easier to borrow. That draws ec. activity to that area

~~4. Terms of trade.~~

Not only does local banking expand, but outside funds move in to buy titles — the city exports land titles.

Brings great inflow of bank reserves — claims on banks outside region. -- recall Vanderblue's figures.

Makes possible fly-by-nite mgmt banks, otherwise unheard of. Like 1836 wildcats, who loaned to spec to buy public land, until specie circular.

~~4. Terms of trade.~~

~~City, basically, serves some fn useful to hinterland. Given~~

4. Bldrs & fillers

Each city serves a hinterland, exports services to it. Those who ^{get incomes from} ~~render~~ basic services for export themselves require services — not just the labor, of builders, but also ec. rent, which is considerable, & returns from inv. in cap. They spend that locally, many do. Δ s, too.

Early, for every builder, a filler. But when city growing, & build fillers in anticipation of builders. ~~Exp. due~~ Mere buildg of them creates incomes that appear to justify. & Δ s create excess incomes. So on basis of incoming inv. in

real cap; & export of land titles; boom up demand for fillers beyond ultimate need.

5. Construction itself creates demands.
Like army, mass of fighters at front, skeleton crews behind.
City provides great employment, while bldg - many men employed on small lot; others employed handling materials; others, fillers, serving them.

Becomes possible to mistake such demand for permanent demand for city's exports, build further on that basis, & subdivide.

6. Terms of trade.

Basic demand for city's exports. Supply depends on how much land available to meet it. As city grows, disproportionate demand comes from within city itself --- perhaps for the export services themselves, but at least certainly for some limited land area.

This demand financed by inflow of funds. Like a country receiving cap. inflow, that bolsters terms of trade. But ultimately creates cap. that Δ supply of basic exports, thus worsening terms. - esp. when local demand collapses. Then all resources - labor, land, cap. - that

Were working at constr., & local 'filling', try to move into exports, saturate demand

Complex situation: to explain each pt., refer to all others. Ideally, understand all together. But must come piece by piece.

During construction pd., when small part of city land devoted to exports, their p stays high — gives impression of great potential.

E.g.: Fla., in boom, rails choked with traffic, rationed many necessities of life. Hotels packed w spec.s. (hotels a basic industry), & many who came along just for excitement, mob scene, herd instinct.
Instead of regarding this as a ~~mob scene~~ height of activity, it is their conceit to think they got their ahead of mob.
Spec.s think of themselves as being astute & foresighted, ground floor. They are just preparing the way for the really great throngs to come.

In so doing, they keep ~~some~~ some land idle, other land busy servicing them. — very little serving basic demand.

7. Inelastic S & D for bldgs.

LN

Bcs most supply ready existg, slow to Δ it. Hence a slight extra demand will keep up rents a lot.

8. Antic. that downtown will grow, Δ l.v. in first rings out, prevents constn. there, in widening rings.

Not just downtown, but around outer satellite centers.

Pushes demand outwards.

9. M. moves easily into

- a. Land titles
- b. Munic. bonds, & sec.s of Landco.s

r.s. for them quite low.... all risk forgotten, taken care of by inevitable Δ l.v.

r.s. for actual buildg remains hi. Bldrs genly small, lack glamour, inf. possibilities of inf. future.

Success of bldg depends far more on mkt of near future, as bldgs deprec. More sober approach

The higher l.v. go, the less profit in buyg land to build on it.

But the less profit there, the more M is pushed into other things. Late '20s, what was called "inv." was muchly, not hirig labor to produce new goods, but buyg existg assets, various forms; or subdividg.

10. Deliberate policy of r.s.

- a. Locate stations to promote areas where interested.
- b. Spread out pop. as much as possible, to Δ traffic.

& policy of public authorities, often r.e. developers dominate, plan hi ways etc so as to maximize l.v., not promote eff. Mny motives.

Results of excess subdiv. Aftermath. At every mgn of xference bwn uses, land subdivided for more intensive use, smaller holdings.

1. Stranded settlers.

Nesters. - same thing rurally. Resettlement Aid. (study in next tm?)

Deliveries, all munic. services cost more.

~~Farming, A tncg - the kind where own p unit < op g unit.~~

Conservation - invade, loot wilderness

2. Dead land goes promptly out of use, or out of best use.

Chopped up too small for best use. Can't unscramble, reassemble streets; holdouts; delinquent owners, can't locate; city fears aggressive foreclosure & resale policy, mnpy motive.

Rural: A tncg. - op. unit > ownership. Or land goes delinq, no foreclosure, is abused. (Probbly main reason for hld'gs < op'ns, didn't mention before)

Govt. won't foreclose bcs:

- 1. ~~Wish~~ Wish to maintain L.V. (Even let fuel inst. hold longer than law.)
- 2. Polit. influence of spec.
- 3. Excuse for gett'g handouts from state & fed.
- 4. Inertia - overrated. A fostered inertia.
- 5. Legal vested int's... title co.s, etc.

3. Bankruptcies, universal, as ~~known land on mkt.~~ all full land incomes prove less than paid for; & resale mkt folds.

Jeremiah

Bank failures, esp. serious. M supply cut. V also cut, flight ~~to~~ to cash.

4. Inv. opp. gone. Were bld'g on skin of bubble, bubble collapses. Lose confidenc. Chaos. Not clear what to bld. next. L.V. don't fall fast as demand. - hi ask'g p, no one pays. - mkt stops mov'g, a few sales at low p, but that not prevail'g p level.

Tax delinq, hi munic. debt, shifts hi tax burden to improvemts.
& as each new impr. competes w. old, ^{vesteds} city gams up, puts stiff ass.s on
new impr.s, discourages. — data on tax shift to improvements.

after bankruptcies, & delinq, no loans. & those who avoid bankruptcy are
loaded with debt, due to deflation.

Rigid costs stay up — i.e. rates of cost, not comts.

5. City & other xport. a mess. Long lines, little traffic, r.r. go bust,
munic. repudiate bonds.

Ineffic. city layout — planned w little thought. Colossal wastes,
like current traffic problem, result.

As all costs. E.g. distrib. costs that separate fm price & retail p.

6. Slums & blight.

Boom hasn't rebuilt them at all. ^{run away from problem of bldg in best locations.} But center, thru leapfrog pressures,
has flinched with them. Not that it wd ever need them, if center were
solid. But center itself decays, is $\frac{1}{2}$ empty, builders press
outwards, seekg cheaper land. (That is pressure necessitatg going)

Too, thru superior location, they earn hi returns from old bldgs.
Universally overzoned, encouragg hi hopes.

Have many yrs to wait — may prove right in end, often do.
So pass into strongest hands, & just wait — meantime festering.

Coleman, Walker. Wall of hi l.v. around downtown, holds it in.
Utahwat. "False", "fictitious" etc. Do not decline ... why shd they, on
basis of current inc, that was never large part of their value anyway.
Of new hsg, p falls easier. (now, have opposite)

7. Stimulates auto ind. - excess highways, etc. Wastes petrol.

8. Tax delinq. - Cornick; Cal. Study. Shift to taxes that ΔMC , ~~then~~ add to P or costs, (whichever way look at it), hurt prodn.

9. Chronic "excess capacity" in agric., vacant lots. Not serious, but political repercussions.

Don't forget

Cornick found most delinq. to be on vacant. I.e. spec in vacant never paid their share of cost of bldg streets, etc. That fell on improved lots. Hi tax on improvements. So anyone who built during

'30s wd be soaked. L.P. tax, part falls on impr.s, like a continuous sandblast - cuts down structures as you raise value --- esp if get a little ahead, become conspic.

So no one built. Only tore down.

Much tax-exempt vacant really worthless. Much distressed, truly. But tax-dodgers, too, taking advantage of mgmt distress to get tax exemption for selves. Cal. study-cite.

Tax exemption thru delinq.

Others conspire to wipe, mny motive.

Tax shift - sales, improvements. "Overburdened r.e.". b.s.

Slum land often delinq. - yet very hi p. Paradox.

Look for new revenue sources. Tax shift - to MC, blocks future dev't. NY authority tells

Land Ec. Outline

I. Statics

1. Intro.

2. Rent. Ideal allocation. To cf. vs reality.

3. Costs of tncy (get Buttenheim, too?)

4. Land prices - at length. Effect of ignorance, & diff. mcs.

4½. Then define land spec., for a couple of days? No, get their feet wet w. hist. now.

5. Condition of land market

(Am't of tncy (Hinge be ready?))

Conc. of holdings - large & small.

defer to tm. 2, details; now a few basic data.
Distrib. of tncy. on better land; on rising l.v. land.
Trend.

Mainly
defer to tm. 2
But give some
now.

Trend - drift away from middle sizes.
Esp. where future hi. of present.

Distribution of Pop. - congested frontiers

Owner-op'n at mgs; tncy at center. Better land worse used?

Land Mkt in underdeveloped countries - de Castro & U.N. Us, but more extreme.

II Dynamics

1. Complementarity. Interdependence of development. (PW) Spatial relations, unique.

2. Land boom -> Cycles of development. Some history & description.

Speculation

Cumulative elements - banking, builders & fillers

Excess subdivision & zoning.

(cap flows into PW, & spec.; not to productive loans for develop'g land)

Scattered settlement

Define "land spec." Consider "ripening costs".

History - river, canal, r.r., auto booms. What next?

Successful settlement: 9.D.s. How bond's breaks spec.

