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PROCEEDINGS  
OF THE  
FOURTH INTERNATIONAL CONFERENCE  
OF  
AGRICULTURAL ECONOMISTS

HELD AT  
ST. ANDREWS  
SCOTLAND  
30 AUGUST TO 6 SEPTEMBER 1936

LONDON  
OXFORD UNIVERSITY PRESS  
HUMPHREY MILFORD  
1937

Second  
 Division  
 Farm Tenure  
 Agricultural Economics

# THE RELATIONS OF LAND TENURE TO THE ECONOMIC AND SOCIAL DEVELOPMENT OF AGRICULTURE

## SECOND OPENING PAPER

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IN presenting this paper I need to explain that I have attempted two tasks: first, to make a statement that may lay open for discussion the whole subject of land tenure in relation to agriculture; second, to give a brief description of the British systems of tenure. The two separate parts of this paper may thus lack some desirable cohesion, but I did not feel that in the circumstances it was desirable to sacrifice either of them.

If we look at land only from the point of view of agriculture, we are mainly concerned with its use and its maintenance; we are concerned with ownership or tenure only so far as this affects use and maintenance or improvement. If, however, we look at land from the point of view of the agriculturist as economic entrepreneur, we may sometimes be far more concerned with aspects of ownership or tenure than with those of agricultural use or of maintenance or improvement for agricultural purposes. The interest in investment or in property exploitation is far greater than that in current results of use for agricultural purposes. There are periods when even a majority of agriculturists are far more concerned with property exploitation than with current profits or earnings. Or if we look at land from a general social point of view, we must attach as much importance to its property elements as to its use or maintenance for agricultural purposes. Indeed, we may have to recognize that in many periods and places property elements in land have been far more important than its immediate agricultural connexions, and that the importance of its property elements does not necessarily arise directly from agricultural use, even where agriculture is the predominant industry. This is the case when property rights confer personal status or when they confer or restrict rights of citizenship.

Until quite recently every system of land tenure has been very closely connected with the chief social institutions and with the laws and customs governing their maintenance and change. It had, and

in some areas still has, a very close relationship to systems of marriage and the form of the family, especially the latter. Almost universally systems of land tenure are closely related to laws and customs of inheritance. Systems of marriage, forms of the family, and systems, laws, and customs of inheritance are of course closely related to each other, and in their complex whole they have at times dominated the formation and development of systems of land tenure. Forms of the family still exercise considerable influence on current use of land and on the making and disposal of current income in various countries, while systems of inheritance exercise strong direct influences on tenure of land, size of units of property and of units of agricultural exploitation, and even on current use, in many countries.

Thus any consideration of land tenure must touch institutions which are held most sacred and are regarded as of the greatest importance to society or to social classes, almost irrespective of the immediate relations between land tenure and agriculture.

If the mention of these relations between forms of the family, inheritance, and land tenure is regarded as an approach to the more primitive aspects of social organization, I must bring to memory the fact that on every occasion of the occurrence of economic or social breakdown, on almost every occasion of outbreak of social fear, the social mind immediately returns to the regard of the primitive connexions between land tenure and the family. Indeed, the arrangement of this discussion is in part one manifestation of this tendency.

But the intimate connexions between land tenure and the most salient social institutions do not stop with those relations which arise from the institution of the family. Systems of land tenure have been and still commonly are intimately related to the essential principles prevailing in current systems of government; and, although it may not be obvious, the dominant ideas regarding land tenure and changes therein often arise from the same sources as the ideas about political organization and government which are currently dominant. The theory of the divine right of kings was as much a theory of land tenure as of government, and at times its effectiveness as regards land tenure alone made it effective in government. But a theory of democracy, tinged with equalitarianism, largely shaped the land policy of U.S.A. after 1800 and has also largely shaped the policy of New Zealand in the last half century.

While the relations between land tenure and the principles of government may not be obvious in a country like Great Britain, so predominantly concerned with other forms of property, there is still a close connexion between tenure of agricultural land and the con-

tinuance of an hereditary peerage and its continued enjoyment of special political privileges and powers.

