

source. The value of plant and machinery sunk in factory equipment in Australia was approximately £65 millions in 1913; and this had risen to £120 millions by 1928, an increase of 84 per cent. Again, Knibbs, in his estimate of private wealth made for 1915, reckoned the value of all private capital represented by plant and machinery in mines and factories at £116 millions. The corresponding estimate made by Wickens for 1925 was £203 millions, which represents an increase of 76 per cent.<sup>1</sup>

The supply of land available for agricultural and pastoral purposes, on the other hand, remained relatively constant; and governmental efforts to open up new territory were made at great cost with returns that were by no means commensurate. A very considerable intensification of the demand for urban land, which assumed all the characteristics of a land boom, took place between 1915 and 1920. Extensive subdivision and building schemes were developed in all the capital cities. Expansive government schemes for building homes for returned soldiers, together with an extension of the existing schemes for financing home building through State banks, increased the pressure upon urban residential sites; and this was reflected in an abrupt rise in rents. An even more remarkable boom in the value of city sites occurred; and this affected every town of importance in the Commonwealth. Prices were obtained for city blocks which had not been approached since 1893; and an extraordinary outburst which took the form of great activity in rebuilding of city premises was common to all the capital cities. It is obvious that this alteration in the relative importance of the different factors in production would have considerable effect in varying both the respective rates of return to those factors and the distribution of income in Australia.

Now changes in the relative demand, where there exists such extreme variation in the elasticity of supply as between the different factors, could only mean an advantage which would be graduated between the factors according to their elasticity of supply. Under the conditions which have been outlined for the period this would lead us to expect a marked rise in the return to land, a rise less marked in the return to labour; and,

<sup>1</sup> See comparisons of Australian private wealth at different periods, Commonwealth Year Book, No. 21, p. 436.