3. Aftermath - the carnage.

Dead lands

Stranded settlers

Blight

Tax delinq. (Cal. studies)

III Proposed Reforms

E & W on limits to 'property' rights.

Lex Adickes

Title Reform

Rule vs Perpetuities (assign something on mortmain)

Tax reform - assign some NAREB stuff, too

Subdividing control. Resettlement.

Reassessment

Bldg Codes.

Rent control

Public housing.

Who should plan p.w. For whose "general welfare". Maximize l.v., local?

Mnpy motive.

IV Future & Current foci of interest.

"Land Reform" in 'underdeveloped' areas. (U.S. as underdeveloped)

Reports. - e.g. ^{will direct you to much material} someone on Eugene r.e. mkt.; or Oregon current nat. r.e. mkt

SCS (Parker)

History - no end of stuff

Commerce → land reform

Land problems & solutions of some fn. country. E.g. D-ke or contrast D-ke vs Spain. Or Eng vs fn.

Elevator mnpy

Chamberlin on land as mnpy.

Rogue R., BR plan

Theory - fn. of land prices in mkt

Zoning

Tncy

Taxing

Opt. size

Spec.

Or any subject treated above.

Concentration - contrast op'n & ownership. Ec. of scale.

Geog. - dist. of pop.

160 acre law

Land settlement policies of Columbia Basin Authority

Rent control

Restrictive racial covenants.

Multiple purpose projects.

Effect on l.v. of minorities - Luigi Laurenti.

V. Relation of Land to other ec. questions.

Justifying p.w. - non salable benefits.

Wage level; empl.; productivity (Simpson)

Inv. opp. - hence bus. cycles

Banking

Sociological - stratification of society.

Taxation

Mnpy - ec. of scale

Ec. growth

Land Ec. outline, p. 3

VI Public Lands (evaluate by carrying units, e.g. Missoula appraisers)
Range } BLM
O&C }

VII Fed. Recl. policy (probly tm. 3)

*B.A. 280, 299 (cont.)

the varying demands for space and structures in urban areas, the problems involved in supplying these changing demands and their influence upon other sectors of the economy.

The basic year of graduate study in the field includes one semester devoted to the basic theory of urban land utilization, B.A. 280, and a second semester devoted to the application of theory to the important problems in the field, B.A. 299.

TOPIC OUTLINE:

A. Economic theory of land utilization: The Marshallian theory of land utilization as restated by Taussig, Ely, Wehrwein, Haig, and Patcliff provides the point of departure for a consideration of market forces in the urban Real estate market.

B. The Real Estate Market: Residential Demand: A review of the basic literature in housing demand. NRPB study, Housing the Continuing Problem, H.W. Robinson; articles by Haig, Patcliff, Maisel, Wendt.

C. Supply factors - residential construction: A review of organization, costs and stability in the residential construction industry. Extensive use of reports of the Joint Committee on Housing, Congress, Colean, Grebler, Maisel, and extensive Journal literature.

D. The Investment Market for Real Estate: Consideration of demand factors in commercial and industrial real estate. Relationship of demand factors to residential demand and to business fluctuations. Investment experience in commercial property, land valuations, capitalization rates.

E. Real estate finance: Influence upon demand and supply factors of mortgage loan terms. Articles by Fisher, Patcliff, Eccles; books by Saulnier, Husband and Anderson dealing with effect upon market of changes in credit terms. Evaluation of institutional pattern of real estate finance. Reference to HHFA monograph by Wendt.

F. Real Estate market forces at work in the urban economy: Synthesis of demand and supply factors and their effect upon patterns of land utilization in urban communities. The effect of public controls, taxation, eminent domain, planning and zoning upon land use. Readings in Hoyt, Dorau, Firey, Urban Land Institute, HHFA studies.

G. Housing market analysis: Theory and techniques of analysis of economic background of urban areas, economic bases for housing demand. Reference to special studies of metropolitan housing markets.

H. Public housing and urban redevelopment: Causes and problem of urban deterioration. Survey of approaches to problem and accomplishments. Articles by Abrams, Lubar, Holden, Woodbury, Gutheim.

*B.A. 280, 299 (cont.)

I. Urban decentralization: Causes and results of decentralization. Relationship to industrial location trends. Dorau, Rodwin, Hoty, Wendt, Firey

J. Problems in Housing Policy: Examination of national housing policies, England and Sweden. Description, comparison and analysis of programs. Objectives and accomplishments of U.S. housing policy since 1930. Legislation and the Act of 1949 as unified attack upon the problem. Housing and Defense.

*B.A. 279. Transportation

This course is intended to acquaint students with sources of statistical and other information and with the more important books on the subject of transportation. In addition, and more particularly, students will discuss a variety of current problems and practices in rail, motor, air, and water transportation. The list of problems is not fixed. In 1950 it included highway costs, federal regulation of transport in municipal areas, rail-water coordination, air forwarding, public aids, and other topics. There will be short reports and class discussion.

11. "Lament for the Yeomen of England" -- Anon., 16th century.

"Where once went forth an hundred husbandmen
The produce of a pleasant land to win
there now subsist for hundred barely ten:
Where th'hundred sowed it full, these sow it thin

Where th'hundred turned the furrow, straight and deep
There nibble but a flock of doting sheep
Full desolate the fertile glebe (albeit ne'er so cheap)
The fleece can scarce an hundred souls in fitting raiment keep

Th' encloser's fence our yeomen from ancestral fields doth sever
Each year the land's ungarnered fruits are lost to man forever
Alack! The times, the folly! How waste the weedy acre!
Man's abuse of land and man must sadden God their Maker."

Comment on the poet's economics.

12. "In the Phillipines, the economic set-up shows the features of a dependent economy; the Islands have to pay for their imported foodstuffs and ready-made goods by a large-scale export of commercial crops and are, consequently hindered in establishing a diversified economy...There is an intimate connection between foreign trade, land utilization, and levels of living on the one hand, and the importance of a diversified economy...on the other." Erich Jacoby.

Separate the wheat from the chaff.

Costs of Tncy.

ELW say land allocated by rent. But to buy land, must buy title.

So they are either assuming that prices are proportional to rents — i.e. the individual who will make the land most productive will outbid others for title; or that the relations of landlord to tenant are costless. Or both.

Let's consider first whether relations of lord to tenant are really costless.

A. Observed performance: re erosion & improvement. Pres's Comm.; Public Affairs Pamphlet.
~~Much propaganda — some I'll put on reserve. Pres's Comm.; Public Affairs Pamphlet.~~
~~Much smoke, little fire — surprisingly little real data, primary studies.~~
~~But~~
~~Most of these~~
But also some good solid studies. Cite a few. Assign

✓ J.A. Baker, "Tenure Status & Land Use Patterns in the Corn Belt"

✓ Hayle Southern (in "Land Tenure in the S.W. n States) Chapel Hill, 1950, esp. pp 216-7)

Peter Nelson

✓ R. Schikele Ec. phases of Erosion Control in So'n Ga & No'n Mo', Ga AES 333

Schikele: erosivity ratings. Ops in res. 1-2 yrs, 7990 were tnts, 4.3
11-20 " 24 " " 2.7

Nelson: tnts on less sloping land, higher erosion.

Improvements:

Poli, Schikele

		Tnt	o-op (comm.)
1950 Census:	Elect.	66	85
	Tract.	40	57
	Trucks	25	40

Yet o-op. in backwoods.

Try Oregon Collection

Causes:

One holds title to what another mages. Intrudes extra human relation - costly.

Collection costs. Urban 2-5% rent.

Sharecrop system - mgmt. deceptive.

Watchmen in fields - analogy in U.S.?

70% for land under some share arrangement.

Tnt, no int. in future of land. (contrast cars & clothes vs houses)

Why not compensate & penalize? adm. cost prohibits, or eats gain.

Endless series of petty attns.

Describe, hard; evaluate, harder.

So don't get 'owner's care' that way.

Good will helps - but lacking. Scherman thy. ^{-ch. 6, ass} - no feeling of obligation.

Battle of wits: tnt tries to take all com. - trick fertilizer.

So neither improves.

Lord's defenses.

1. H₁ rent - like auto rental. Cash crop bias of troy.
2. Min. impr.
3. Flatland - city land, esp. old bldgs.
4. Evict power - sh_t lease

Tnt reacts:

No long invs.

Long leases?

- a. At tnt's mercy
- b. Term-end problems
- c. Lose both ways, p up or down.

Tnt reacts further:

No long plans - but good agr. calls for them. Ecs. in landscape extend over decades, but tnts plan only from lease to lease.

No imaginative, creative planning.

- e.g. Moro Cojo.

Keep down production, to low ave, lest land went from some hi yr.
No coops - aucts.

Psychic losses

Grnd feelg vs tiny - so subsidize ~~tiny~~ owners, : res. req, homestead exemptions,
subsidized loans, etc.

Babcock.

ii

$$S = (1+i)^n$$

$$S = P(1+i)^n$$

$$P = \frac{S}{(1+i)^n}$$

Unit of an annuity.

$$S_n = \frac{(1+i)^n - 1}{i}$$

$$RS_n = R \left[\frac{(1+i)^n - 1}{i} \right]$$

Present value of annuity:

$$Ra_n = R \left[\frac{1 - (1+i)^{-n}}{i} \right]$$

Perp.

$$Ra_\infty = \frac{R}{i}$$

(Probability. Some like risk, others avoid. Land goes to those who like risk - as well as opt.s & strong hands.)