¶ We need not confine attention to historical phenomena or to social vestiges when we think of land tenure in relation to the dominant political ideas, for it is still obvious in some parts of the world that dominant and active political principles shape land tenure and in other parts that dominant systems of land tenure effectively qualify, even if they do not nullify, recently established political systems of a democratic character. It is only a century since rights of citizenship depended on property rights in Great Britain, and in some countries tenures still confer or restrict rights and privileges of citizenship.

¶ Wherever agriculture constitutes the chief source of livelihood of more than half the people the system of land tenure and that of government will depend one upon the other, and the continuation of strong social conflict between the two systems is practically impossible. Either one must dominate and shape the other, or both must be continuously modified until there is between them practical consistency of social principle and objective.

The social relations of land tenure do not end even here, for more immediately in the economic sphere it will be obvious that one of the dominant sets of factors in social evolution, both as result and cause, is to be found in the relations between systems of land tenure and systems of exploitation of labour. ¶ We sometimes speak loosely of 'exploitation' of land, but one of the most important facts in connexion with land and land tenure is that there is no system of exploitation of land (in the sense of robbery) which is not self-destructive. Unlike human beings, land does not breed in poverty, and increasing poverty could not make it breed more rapidly. On the other hand, in most of the phases of the history of human society there could not have been exploitation of labour, or any use of the involuntary industrial activity of one human being for the special benefit of another, unless systems of land tenure had provided opportunities for such exploitation, and indeed quite often had been arranged to expedite it. The chief reasons for arrangement of land tenures in certain forms are that they provide for related forms of exploitation of labour. ¶ Many people may boggle at this statement and try to give other fundamental reasons for the shaping or the existence of certain forms of tenure, but at the same time they will not deny that other forms, such as small-scale occupying-ownership or forms of community ownership and use, have been designed to avoid the possibility of the cruder and large-scale forms of exploitation of labour.

Indeed, ideas and facts of human superiorities and inferiorities, ideas and systems of social stratification, ideas and systems of exploiting whole groups for the metaphysical ends of 'the State', or of exploiting the socially inferior for the mystical ends and purposes of a State or 'civilization' which is conceived as consisting entirely of the small superior group, have all entered into the determination of systems of land tenure. [But simple plain exploitation of the labour of the needy, landless, or socially inferior for the material benefit of those in control of the land, without any mystical objective of the privileged and even without attempt to show any form of moral justification, is sufficient to account for many systems of land tenure. Justification by social ends or on moral grounds may be important, but it has not infrequently been the result of afterthought.]

The mere listing and economic characterization of systems of land tenure, especially characterization from the point of view of production, are sufficient to show their connexions with forms and degrees of exploitation of labour. It seems almost impossible to compile a complete list of forms of land tenure in relation to agricultural production, but the following may be indicative of the chief forms:

1. The feudal form, with rigid social stratification and servile labour at the lower end, but with recognition of mutual obligations throughout the relations between the strata, and a clear connexion of the persons of each status and the whole group with a definite area of land.
2. The estate system with direct labour.
  - (a) Direct use by or on behalf of the proprietor, cultivation by slave or indentured labour.
  - (b) The same system, but cultivation partly by wage-paid and partly by slave or indentured labour.
  - (c) The same, but cultivation by wage-paid labour.
3. The estate system with 'share tenancy' systems.
  - (a) With *métayage* in various forms and degrees.
  - (b) With modern share tenancy systems.
  - (c) With 'cropper' systems.
4. The estate system with 'stock and land leases'.
5. The estate system and tenancy with fixed rent in cash or kind.
  - (a) With forms of permanent tenancy (*emphyteusis*, &c.).
  - (b) With short-period tenancy (contracts not exceeding 21 years).
6. Ownership occupation and cultivation.
  - (a) With relatively little mortgage credit.
  - (b) With widespread assistance of private credit mortgages.

- (c) With widespread assistance of State credit mortgages (or State support of mortgage system).

Besides these, there are systems in which there is no recognition of private ownership :

7. Public (state or municipal) ownership.
  - (a) With individual tenancy and use.
  - (b) With co-operative or co-partnership group occupation and use.
8. Tribal (clan or group) occupation and use without recognition of ownership.
  - (a) With group use of land and ownership of crop.
  - (b) With use of land and ownership of crop by complex family.
  - (c) With individual use of land and ownership of crop.