P

$$P + Pi = P(1+i)$$

$$P + Pi + (P + Pi)i = P(1+i) + Pi(1+i) = P[$$

3 formulae to remember.

Why i.r. differ, of indiv.

Under perf. comp.?

Legal profession, etc, make liv'g. costs.

Lumber, Chi vs Ptd

Side by side, i.r.

2 ex.s

Mgmt borrowers.

Anti-usury laws — = ze i.r.? No, don't borrow.

Land Banks etc = ze ?

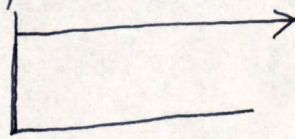
Term of loan — need long, get shrt.

Mgmt borrower vs one who needn't borrow.

RE loans.

Land Ec., Mon.

1. Quiz
- E. & W. say land is allocated by rent. Give 2 or more assumptions implicit in the statement.
 - Complete the ff graph, by drawing a curve of exponential decay, showing the present values of the constant future values indicated, at
c. 5%



Shade in the area represent'g the max. that one disc. futures at 5% will pay for land.

- Wd. 10% curve be above or below

Subject.

- Review how i.r. affect, esp. when future rising. (add $V = \frac{a}{i-g}$) (Hayt)
- Differences of opinion. (3. Different risk preference)

1. a. At 2%, \$100 due in 100 yrs is worth \$14. If you expect rent to be 7 times higher in 100 yrs than today, the 100th yr contributes as much to l.v. as the 1st yr. - at 2%.
- cf 1850 vs 1950. Hard to find land whose inc. hasn't Δ by 7 since 1850.
- Tree farms now start'g crops to mature in 50 yrs

- Does it "take a diff of op" to make the mkt?
- Risk. Do lenders consider primarily the risk that the project is to be unproductive? No, rather collateral. So to him that hath - Keynes, p 144-5; Schikele, F. '43 JFE proceed'g. Conc.? Funds agglomerate about exist'g nuclei.
- Explicit vs implicit or imputed int. E.g. timber spec.s.
- What current ec. thg also emphasizes xfer cost in cap. mkt?
K - macro, we micro. Not so diff.

q.n., dominates mkt for futures. If just 1 yr being allocated, rent dominates, int. means little.

But land, remote future & present bound in 1 package.

Fm. land w ~~no~~ oil prospects.

q.n. as lens. - 2 analogies.

a. You stand's on a hill, the present.

~~Take vote - is it worthwhile to run thru full numerical e.g.?~~

Run thru e.g., using no.s on critical years only.

This ties together most ~~any~~ subjects in landec.

2. Ignorance of future. (does 'perf. comp.'s "perf. knowledge" include ability to predict 100 yrs or so?)

Concessions - wk-end. Overbidders.

Land title, concession in perp. - long future to miscale. Bad m drives out

good - a Fresham's law in land mkt.

Finally, those who overbid are those less qualified to judge - less experience.

Not error per se that misallocates. But fact that most extreme opt. not nec. or likely best user.

Greater scope for error, more imp. this factor becomes. With land, max. scope for error.

(p inflated by optimism also another barrier to finally weak, who may be best user.)

Reasons why subject to error:

1. Not just a matter of estimating one's own future ability to use land. Rent depends primarily on influences outside individ: - A demand, export, pop, etc. That is what one predicts.

2. No cost of production to check p - other goods, look back to cost, ~~know~~ ahead to reproduction cost, know about what to expect. Costs likely to fall, if anything.

3. Inf. life exp.

4. Fixed, immobile. Hence subject to immense perm. changes. - unlike mobile labor & cap. E.g. N.Y., focus of trade. Wages, not ^{to} returns on cap., not greater. But l.v.

Cities, esp a problem. Immense range of values in small area.

Chance, ^{politics,} may divert traffic.

Hence gambli'g. Are some w positive lik'g for it. They

go into that kind of land. We know, bcs 9/10 lose M

(JLPUE, 7. '29, Shannon & Bodfish)

(N.Y. Regional Study, app. 2)

"Floating value". Uthwatt Rep't says it exceeds actual possibilities by far.

7m. values, too. ~~1920. (Chambers)~~ Colonization, e.g. Cul. —

3 crops of bankrupt settlers.

Extrapolation error — Chambers.

When well informed drop out, not so bad. Sometimes stay, to prey on ignorant. Generate all-out land boom

Element in each of us wd
Escape from reality — knock vs hard facts, present values. But
remote future values — sky's limit. In remote future, opium dreamer
builds his Xanadu — castles in air.

Keynes, Ch. 12.; Vanderblue.
mob.

The mob trying to outguess the

Objective measure of how far can go wrong, Scherman. Found
almost perfect record of repaying all ^{shd.} debts, incl. com. debts; except
mortgage debt. Phenomenal losses there. (& on munic. bonds.
& bonds of corps, I add, mostly mortgage bonds).

3rd problem: diff. preferences for gambling, already mentioned. Invs
don't nec. avoid risk — just risk of loss w/o comp. risk of gain.

Land Ec.

Condition of the land mkt. ^{how near it approximates E&W's ideal of max rent.} - Tncy & conc. (idle comes later, under dynamics)

Tncy. (Go over much here, but lightly. Repeat at more length, 2d tm)

~~Dist. by area.~~

1. Def. & msre of tncy

Here, will always mean % leased land, unless otherwise state.

(Hired mgrs of corps, exclude)

Does it make diff. how msre? (see census ass.)

2. % of farms who are pure tnts.

'80 25%

'35 42%

'50 27%

3. Land under lease

'50, 18%, pure tnts. add 17%, 35.4% (add 9%, opt.)
(-%, debt ridden)

4. Relative values.

Tnts, more in 7a, ~~less~~ less in NE, Ozarks etc

" 18% area, but 30% cropland

N & W, tnt inc. '30s near to 0-op.

Yet census says are vlu of lnd & bldgs about same on tnt & owner fms. Why.

NE, '30, l.v. 44% total. 6% leased
WNC 77 38% leased

Tncy ~~As w~~ ~~land~~ ~~l.v.~~ l.v., but -Δ w l + bldg v., NE & 7a.
(City, same: toward center, l.v. & tncy higher; ratio bldg/l.v. lower.) (Walker ch. 3; Reg Sum 14)

So only proof we have is F&T. - Wrong def, too bad.
Conclusive. - all regions.

Probly wd hr. bn more conclusive if took real l.v.

\$77.88 vs \$52.16 Taking real l.v., might be 2-1. Raising fig to 45-50%

So much for msre in 1950.

Now consider trend.

Up to '35, then down.

Decline not so much. Dramatic reduction to 27% misleads. - good lesson in analysis stat.

a. Pt. tnts grew.

b. Tnt fms grew ~~smaller~~ larger relative to o-op fms - decline in so, small tnt fms. Δ of very small o-op.

c. Tnc lost land where less vble - drought areas of '30s, where tnc grew under cyclical stresses. Hard core of pmnt tnc remains, in

hi l.v. areas. Cf. maps on p. 15, v.v p 5

d. (also, many of those nominally l.v's tnc now are debt-ridden)

add it all up, decline of % of tnt op l.v. not so great.

Predict future -- Hake wants me to stick neck out, so here goes.

In space, tnc Δ s w l.v. Hence also in time. E.g. Eng. Basic long trend, secular.

But many cyclical countercurrents. Depend'g on relation of land inc. to l.v. - heart of land ec. - understand that & you understand land ec. everything revolves around that relationship.

Recall G & T chap, Tnc & spec. element. - What say there? The higher l.v. are relative to current inc., the more tnc.

Bes hi l.v. mean hi antic. of future. To buy title, must spec. in those remote future values.

Oil spec. e.g. Tie-in sale. You buy land to use in present, but have to finance, spec. in, claims to inf. future incomes.



Formulae:

$$V = \frac{a}{c} + \frac{\Delta a}{c^2}$$

(Cornick; Chambers)

When spec. aiming for resale, must be ready at any min. to sell, shd tm lease
match. But what Chambers say? Little buy'g for resale.

The bigger that load of future vs present, the harder for op'g firm to buy title.
For op'g firm typically has very poor access to credit - (Eliot. R.s borrowed more
than all firms, etc) Esp. long tm credit. If he is to outbid well-heeled
absentees, must be on strength of near future. Discounts values past 15
yrs to almost nothing.

Now apply that to explain cyclical countercurrents on secular tide of
 Δ tncy & Δ l.v.

1896 - Bryan, ^{monkey in monkey trial, finally lost shirt in Fla.} Populism, reflation. Then up turn. Fm & all ps Δ ,
relieve debtors. Favorable p ratio. - 1909-14 still 'parity'. Caution at first,
then war, madness, ^{infl.} ex-trap. Land P moved ahead of fm P.
So current return only 2-3% in places.

When ~~land~~ fm. p fell, might say wd - Δ tncy.
~~But~~ & it helped. But more imp. is relation of ~~l.v.~~ to inc.
It was inc. that fell first -- l.v. followed. Too, & most imp, many were
pay'g off mtges based on hi l.v. So - Δ fm P reduced inc. rel. to l.v.
hence Δ tncy. New buyers, hi mortgages, lost firms.

Progress Rep'ts. - gently.

Dist. of pop. out.

Ration oil pamphlets. Intro. - & U.P. esp.