There are many mutations and variations of these systems. In some cases characteristics may partly depend upon whether the estate is in the 'home' country or in a colony or dependency, or upon whether or not owner and servants are of the same race or colour. The 'plantation' system, whether in relation to the current production of rubber or tea or the early production of cotton in U.S.A., does not seem to show any very important variations. Its most evil features arise both from the possibilities of exploitation and from social differentiation between owners and servants. But the estate system with direct wage-paid labour does not differ in essential economic characteristics, and under some circumstances is a more efficient organization for exploitation than the 'plantation' system. } 2

In sections 2, 3, and 4 on the list—estate systems with direct labour, with share tenancy, and with stock and land lease—there is clear differentiation between ownership functions in relation to land and labour functions of all grades, but in section 3 there is some variety in positions with reference to supply and use of movable capital, and in section 4 there may be differentiation between management and labour functions which are matters of character rather than degree. In section 5—estate system with tenancy—ownership functions are further differentiated from those of management, but the form and degree of exploitation of labour largely depends upon the source of supply of labour, whether from the family of the tenant or from a differentiated class of wage-earners. In section 6 there tends to be little differentiation of function between ownership and management, but in some cases there is complete differentiation between these functions and those of labour.

Up to a high and comparatively recent phase of social development, exploitation of labour in societies consisting mainly of persons

of the same race or colour depended mainly upon the appropriation of land by a successful minority. So far as there are records, it appears that exploitation was strictly limited in scope and degree so long as free land was available for settlement and use by such societies. With conquest of one society by another there was sometimes both appropriation of land and enslavement of people or establishment of servile status, but when the systems of servile and tied labour and of slavery passed away the appropriation of land was still effective. At some stages of social development the importance of appropriation of land, to the appropriators and others, arose entirely from the power which it gave of appropriation of the product of labour. [It is the appropriation of land, the power of refusing to allow the 'inferior' people to assume control or make effective use of it, which mainly makes the operation of modern 'plantation' systems possible.]

By some inversions of social processes in the modern world the forms and degrees of exploitation have been radically changed. It is suggested, for instance, that British landlords 'keep their estates', that landownership is a luxury, that there is material sacrifice for personal or social ends of a non-material character in the maintenance of agricultural estates. But suggestions of this kind illustrate rather than disguise the fact of effective exploitation elsewhere, for otherwise there would be no means whereby to pay for the luxury of owning land and enjoying the sense of position and power which it still provides. Again, by reason of pressure of farming families on land and of the political exaltation of occupying ownership, there are some cases in which the mortgage creditors are the real exploiters of large agricultural groups.

[The chief point at the moment, however, is that it is difficult to obtain any calm consideration of systems of land tenure in relation to technical standards of production in agriculture, in relation to the fundamental economy of production in that industry, or in relation to the social development of agricultural communities as such. Any international discussion of systems of land tenure must be affected by the fact that these systems are still related to forms of the family, to systems of inheritance and disposal of property at death, to governing ideas of political organization, and to systems of government and administration, and last but not least that these systems are still closely related to all the systems and conditions which maintain economic and social differences between classes and are still commonly fundamental to processes of exploitation of human labour. When we add to this the fact that systems of land tenure may be



defended because they are supposed to serve the mystical ends and purposes of a dominant party, or of a State of which the Government represents a special minority, or that a system has been designed to serve these mystical ends, it is not possible to hope for calm investigation in relation to technical, economic, and social aspects of agriculture. Under these circumstances economic philosophy will become either an echo or an implement of policy. In any event it is necessary to remember that consideration of systems of land tenure is likely to be influenced towards criticism or approval because systems or ideas are consistent with or in conflict with the dominant principles and existing systems of political organization and government in given countries. Every system of land tenure must be considered in relation to political evolution and the existing political organization of the State in which it operates. But it may also be considered in relation to modifications in the political organization or general economic organization of any State.

Systems of land tenure, regarded from the property point of view, range from systems of family or blood-group ownership to systems of undivided individual ownership, to systems of divided ownership by individuals; from large-scale to small-scale ownership by individuals—divided or undivided; and from ancient to modern forms of communal and State ownership. Ownership by corporations, such as universities or municipalities, may be regarded as aspects of private or of public ownership according to the character of the corporation itself, but all ownership by corporations other than those existing solely for the production of profits tends to take on some of the characteristics of public ownership.

The fact that in English we use the word 'tenure' rather than proprietorship indicates the importance of divided ownership. The feudal system provides the classic type of divided ownership, but corporation ownership (e.g. ecclesiastical institutions) probably provided the prototypes of modern forms of divided interests. The king disposed of the nation's land, either as representative of the people or by virtue of his divine right, and other individuals held and used land under obligations according to their status. But corporations, especially ecclesiastical, obtained ownership in fee simple and, not being able to use land directly, let it for rents. Again, military conquerors assumed proprietary rights in land but assigned these for permanent tribute, thus holding a fundamental property interest but transferring economic functions of ownership to other persons, and when estates are large the intermediaries, as in parts of India, exploit them through tenants. [In some cases this division of property

interests is pushed to extreme lengths and there are numerous intermediaries between the original property owners and the last interest created.]

The essential though difficult process is that of distinguishing between interests of the character of *real* and those of *personal* property, or between *possession* and mere *use-occupation*.<sup>1</sup> Where there is distinction between real and personal property as regards inheritance or disposal at death, those rights which are subject to the rules relating to real property may be regarded as property rights, while all others are mere occupation rights which may be extinguished by the death of the holder or may be disposed of or inherited as personal property.

Further, it is necessary to distinguish between tenancies which give the tenant very considerable rights over the land itself and mere use-occupations which have more of the character of arrangements for supply of labour. Generally the share cropper, and often the share-tenant, has no property rights; he has merely a short-period interest in the use of land, which often does not amount to personal property. Their interest is not in land, but in the product of their labour. In the lower ranks of rights and interests in land it is always necessary to distinguish between tenures or tenancies which provide property rights for holders and mere provisions or contracts for supply of labour under which payment is made by the grant of use of land or in the product of the land and labour.

In Great Britain there are two chief forms of these divided interests in property which is agricultural land: the division of interests between the life-tenant and remainder-men under the system of entailing estates; and the division of interests between landlord and tenant. On many estates there is first the division between the life-tenant and the remainder-men and then the division between the life-tenant of property and the agricultural tenant. In Scotland the right to make fresh entails ceased in 1914.

Special codes of law and practice have been developed to deal with both sets of divided interests. The Settled Estates Acts make provisions for maintaining and increasing productivity of estates, including those for obtaining credit for improvements.<sup>2</sup> The Agricultural Holdings Acts together with customs and practices relating

<sup>1</sup> In a short general paper it may be dangerous to use historical or legal terms, but for some purposes the distinction is between *dominium* and *possessio*, or between *allodial* and *feudal* tenure; again between full possession and usufruct possession; or yet again between use-possession and use-occupation.

<sup>2</sup> See Report of Board of Agriculture on Tithe, Copyhold, &c., Cd. 1519, 1902. Report of Land Division of the Ministry of Agriculture, 1926 (and annual).

to agricultural tenancies provide an elaborate code which regulates relations between landlord and tenant, with some leaning in favour of the tenant.

[Family settlements and systems of entail make administration of estates more difficult, tend to conservatism in policy, but on occasions have led to waste and neglect, or to drastic temporary exploitation. Under recent conditions one of the chief effects of family settlements is almost certainly that of making drastic reductions of current incomes of life-holders of agricultural estates, but there is no available measure of the extent of settlements or of their reduction of current net incomes to the nominal life-holders.] Possibly nearly two-thirds of the agricultural land of England and Wales is subject to entails, which are not necessarily accompanied by charges on the land for the maintenance of persons other than the life-tenant. Many landowning families have personal property which can be disposed of in favour of females or collateral males or which can be charged with their support, and in these cases the landed property may be freed of interests other than those of the direct remainders or nominees. Amongst agriculturists as such there is no acute sense of any limitation of profitable activity or of neglect of land through the operation of entails and family settlements; but tenants may not always know the causes of conservatism, niggardliness, or neglect in the management of estates. On the other hand, we hear much of the 'burdens on land', land tax, property tax (Schedule A, Income Tax), death duties, &c., and there is no doubt that in some cases the weight of these burdens is increased by family settlements and the necessity of providing for several members of the family other than the life-holder out of the income arising from the land. It might be said that the British agricultural estate system works well just in so far as the possession and control of agricultural land is accompanied by possession of property and control of wealth in other forms. But at the very lowest estimate, the working of the estate organization under systems of family settlements is greatly assisted by possession of wealth in other forms and receipt of income from other sources.