Summary: in genl, tncy goes w hi l.v.; & also, ^{even more so} w hi $\frac{l.v.}{inc.}$.

Explains seem'g paradox in genl'tn about tncy & hi l.v. Cyclically, when land inc. falls, raises $\frac{l.v.}{inc.}$. & even if present l.v. fall too - which don't immediately - many are left hold'g bag, try'g to finish buy'g land at hi p they contracted for in '20.

So when land income falls, immediate effect is to Δ tncy. Ultimate effect is to lower l.v., thus Δ tncy. & finally, when land inc. Δ s, 1st effect is to lower tncy - until psych. changes, l.v. catch up & overtake

Refer to figs. on board. Return'g toward 1920. Still have long way to go. Don't think for min. homo the sap has lost herd instinct, capacity to ~~stand~~ be a boob, engage in all-out ripsnort'g l boom.

'30s, new troubles. Depression, drought. % of leased land
 grew esp in hi plains pres. inc low rel. to future. (That proved
 temp, easy try to get rid of in war, when opp., as saw)
 Low i.a. --- to some, not to mgtl borrowers. Spread of i.a.s 4d.

Psych - all imp., for l.v. based entirely on antic. of future.

Wallace. Postwar depr. Keynes. ^{Hacker} etc.

War. Banks, ins. co.s etc clear books. Present hi vs future.
 Inc 4, l.v. resp. bhd. Inc. 20-30% of l.v. Hi wages, too.

Now chang'g --- l.v. 4s, ~~more~~ more than inc. Firms feel'g
 oats, know pol. strength, fm supports pmnt. A few yrs of that &
~~the~~ another boom likely - not stability, mkt moves in great waves of
 optimism & pessimism.

Values move way up. p begin to crack, mgtls go broke, spec.s begin to
 unload, down you go.

Another index of where we are is ratio of l.v. to impr. val.
 Land less mobile, rent det. by p pretty much. Impr. not.

	'10	'20	'25	'30
l.v.	\$286	55	38	35
Impr.	\$66	12	12	13
l.v. as %	82.90	83	76	73

Then figs stop. Must carry on
 by indirection.

					135	140	145	150
Pure tnt	48	90	64	53	33	35	51	88
Full o-op	37	67	58	57	38	40	51	79

Land &
 Bldgs,
 ave/acre

Not conclusive, another factor at work, ~~the~~ cheaper tnt lands went to owners.
 But probly reflects both factors.

~~Finally, return to condition of land mkt. tncy & l.v.~~

Cities, too - Walker, ch. 3. Even clearer, tncy & $\frac{l.v.}{imp.}$ & with
future
present

As between city & country, tncy much higher in city, & esp. big city, & esp. toward center.
Large cal. cities, well under 50%. Small towns & fm, easier to get your own home.

People don't rent out improvements much. Too destructable; & too easy to finance, since immediate return hi. Land, esp in slums, hard to finance. Improvements are nothing, run down, little more than tollgates for collect'g land rent.

If you have lived in owned place & rented place, know what I mean.

Now let's look at fnd motives of tnts & landlords.

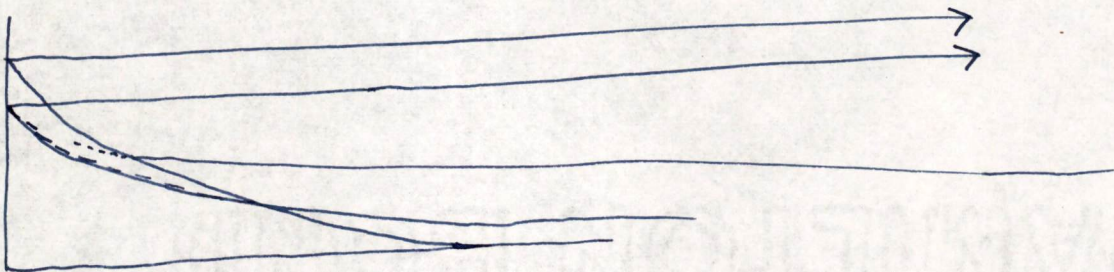
Why tncy? With wastes, wd be very little in perf. mkt.
Wd be some - transients, etc.
One answer, land performs fn, bears int. burden of hold's title, & he is better able to do it.

I can't look at it that way. If landlord is p'fing a fn, bear'g burden, then presumably if were no absentee landlords to bear int. burden, wd be no land. But in fact wd. be... won't get up & walk away - free gift of nature. P wd fall until op-r cd buy. So main fn. of absentee seem to be to make himself rec. by bidd'g up title out of reach of op. No fn. So have to

look at it diff-ly: abs. outside op. No moral values -- no
fn. -- just way the system works. Our purpose here is to understand
it, analyze it -- not to evaluate it. Up to you as individuals, &
citizens.

How can landlord outbid, when will result in poorer use, less net
inc.? Lower i.r. --- greater power to spec. in remote future values.
also to spec. in risky ones. Or may ~~be~~ prefer risk more --- Schultz.
Esp. when future hi relative to present.

Tie in sale



Tnt as ^{owner} ~~if~~ cd pay more for 1st few yrs, but that's all.
Inf. future tied up in 1 bundle w it.

Meyers

1910-35, drift from middle, in no. of fms. Also by acreage.
There, is clear very large gained acreage, very small hardly did —
only no.s. (Mention trend continuing. Watershed divide )

By regions — Mt. & Pac. & W So Centr., ~~less~~ most land over 1,000.

Imperial Valley, '38, La Follette Comm, of owners w 640 a. or
more, $\frac{76,000}{142,000}$ were non-local corps. Packers etc.

(Mention large less improved)

Above is op — not title hold'g. Cite Clauson.

Multiple hold'g

'35, found 124 holders w. ^{those hvs > 100 fms} 98,000 fms, 19m a. ^($\frac{2}{3}$ ill) This just
corn-hog program data, doesn't begin to include all.

Are big or medium holders more specialized in fmg? Medium: big are feed inst.,
r.r., packers, sugar cos, etc.

Land ec. Mon Oct 26

Plague RBR. — HBR there? / What nites can't come.

What Schultz mean ~~by~~ by "can rent more than can borrow".

~~Tues:~~ Tues: Jan 5th: ~~Don~~

Wed. ass: B & M, Mich.,
TNEC, Fetter

Fri: Metals, & Fortune
E & N

Mon: Timber

True of small man, limited means. Other extreme, note Hearst

borrowed c. \$10 m. The bigger you are, higher % assets can borrow.

100% no top limit. Funds cluster — issue stock, then borrow more on that.

H.C., diversify assets, pyramid, etc.

Terms imp. — need long tm funds for land. Big corp, borrow 100 yrs.

Even more, one who needn't borrow — Hearst.

Come to wonder how one of small means can ever hold title at all. Answer, lower p on labor, apt.

Now look at ^{Eliot.} FNEC, conc. in ~~fmg.~~

~~AB multiple unit but fmgs~~

Points out how cap. flowed into certain hands ... bonded debt of n.r.s > fmgs, height of Pop-sm. Urban mortgages much greater. Ind. debt, utilities, etc., all greater. Not to mention urban govt, bond districts, etc & Fed govt.

Very signif. we think of fmgs as typical debtors, but actually hr very small part - can't borrow

Bcs fmgs land of relatively low value. Per acre, & per indiv. bus. unit. ~~Example~~ A n.r., other hand, can borrow a much higher % of its assets. & of course also issue stock, so around 1 nucleus of cap. get a tremendous aggregate. Pyramid's, etc, extremes of

Von S., 1900. AP Giannini, c. ~~1900~~ \$200,000 at death.

c. 10% fmgs land = mtggs debt. n.r. 750%.

abs. n.r. debt much greater - maybe 5 times higher, 1890.

Main purpose of borrow'g was to buy n.e. - not improve it.

Hi n.r.; hi commissions etc.

Short terms

That shd give idea of how funds nucleate. Also have HBR study, large & small corps. Larger the corp, easier to borrow. Same ~~is~~ among individuals

How do Schultz, F&T, ~~and~~ come to advocate tncy? Greater wastes in tnt's bear'g int. burden of title at 10% than in tncy. itself. When tnt tries to become owner, either buys too small a place for eff. i. — or buys ok, & underimproves. Sinks in into pay's mortgage, buy's title, & hasn't enough left to improve it. Former more common — too small.

Credit rationing — can't borrow enough to get opt fm. Sch. puts it "can rent more cap than can borrow"

Is Schultz justifying tncy, or condemning land mkt.? Depends on how you feel about tncy. At any rate he has shown mkt as presently constituted leads to tncy. He says it's inevitable, let's learn to live w. it. Others say let's amend the mkt. Control it. Or tax it.

Pursue idea of mkt as tie in sale. Ex. thy says free mkt allocation ideal so long as units small, perf. divisible. Land fairly div. in space, — tho that too imp- & we will discuss. But not div. in time. ~~Can~~

Except via tncy. With hi costs. To avoid tncy, in this situation, 2 alternatives: The otherwise tnt buys too-small, &/or underimproves; 2, otherwise landlord buys more than he can

merge most eff., & underuses.

Tie-in sale analogue. To buy car, must buy shares of GM stock; & v.v. Then those who want cars can't buy often; & those who want the inv. hv cars in mothballs, or rent them out.

Understand that, you ^{begin to} understand land mkt. With its 3 distortions from ideal: tncy, mis-sized ops, & idle.