Agricultural properties range in size from single estates of as much as 30,000 acres and scattered estates under one owner amounting to 100,000 acres or more down to a single small farm. Owner-occupiers farm about one-third of the land of England and Wales, but, as this area includes the 'home' farms of landowners as well as the farms of working farmers and those otherwise farming as a main source of livelihood, the proportion farmed by the latter two groups

is considerably smaller. About two-thirds of the land of England and Wales is farmed by tenants.

A considerable change has occurred since pre-War years when only about 12 per cent. of the land was occupied by owners and when the proportion of working farmers who owned their farms was quite small. The change has been due, amongst other causes, to public sentiment against raising rents in periods of prosperity; to the low yield of capital invested in agricultural land; possibly to some loss of economic and social power as a result of the development of the Agricultural Holdings Acts; and some loss of social and political power as a result of other changes in rural districts.

But some other causes were almost as important. There was some increase in ownership-occupation by reason of owners of small estates taking a part or the whole of them in hand for cultivation. This was not always due to loss or lack of tenants. Some of it, at any rate, was due to recognition of the possibilities of profits in farming, but more particularly to recognition of the fact that modern machinery, modern organization, and the development of larger units of enterprise have done a great deal to generalize and simplify the tasks of management. Superior management is now a task that may be undertaken without loss of prestige by the owner of a small estate who wishes to be recognized as of the 'county Society'. Further, land is now played with in the course of changing investments to meet or beat the markets to a much greater extent than is commonly supposed. While the price of land was relatively high and rents low compared with price, and while yield of other investments was comparatively high, there were many sales. With low yield of other securities, with less marked difference between capital value and rent of land, and with apparent certainty of some net yield from land, there has been return to purchase for investment. Tenants have been anxious to buy partly because of contraction of the agricultural area and pressure of farming families on available farms.

But the characteristic system of provision and occupation of land in Great Britain is still one of divided interests—provision by the landlord, occupation by the tenant. The tenant has no *real property* rights in land; his rights have the legal character of *personal property*. Nevertheless, tenants' rights are extensive. It is not uncommon for a tenant's outgoing valuation for improvements, &c., to reach one-sixth of the capital value of the farm, and there are cases where the amount reaches one-fourth. These valuations cover improvements by manuring; by feeding stock; by drainage, fencing and

permanent improvements in land; by improvements of buildings; along with cultivations done and crops sown.<sup>1</sup>

The landlord provides the buildings and other permanent equipment and he still exercises some control over cultivations and use of land under agreements and legally recognized customs. In England and Wales probably the greater number of tenant farms are held under year-to-year agreements and only a minority under leases for periods of years. The period of leases is usually for five years, seven years or multiples thereof up to twenty-one years, or for seven years with provisions for renewal at the end of each of two such periods. Agreements from year-to-year run for quite long periods; they are somewhat more flexible as regards rent and some other conditions than leases, and the probability is that the average period of occupancy under year-to-year agreements is somewhat longer than that under leases for terms of years.

The interests of the tenants are protected by leases or agreements, customs of 'the country' (customs of localities), and the provisions of the Agricultural Holdings Acts. The interests of landlords are protected by leases or agreements, the customs of the country, and by the ordinary law of real property. At the lowest, the tenant has the protection afforded by the Agricultural Holdings Acts, which cannot be given away or taken away; but when the agreements or the customs of the country are more generous he takes all the protection which they afford him.

The Agricultural Holdings Acts provide for the tenant (*a*) compensation for improvements, (*b*) freedom of cropping and sale of crops, and (*c*) compensation for disturbance. Freedom of cropping is not complete; there is no freedom of use of land which is taken as permanent pasture; often the land has to be left in the same condition as it is taken, or use must return to a defined rotation in the last year of the tenancy. For acts of husbandry done in the last year of tenancy the tenant must rely on the protection of the custom of the country. Improvements for which the Acts provide compensation may, perhaps, be described in this way:

1. Improvements to which the consent of the landlord is required (improvements of advanced or radical, and permanent, character).
2. Improvements in respect of which notice to landlord is required (permanent improvements which might be made by either owner or tenant in pursuit of a high standard of husbandry).