Schultz tells us of 1 problem - too small. Is another correspond'g problem, too large.

Too large for ind. holder to merge most eff. Might be smaller than another hld'g too small for its owner. But jointly is also larger in absolute terms.

Tell a man's bias by which one he stresses. Actually stress both: latifundia; microfundia. Result from same ec.

focus - 2 parts of same picture. Results of avoid'g tncy, by op-r & by investor.

B & M 78-81 Better - cheap b, Divergence of interest.

36-42

Corps hr. grown relative to non-corps.

Big corps small.

In ec, have equilibrating, compensating mechanisms - go too far one way, something pushes back. They make ec. work.

also cumulative - snowballing. Big corps, cumulative factor is ease of financing.

Not effic. Separate ownership & control. Colossal speculations, rigging, bur. waste.

(Not new - tray) (Trust funds)

Big corps assets hr. grown - not just inc. Not more "profitable" - i.e. more inc. from assets.

55% growth by new issues. (also plantbacks & merger)

$\frac{2}{3}$ new issues by 200.

SCANNED

AS

FOUND

Nicholson.

What mean by 'Fallacy of easy M ...'

How is small & medium firm to raise funds?

Shrt. tm, easy.

Long tm, risky, banks shy. Hi inc. tax, wealthy shy from risk.

Turn to cap mktts. Hi commissions. & then public won't take.

HBR study: (effect of good easy M policy? -- Δ 9% diff's)

(So land better alloc. when i.r. hi.)

(How bear on underdev. areas? ^{if i.r. higher or lower?} Worse or better cap. mktts?)

Very rich, low i.r., ~~xxx~~ don't know what to do w riches, just buy land. Very poor, extreme contrast. Basic reason can't develop.

Land out of reach of those who might develop it.

Why esp imp. for land?

Clawson. Shows large & small ownerships, medium op-g.

So present trend is for op-g units to come to conform more to ownership units.

Perhaps due to Δ emphasis on soil cons.

Genrl Δ l.v.

Low i.a. policies

Decline of tncy goes with this — tncy going out of favor, due to Δ wages. So mechanize, replace men w. machines, op. too large unit centrally.

Mechaniztn not so much cause as effect.

Importance of machinery.

What's arg.: spread the overhead. But land is overhead.

Ec. on cap. by usg machines intensively. But if that is imp, how more imp. to ec. on land

Higher ret. on inv. cap. Low dam. Low bldg.

Sum up:

Can't attribute fm size to mach., op. ec.s.

- Low value. Not much overhead to spread.
- Agglom. w/o int. op'n. & hldgs > op'ns.
- Drift from middle.

Land ee: why dispute text?

Good - feel self conscious
about assigning something I agree
with too much. Propagandizing.

Stimulating to have text vs teacher -
makes a debate of it, 2 views.

Mon. Loose ends. Wdnt you rather have midtm?
Steel - small co.s, where buy raw in open mkt. Scrap
RR

Timber

TNEC - good, but slides over fuel ec.s. / Leaves you wondering why big corps exist. They are key. Are they valid social ec.s? Get class opinion - easy on own.

(Yes, as long as inf. future tied to present. But need it be tied?
alternatives - Mormons, limit time. Cornick says must get futures out of pricing.
Taxes, bonds. (USS, severance tax)

Fetter. When mergers. Why?

Why USS a success.

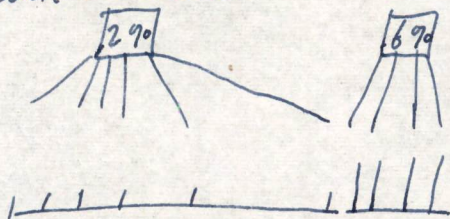
Control houses.

~~29% & 69%~~ 2, same size & i.r. / effie. - get same inc. from same assets at mgn. One gets a boost. As it grows, i.r. falls. Hence grows more. P.R. falls faster than effie.

Get to 29% & 69%. Low i.r. will buy any asset on which can get 29%. Hence, at mgn, will take land on which will earn \$20⁺ inc. from 69%, tho 69% will earn \$60.-

Just at mgn? No, thruout. For why shd USS earn 29% on some, & 69% on others - bad internal economy. Tends to earn 29% on all -- spread out mgmt to equalize.

Control houses.



II. Dynamics

1. Review what dynamics have seen. Ask class.

a. 7m land rents & ps, contrast 2 wars.

b. Valuation - antics of future dominate.

Ex trap. - Chambers

Grnd ignorance - optimist outbids. "Floating value" - exceeds possibilities.  Forget πr^2

Buy for resale - Keynes

~~Grnd~~

c. Von Thunen. Effect of xport. on rents

Again, πr^2 & limited demand.

1. Complementarity.

Land Developments are interdependent. ^{dynamic changes, everything depends on everything else.} One man doesn't go build house by self. Near some one else.

Another reason why must amend ^{simple} traditional ec. analysis. Everyone who builds creates values beyond what he gets. Creates part of neighborhood. Helps set tone. Values spill over next door, + or - - usually +. Conversely, by underdeveloping, or not dev'g at all, ^{or running down} hurts more than self.

a. Advantages of neighbors. Mutual aid. Sociability - women esp (don't laugh - most imp. cause of failure) Social animals. Churches. Schools. Grange, lodge

b. Help finance ^{min or} items of large opt size. - natoh. mps.

i) P.W. Streets, roads, sewers, elect (REA), phone, gas, rwy, water, fire dept, police (old days, protect from Indians)

ii) Create a mkt large enough to attract certain businesses of large opt or min. A grnd store, specialty stores, emporia. Establish deliveries

- no deliveries if too scattered. Doctor, dentist, theatre, radio, TV(?) Coops.
(Other hand, get too crowded? Feel'g of crowdedness comes from being too scattered, not too crowded. NY cd be surrounded w parks, but for scatter'g on fringe.)

~~Let~~ Allow variety - let individualism mean something. Let mind grow. Health food stores, stamp collectors,

Find things in NY, find nowhere else.

Find people to suit individual tastes - better friends. Mental stimulus.

Take full advantage of economies & advantages of specializing.

Let new things start, bes mkt wide enough. Accelerate progress.

Economies of scale, of distribution. - emporia.

c. Disadvantage.

Advantages cap. zed into l.v. Very high ~~costs~~ l.v., reduces home ownership, As tncy, run down dwell'gs. Splits society.

Anti-social attitudes. ^{Parameters: machines, underworld, unions, cutting in on unearned inc. that can't get away.}

Central cities, thus. & NY vs small town. NY center of both crime & revolutionism.

-- seeds of own destruction. Is evolution.

Except for a few wealthy sections & suburbs, highest inc. groups can own.

But that another, later problem. & solution is hardly to refuse advantages in primo. ^{that is to destroy society.} So will proceed as tho complementarity were purely advantageous.

Pioneering tough business, on any fringe, urban or rural. Build new society, ground up. Tendency to wait, let other fellow do it, let values he creates spill over onto your place. Strong hands do the waiting.

TNEC

Why ~~prop~~ propaganda? Mom says what thinks. What isn't prop? Style more direct than others, but no more prop.

Put finger on some imp. pts.

Ambiguity of "big bus." Isn't so big technically. Just fancy. Find combo. of indep. op.g. plants. "Mass production", ec. of scale, not cause of bigness. De-specialization, anyway - big corps don't specialize.
(Like multiple ownerships in fmg)

Too big, lose control. Limits of mass prodn, in xportn costs - lumber mill. Control.

Bd of directors cldn't direct if fulltime. & aren't -- multiple directors. Conc. on fuel matters - not productive op'ns. Krueger affair.

What all have to do w. land ec.? Assets are muchly land. ~~From mines,~~
Subsid. Co.s p 304 RR, iron, coal, lime, water, realty, docks,

Merger - whole > sum parts.

Fetter slides over fuel ec.s. ~~It~~ There is key.

2 problems:

Mnpy. Ores, esp, for as mnpy approaches, future value Δ_3 , ^{As conc.} brings mnpy.

Random growth.

1. Is the economic rent of land in general the cause or the result of prices of the produce of the land?
2. "Land, so-called, is indistinguishable from other capital. It may depreciate; it is mobile, as between uses, which is the only important kind of mobility in economics; and it may be created, so the supply is not fixed." Comment.
3. "Landholders should not try to get the highest economic rent from their land. High rents are unfair and exploitative." Criticize.
4. "Low buildings are generally more economical than high ones, because they yield higher returns on the invested capital." Discuss.
5. "It takes a giant corporation to produce steel because the machinery is so expensive."
6. "Small farmers are inefficient because they lack enough capital to improve their land intensively." Comment.
7. In what sense is the land market a "tie-in sale"?
8. "The same forces that produce ^{tenancy} ~~they~~ also produce the contrast of farms too large and too small for most efficient land use." Explain.
9. "Farms are rapidly growing bigger, due to mechanization." Comment.
10. Suppose many lucrative investment opportunities open up, and raise interest rates generally. How will that affect land allocation?
11. Why did farm tenancy decline in World War II?
12. "The land market is but a reflection of the capital market." Explain.
13. Why does premature subdivision go to such extremes?
14. "The natural forces of supply and demand tend to move funds to where they bring the highest returns and thus create one market interest rate." Comment.

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40 P - principal, or present value

$$1 \quad P + P_i = P(1+i)$$

$$2 \quad (P + P_i)(1+i) = P(1+i)^2$$

$$3 \quad P(1+i)^2(1+i) = P(1+i)^3$$

4.

$$\therefore F_n = P(1+i)^n$$

$$P = \frac{F_n}{(1+i)^n}$$

$$L.V. = \sum_{n=0}^{\infty} P = \sum_{n=0}^{\infty} \frac{F_n}{(1+i)^n}$$

$$\text{Sum of series: } S = \frac{1-a^n}{1-r}$$

Series is:

$$\frac{F_1}{1+i} + \frac{F_2}{(1+i)^2} + \dots$$

$$S = ar + ar^2 + \dots + ar^{n-1}$$

$$rS = ar^2 + \dots + ar^{n-1} + ar^n$$

$$S - rS = ar - ar^n$$

$$S(1-r) = ar(1-r^{n-1})$$

$$S = \frac{ar(1-r^{n-1})}{1-r}$$

$$\frac{ar}{1-r} = a \frac{\frac{1}{1+i}}{\frac{i}{1+i}} = \frac{a}{i}$$

$$S = a + ar + ar^2 + \dots + ar^{n-1}$$

$$S_n = ar + ar^2 + \dots + ar^{n-1} + ar^n$$

$$S - S_n = a - ar^n$$

$$S(1-r) = a(1-r^n)$$

$$S = \frac{a(1-r^n)}{1-r}$$

a is P

&

r is $\frac{1}{1+i}$

Inf series:

$$\begin{aligned} S &= \frac{P}{1 - \frac{1}{1+i}} - P = \frac{P(1+i) - P}{i} = \frac{P}{i} + P - P \\ &= \frac{P}{i} \end{aligned}$$

For finite series, Σ obviously less,
as 2d term of ~~denom.~~^{num.} won't
cancel.

$$\Sigma = \frac{a - ar^n}{1 - r}$$

Say 10 yrs.

$$\Sigma = \frac{a \cdot (1 - (\frac{1}{1+i})^{10})}{1 - \frac{1}{1+i} = \frac{i}{1+i}}$$

$$= \frac{a(1+i - \frac{1}{(1+i)^9})}{i}$$

Say $i = .05$, then $\frac{a}{i} = 20a$

$$\text{But above} = 1.05 - \frac{1}{\frac{3}{2}} = \frac{1.05 - .87}{.05}$$

$$\frac{a(1-z^n)}{1-z}$$

$$a \left[\frac{1 - \frac{1}{(1+i)^n}}{\frac{i}{1+i}} \right] - a = a \left[\frac{1+i - \frac{1}{(1+i)^{n-1}}}{i} \right] - a$$

$$= \frac{a}{i} + 1 - \frac{1}{i(1+i)^{n-1}} - a$$

Wed. Aftermath. Cornick. Walker ch. 9. Coleman.

Fri. What is good in U.S. (U.N.)

Start with cfp. U.S. to underdev. areas. Cite de Castro, U.N.
They disunited. & most resources locked up unavailable to progressive enterprise.

Snowballs - low opp., low i.r., keeps locked up. & develop it is cumulative.

Why U.S. avoid, how get over hump?

a. Historical disposition.
New England tradition. Mormon.
Jeff. & Hamilton.

Benton.

Homesstead.

Nothing mystic about U.S. environment. Dutch patroons, SE plantations, same as S.A. etc now.

b. But hist. shows mere redist. not enough. - conc. quickly recurs, given chance.

1. Commercial dev't. Mer.

2. Gnl prop. tax; & hi govt expenditures to keep it hi; & bonds.

3. Hi i.r.

3. Hi ratio land to men kept l.v. low.

Mon. Good e.g. - Sage on W&W.
Proposed reforms.

~~Coleman~~. Subsid. cap. mktg, = i.r. Control subdiv'n.

Wed. Same. Eminent domain corps.

Coleman. Walker. E & W. 160 acre law. P control. Rent control. etc. Public Hsg.

Fri. Review, questions. Importance of land ec.

Land is limited. -- more finally than anything.

" for certain purposes even more so. -- NYC

To get the most out of it, ~~we~~ want to use it most ec-ly.

Use where most productive, esp. intense. -- allocate by rent, = MP.

But don't do it -- hence are much worse off than might be.

Problem: allocate by P. Must carry long tail of inf. future along w present. Incl power enters.

Trcy -- we discussed rural. Also urban, everywhere

Conc. -- Incl power conc.s, so does land. Land more conc. than other assets.

Problem of conc -- a central problem of cap-ism -- is mainly land problem.

Now dynamics -- bus cycle, another main problem of cap-ism, show to what extent that is a land problem

Stagnation -- slums, blight -- also land problem.

Thus focus attn on importance of land system, how great are possibilities in ~~reforming it~~ improv'g it.

Some good examples.

Proposed improvements in system.

- a. Direct controls. Is put land into good idea. Em. domain, corps, direct govt alloc, 660 acres, etc.
- b. To equalize cost of hold'g title
 1. Subsidize cap mkts
 2. Tax -- A on land, reduce on inc.

b. Certain areas, U.S., esp. good.

Requisites.

Land cheap, expect to stay cheap.

^{or} Dev't required some p.w. Ultimate l.v. was not much more than cost of p.w.

Paid for works by taxing dist., power to bond self.

Bonds, munic. & district. Think of them as burden, hope to get rid of them.

But they are very thing that allows dev't.

~~Land buyers~~

Land dev. by incoming settlers — not old residents, nor investors.

Fri

Land Ec.

Purpose: economize on land.

a. For our sake. Limited resource. Esp. best land, central.

Put it to most productive use — can't create more.

(Conservation ec., more of same -- e.g. water)

Keep more intensive uses from encroaching, at each mgn — thus leave some wilderness, recreation

b. As complement.

i. Inv. opp.

Society needs, by all analyses.

They, closes off.

Too hi l.v. for constr., close off. constr.; ^{subtract extra land cost from} which stops inv.s ^{net} gain.
that complement constr. complements, too.

Mnpy: Land mpy, hold land from use, choke off opp.

New frontiers — Hansen. in our back yard.

Thus create more cap; & allocate it better, to where more productive.

ii. Complement labor.

Dim. ret. Move labor to centers, more productive.

Δ real wages -- for all, not just unions. Avoid stratifying society, with wastes.

Simpson, ... US resources, Δ labor MP, imp. gain.

(Using central space saves labor, i.e., by lessening commutg etc time. Highest cost of commutg.)

c. Avoid disruptions

Bus. cycle.

Solutions:

1. Look for ~~situations~~ conditions where land well allocated.
 - a. Grub, U.S., as cf. underdeveloped countries. U.N. rep't.
Our land booms bad, premature subdiv. But those countries,
can't even have a land boom, no subdiv. - colossal estates.

Partly cumulative - they not as far from us as
might think. Once get over hump, start snowballing
downhill, might perk up fast.

Now, land all locked up in huge estates, little used.
Locked up by hi p, low i.r., poor cap. mkt.

Open inv. opp, Δ i.r., equalize mrs, puts land on mkt

If have present lot, no future, still equalizes cost of hold'g title some --
adds same amt to cost to each, hi & lo i.e.

Land Ec.

1. Analyze the influence of the general property tax on land allocation.
2. In many areas it has taken 20-50 yrs, to bring individual holdings into ~~full~~ ^{resembling full production} anything like after basic public works were installed. Why is that?
2. Why does it sometimes take 30-40 years to develop individual holdings in an area, after it is supplied with ^{basic} public ~~works~~ utilities?
2. R.P. Teele calculated ^{in 1924} that the typical irrigation project only 56% of the lands ~~were~~ ^{were} being used, after 20 years (USA but 125% "Land Reclamation Policies in U.S." p. 15) after water was available. Why was that?
3. Suppose you are involved in a land development project.
3. Cite Schitke. " " ~~How does that affect~~ What problems does that create in the land mkt?
4. The Commonwealth Club of SF voted - - - that large farms, with abundant cap. & easy access to credit, ~~are~~ ^{are} especially suited for operations requiring much capital per acre. Comment on their ~~decision~~ opinion.
5. Timber holdings have tended to gravitate to strong hands ^(& thus concentrate) when prices ~~of~~ ^{lumber} prices were rising, & deconcentrate as they fell.
 - a. How do you explain that?
 - b. Can you explain changes in farm tenancy by the same principle?
6. ~~Q~~ ~~A~~ About 2nd people reside on Manhattan Isl., ^{more than in Oregon} ~~4~~ ¹/₅ of them ^{are} "old-law tenants," ~~apt. bldgs were~~ ^{apt. bldgs were} "old-law Tenements" - built before 1901, and ³/₅ below the minimum standards set by the 1901 law. Demolition is slow - about 1% a year. Yet demolition has proceeded faster than new construction in since 1930. Presumably an efficient ^{land} ~~housing~~ mkt wd provide sites for new construction ^{where most people want to live} ~~where there is the most intense demand for them~~ - on Manhattan Isl. ^{Why doesn't it do so?}

Comment on the following statements:

1. "A self-financed landholder must account an implicit interest charge on the funds he has tied up in land; that is as great a burden as the more visible, explicit interest charge paid by one who borrows to buy."
 2. "The function of free markets is to move goods from where they are abundant and cheap to where they are scarce and dear. Capital markets, too, move funds from those who have more than they can manage efficiently to those who can manage more funds than they own. -- Generally, that is, from the rich to the poor. And so capital flows to where its marginal productivity is highest, tending to equalize firm size and promote competition."
 3. "If a strongly financed speculator bids farm land away from a farm operator who could earn a higher income from it, that does not alter the principle that the land market acts to maximize rent. For the speculator will lease the land to the operator, thus realizing the high rent."
 4. "The land market would work smoothly, but for the speculative element in land values."
 5. "Access to capital is very unequal. The better-financed companies and individuals go into capital-intensive industries."
 6. "A young man starting business or farming can rent more assets than he can borrow."
 7. "It takes a difference of opinion to make the investment markets. Whoever sells is betting on a price decline; whoever buys is betting the opposite."
 8. "Economic movements limit or correct themselves when they/counter-forces, as, e.g.,
actuate
a price rise actuates new competition.
When they stir up reinforcing or cumulative forces, they wreak havoc in the economy. All movements in the land market actuate equilibrating counterforces, and thus correct themselves."
 9. "As society progresses, and capital accumulates, land becomes of less and less relative importance in the economy."
 10. "The investment in a typical Ia. farm is now about \$500/acre. Farm price supports are essential to maintain that great investment, which is, of course, what makes American agriculture so productive."
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11. Can the conditions of perfect competition ever be approximated in the land market?
 12. Describe and explain the geographical distribution of tenancy, both rural and urban.

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 2. "The function of free markets is to move goods from where they are abundant and cheap to where they are scarce and dear. Capital markets, too, move funds from those who have more than they can manage efficiently to those who can manage more funds than they own. -- Generally, that is, from the rich to the poor. And so capital flows to where its marginal productivity is highest, tending to equalize firm size and promote competition."
 3. "If a strongly financed speculator bids farm land away from a farm operator who could earn a higher income from it, that does not alter the principle that the land market acts to maximize rent. For the speculator will lease the land to the operator, thus realizing the high rent."
 4. "The land market would work smoothly, but for the speculative element in land values."
 5. "Access to capital is very unequal. The better-financed companies and individuals go into capital-intensive industries."
 6. "A young man starting business or farming can rent more assets than he can borrow."
 7. "It takes a difference of opinion to make the investment markets. Whoever sells is betting on a price decline; whoever buys is betting the opposite."
actuate
 8. "Economic movements limit or correct themselves when they/counter-forces, as, e.g., a price rise actuates new competition. When they stir up reinforcing or cumulative forces, they wreak havoc in the economy. All movements in the land market actuate equilibrating counterforces, and thus correct themselves."
 9. "As society progresses, and capital accumulates, land becomes of less and less relative importance in the economy."
 10. "The investment in a typical Ia. farm is now about \$500/acre. Farm price supports are essential to maintain that great investment, which is, of course, what makes American agriculture so productive."
-
11. Can the conditions of perfect competition ever be approximated in the land market?
 12. Describe and explain the geographical distribution of tenancy, both rural and urban.

Charlene, please ditto by 2 PM. Thanks, M. F.

Comment on the following statements:

1. "A self-financed landholder must account an implicit interest charge on the funds he has tied up in land; that is as great a burden as the more visible, explicit interest charge ~~is~~ paid by one who borrows to buy."
2. "The function of free markets is to move goods from where they are abundant and cheap to where they are scarce and dear. Capital markets, too, move funds from ~~where they are~~ those who have more than they can manage efficiently to those who can manage more funds than they own.--Generally, that is, from the rich to the poor. And so capital flows to where its ~~is~~ ~~most productive~~ marginal productivity is highest, tending to equalize firm size and promote competition."
3. "If a strongly financed speculator bids farm land away from a farm operator who could earn a higher income from it, that does not alter the principle that ~~land~~ the land market acts to maximize rent. For the speculator will ~~rent the land~~ lease the land to the operator, thus realizing the high rent."
4. "The land market would work smoothly, but for the speculative element in land values."
5. ~~Capital markets are imperfect. There is no market interest rate.~~
~~Everyone has access to capital.~~
"Access to capital is very unequal. ~~Those with better~~ The better-financed companies and individuals go into capital-intensive industries."

5. "A young man starting business or farming can rent more assets than he can borrow."

6. "It takes a difference of opinion to make the ~~landmarket~~ investment markets. Whoever sells is betting on a price decline; whoever buys is betting the opposite."

7. "Price fluctuations are self-correcting when they call forth equilibrating responses, but self-perpetuating when they incite cumulative responses."

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When they stir up reinforcing or cumulative forces, they wreak havoc in the economy. ~~xxxxxxxexamplesxxfromthelandmarketxx~~ All movements in the land market ~~xxxxxxcorrectingxxxxxx~~ actuate equilibrating counterforces, and thus correct themselves."

Q 10. Can the conditions of perfect competition ever be approximated in the land market?

"As society progresses, and capital accumulates, land becomes of less and less relative importance in the economy."

Q. 11. Describe and explain the geographical distribution of tenancy, ¹ Compare it ~~to urban tenancy~~ the location of urban tenancy.

14. "The investment in a typical Ia. farm is now about \$500/acre. Farm price supports are essential to ^{maintain} justify that great investment, which is of course what makes American agriculture so productive."

Fri. Dec. 18, 1-3 PM

Land Economics.

Answer all, but allocate your time according to your individual interests.

1. Analyze the influence of the general property tax on land allocation.
2. R.P. Teele calculated in 1924 that, on the typical irrigation project, only 56% of the lands were being used, 20 years after water was available. (Land Reclamation Policies in the U.S., p. 15) How do you explain that?

3. In the capital markets, "...the principle of allocation is collateral security, not marginal productivity....these two principles tend to work at cross purposes: with increasing collateral security, the marginal productivity of capital tends to decline, and vice versa. Instead of allocating capital to where it is scarce, our credit system allocates it to places where it is ample." -- Rainer Schikele, (JFE Proceedings, Feb. 1943.)

What outstanding problems has that created in the land market?

4. The members of the Commonwealth Club of San Francisco (a businessmen's luncheon club) voted that in their opinion large scale farms ~~were~~ especially suited for operations requiring much capital per acre. Comment on their opinion.
5. Timber holdings have tended to ~~gravitate to strong hands, and thus concentrate~~, when ~~lumber~~ the lumber business was booming, and deconcentrate when lumber was depressed.

a. How do you explain that?

b. ~~Can you explain changes in farm tenancy by the same principle?~~

b. Can you apply any ~~or all~~ of ~~xxxxxxxxxxxx~~ the principles in your explanation to explain changes in farm tenancy since 1914?

6. About 2 million people reside on Manhattan Island, more than in Oregon. $\frac{4}{5}$ of the apartment buildings there were built before 1901, and $\frac{3}{5}$ are "old-law tenements", below the minimum standards set by the 1901 N.Y. Tenement House Law. Demolition is slow -- about 1% of the old law tenements per year. But new construction is even slower, and in most of the years since 1930 more units were destroyed than built. Presumably an efficient land market would guide new construction to areas where the demand for housing is most intense: on Manhattan Island. Why does it not do so?

(Data from The Real Estate Board of N.Y., 1953. "Apt. Bldg Construction in Manhattan", Gordon MacDonald.)

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Land Ec., ass. for last 2 weeks. Aftermath, reforms.

UN, Land Reform, Ch. 1 & 2. Mitchell, ... in Asia

aftermath. Mabel Walker, ch. 9, wreckage; ch. 10 & 20, reform. (only require 76-87)
↑ ~~25-49~~ 59-98.

.. Colean - ~~11-30~~ 11-30^{opt.}, 41-58, opt; Chap 4, Renewal & its problems, pp 59-98.
126-141, what's being done. 149-54, How to reduce land costs.
126-134 reg.

Cornick, Ch. 3, 106-9
Ch. 5 157-95

Recall W & W, get 1 to rep't on pp 50-57. AES but 435, 1927

Butt., pp ²⁹¹~~290(?)~~ - 293, on regressive ass. (Geog.)

304-6, no lot - repeats Walker, skip.

Ratcliffe? NG - says prop tax all shifted, explicitly includes land!!

60 Apr 22. On p 141, in "Reg. Survey, vol. II, "Pop., L.V., & Govt." NY area, 1920,
190,161 acres,

33 p 225. 2090 "Greater NY" vacant, but there's
"predominant usage by blocks," 1934

83,000 acres was
"vacant land".

E & W, land as prop. pp 99 - 111

Baker, 5108

X pp 46 - ~~50~~ 65, Text only - many pp are stat. data, can skip. All on erosion & ^{trng.}

(Mature students, ass. materials on theory you are interested in subject)
(After a while, say when discuss what books.)

Pres's Rep't: Not so bad. Recommends progressive prop tax; govt buy land & resell cheap; etc. Cd read over program & have class discuss.

Good pictures.

Mabel Walker, Urban Slums & Blight, X ch. 9, "Future L.V. of Blighted Areas". pp 109-24

(or her good chaps: 15, Problems in Land Assembly

14, Relation of Zoning to L.V.

X 3 Origin of Decadent Areas - too hi l.v.

X 18 Devaluation of EPT

Y 19 Thy of Prop Taxation

Y 20 Separation of Land & Improvements - pass out for discussion

pp 403-5, Ec. of Succession,
good basic start.

5145

Ratcliff.

1. Rent
 23 pp.
 43
 10
 2
 78

Land Economics, Assigned thus far.
 E & W, ch.3 (pp. 50-73) Land as Space
 " ch. 5 (pp. 112-155) Ec. of Land Utilization
 Ricardo, ch. 2 (c. 10 pp.)
 Stigler, pp. 178-9

Optional:

P&P, chap. on rent

Bye, Theories & Issues

Buchanan, history of rent concept

Opt. Ratcliffe, R.K., "Urban Land Ec.", - Geog. res. Those w. urban interests esp.

2. Costs of Tenancy

10
 5
 1950 Census, pt. I, pt. 5, pp 44-5

Soils & Men, pp.
 Truesdell, Encyc. social sc. p 122

Now assign:

Baker, Tenure Status and Land Use Patterns in the Corn Belt
 pp. 46-65, text only.

Optional:

Mitchell, Clyde, Land Reform in Asia, passim

Scherman, Harry, Promises Men Live By, ch. 6

Public Affairs Pamphlet

Schikels, Himmel, Hurd, Ec. Phases of Erosion Control, when arrives. Or Schikels, JFE Aug '35, pp. 433-48, "Ec. Implications of Erosion Control in Corn Belt".

Pres.'s Comm. on Fm Tncy, passim

Raper?

U.N. Land Reform, a few pp. on insecure tenure in ch. 1 (eventually, will assign all ch. 182)

SCANNED

AS

FOUND

3. Valuation

M 25 Chambers, Clyde, in AER, Dec. 1924, "The relation of land income to land value". pp. 673-98. Misprint, $V = \frac{a}{1} + \frac{d}{2}$

14 Cornick, Philip, "Land Prices in a Commodity Price System", JLPUE, Aug 1934, pp. 217-31. (will return to & discuss, after some factual rambling)

c.20 ~~Babcock, "Mathematics of Real Estate"~~
Babcock, "Valuation of Real Estate", pt. III; & esp. ch.3, on mathematics of valuation. ; & p. 537, graph, present values of 1 at various i.r.s.

c. 30 Scherman, H, Promises Men Live By, pp. 63-8 & ch. 7

Keynes, GT, ch. 12 147-164

17
106

Opt:

Fisher, Nature of Capital & Income, ch. 13 (not recommended)

Murray, "Farm Appraisal"

JLPUE, 7 '29, Shannon & Bodfish
NY Reg. Surv., app 2
on losses in spec. g.

Hold off on dynamic ass.s - Hayt,
Subdiv. & rate of ut.; Cornick; Los Ang.
Fla.

M 4. Condition of the land market -- preview, static. Reg. Survey NY, End p 140 to mid p 141, Waste of Land
a. Tenancy

10 pp 1950 Census, Graphic Summary of Farm Tenure, v. V, pt. 5, pp. 10-15 & 17. On 17, cf. 2 maps, fms op by tnts & by full owners. p 15, note areas where leased land has declined, '35-'50.

5 1950 Census, v. V, pt 6, p. 37 -- map of states prop. to values. p. 10, values per farm & per acre, maps.

20 15 Goldenweiser & Truesdell, "Farm Tenancy in the U.S.", pp Regional Survey of NY, pp. 143-4 - l.v. Δ toward center, as 90.

5 Urban tncy - lecture, & ass. Walker. ²³ makes it clear that hi l.v. are problem there. We also know tncy hi there. So in cities, tncy also Δ l.v.

pp? Opt. Rpt of Pres's Comm., passim.

b. Concentration & cap. mkt.s. Start w Schultz. Then lecture on conc. in fmg. Link w tncy. Then go into urban cap. mkt.s. Finally, ~~the~~ ind. conc.

TNEC #13, pp. 107-32 & app. A & D. & p. 278-80; pp 295-6 & 305 - Note names of owned subids; & descriptions of properties. & 191-2.

M Fetter, Masquerade, ch. 25 (Doubtful Virtues of Mergers) ch. 24, & esp. p. 359, cycles of mergers. Recommend whole book. p. 369 fnte. p. 76, on USS, colonial landholdings.

Schultz, T.W., Capital Rationing, etc., JPE, 1940, pp. 309 - (G&T, pp 81-2, same stuff 20 yrs earlier)

b. Concentration. Continued

M 8 opt. Purdy, Lindahl, Carter: "Corporate Concentration & Public Policy", pp. 268-74; 276-8

M 10 - Fortune article on Koppers Co. Jan 1952

M 11 - Iron Ore---Rep't of the FTC on Control of Iron Ore, (for Anti-trust subcmtee of comm-on on Judic, HR) 1952. P.94; pp.133-5, Summary-read closely.
pp 94-101, on USS

M 10 - Fortune, Nov. '35, "Hearst".

Merrill Lynch, 1952, "Railroads Discover Oil"

M - Muller, Charlotte, "Light Metals Mnpy", ch. IV "Power -- lever of control". --on Alcoa's buying up power sites, somewhat withholding. & Ch. 2, Raw materials & Control.

M 9 - Moody, John, "The Truth about the Trusts", here & there, describes assets. pp. 39-41; 50-1; p. 59; p. 67; ~~144-7~~ 144-7; Misc. props of USS
201-2 - val'g ones is a guess - risk.

M 8 ~~Put on~~ - TNEC 23, ch. 2 (on agric. conc.) Could spend a day discussing it alone. Shows drift ~~to the~~ away from middle sizes. - specifies big pack's corp. pick'g up land; land above 500 & 1,000 acres by regions; multiple holdings. & wrongly says mechanization makes big fms, p. 13

M opt.: G.W. Stocking & M.W. Watkins, Mnpy & Free Enterprise pp. 117-8 esp, but whole chap.s there.

~~Berle & Means~~

Leg FTC, "Rep't on Anthracite & Bituminous Coal", 1917, (8 producing interests/....produce 74% total output & control 90% underground reserve.

also US Coal Comm-n, Rep't, USSen Doe 195, 68th Cong, 2d sess., 1925, pt. 1, p. 38

M "The Lumber Industry", Bureau of Corp.s. (~~in ch. 8 file for pp~~) (~~Same for Comm~~)
~~on Inc. if can't get.~~ over

✓ Reg. Survey NY, pp. 146, hi l.v. in NY--geog. conc.
159-60 -- fallacy of low bldg on g od land, hi % return

Farm conc: Lecture on Clawson, Lee.

Also TNEC 23, ch. 2; Inman & Fippin

M 4 B & M, pp 78-81, disec. of scale (missed assigning) ^{Ng}

M opt. Wallace, Don. H., "Mkt Control in the Alum. Ind.", pp 137-49, Control of Bauxite & Power. Not on res.

Pt. 1 Lumber Ind., 94-110, 131-3, of pt 1. ~~(on small opt size of mill, of giant hldgs.~~
Describe big non-r.r. hldgs, esp W-r, & interlock'g.
Motives: conc. where expect Δ value.

pp 33-41, small opt size mill, cost of xport causes it.
Conc. due to control of timber.

Pt. 3, 160-82, gmt dope on conc.. NB p. 165 table, contrast conc. of timber nts & fees.

Cap. Mkts

- ✓ 'Fallacy of Easy M.', J.L. Nicholson, Harv. Bus. Review, Autumn ~~1938~~ 1938, pp 31-4
- ✓ Berle & Meern, pp 36-40, largest 200 grow 2-3 times faster than others.
pp 40-42. 1922-7, $\frac{2}{3}$ new sec. publically offered were by 200 largest. (Also, they
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to improved lots.
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biggest owners, cost of foreclosure,
cleaning titles, etc - good.
& several more detailed chaps on using police
power etc. to clean up.

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✓ W & W, ref. desk, pp 19-41, ~~8150-17M~~

After Dynamics, The wreckage

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opt. 243-55, Title Problems.

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W & W, pp 50-57, Lvt → subdiv'n, I.D.s.

Underdeveloped Areas.

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opt. de Castro, pp 96-8, 105-7, on latifundia (& passim)

122-6 Puerto Rico. Small hldgs until US bought all. Export rent,
locals starve

Ans.

Mikes Coleman, Renewing Our Cities,

pp 76 - 98, Renewal & its Problems (dispersed ownership,

False values

govt props to false values

(good pics

legal problems

Deterrents to inv.

Hous'g shortage keeps values hi.

p 126 - 41, What is being done - hous'g projects

142 - 54 How to reduce l.v. ... enforce zoning & min. hldg requirements;
stop delinq.

Condemn

Ch 2, pp 11 - 36, also good, growth of problem, previous attempts to
fight it - eminent domain to corp of majority of holders, etc.
zoning, traffic reg.

SCANNED

AS

FOUND

Butterheim. Empty, not so good.

Dyn.

x pp 217-19, premature subdiv.

x 222-24, peripheral growth & central blight.

x p. 240. Map of vacant in Ptd, shows checkerboard's.

(pp 225-41, Condemnation, munic. reserves, etc)

x (p 263. Tax delinquents almost all vacant or premature apts & businesses.

x pp 243-55, Title problems, incl. Torrens, 244-7

x p 260-62, Excess zoning. St. L, $\frac{1}{2}$, & Provid, $\frac{1}{6}$ all area used for resid. is zoned for ind. or commerce. (p. 262) Hence bldgs, unprotected, deteriorate. 533

x p. 263, chart, showing checkerboard's, graphically

x pp 291-3, vast data on regressive ass, nationwide.

x pp 304-6, Pro LUT

Assign:

Zeckendorf.

Gray, Enryc 55

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Energy SS, Land Spec.