<sup>1</sup> See Jackson's or Spencer's handbook on the Agricultural Holdings Acts.

3. Improvements in respect of which neither notice nor consent of landlord is required (improvements of short life, mainly following rules of good husbandry).

The custom of the country often goes beyond the provisions of the Acts, and both the Acts and the customs are applied by professional valuers. There are many complaints that tenants are not charged sufficient for dilapidations and that compensation for improvements is too generous to outgoing and too onerous to incoming tenants, although the usual basis of valuation is the assumed value to the incoming tenant.

□ But in many respects the provision of compensation for disturbance may be regarded as the most important innovation in the law of landlord and tenant made by Great Britain. The conditions of claim for compensation for disturbance are somewhat complex: no compensation is payable in cases of failure to cultivate according to the rules of good husbandry, failure to observe the conditions of agreement, or when the tenant becomes bankrupt or fails to agree to an arbitration on rent, &c. But the provisions for arbitration on rents, together with provisions for compensation for disturbance, do give tenants a high degree of protection. Compensation for loss by disturbance is computed as equal to one year's rent or, if proved to be greater, to the actual sum proved up to a maximum equal to two years' rent of the holding. □ There cannot now be disturbance on grounds of religion, politics, or personal incompatibility without compensation unless the undesirability of the tenant in these matters is associated with agricultural or financial weakness. This system affords the vast majority of tenants ample protection for the investment of their capital, and all the necessary foundation for religious and civil liberty. The average period of occupation of farms by tenants 1890-1917 was about 15 years,<sup>1</sup> which was as long as that of complete owners of farms in the United States and longer than that of owners of mortgaged farms. As a result of sales of agricultural land and changes in technical and economic conditions, including economic depression, the period has probably become a little shorter. But when it is remembered that the average age at which farmers first assume control of farms (whether as tenants or owners) is 34-35 years and that the average expectation of life after that age is only about 29 years, it will be seen that the average number of occupations per farmer has been rather less than two. It is probable that the average number of occupations per farmer is now two or a

<sup>1</sup> Cf. MacGregor, 'Recent Land Tenure Changes in Mid-Devon', *Economica*, London, November 1934.

fraction more. There are normal variations between occupation of one farm for a complete farming life, of which there are many cases, to serial occupation of 5 or 6 farms over a long farming life. At extremes there are cases of tenancy for five generations (and reports of continued tenancy in one family for 300 years) and occupation of seven or eight farms by one individual. The British system of tenancy seems to provide everything necessary to agricultural and social stability. In respect of rent the system has also been highly flexible—probably much more flexible and adaptable than any system of mortgaged ownership with or without State assistance.

On the whole, the system has provided for a fairly high technical standard of production although no one would claim that it has led to the achievement of the highest technical and economic standards. For the achievement of these standards more capital, more intelligence and enterprise, would have been required throughout the organization of the industry. The landlord system has not provided capital, management, or initiative to the extent required for the use of all economic opportunities. A small minority of the most enterprising farmers, probably, have been discouraged by lack of sufficient protection as tenants, or alternatively by lack of facilities for purchase.<sup>1</sup>

[Without additional capital for equipment and improvement of farms and without management enterprise in the sphere of ownership, greater progress could not have been achieved. It is at least doubtful whether greater progress would have been achieved under a system of occupying-ownership, for farmers would have been strained to finance purchase of farms and might not have had as much capital for equipment as has in fact been used. In some cases of purchase by individual farmers the restriction of current enterprise by shortage of capital has been obvious, but at some stages efforts towards ownership stimulate enterprise. Again, there is definite possibility that full owners may farm to low standards because the addition of rent to sub-normal profits may enable them to live as well as their neighbours; there is some evidence of this tendency.]

In two particulars the British system of tenancy causes surprise to foreign visitors. Tenancy does not carry any social stigma, and amongst farmers farming for a livelihood there is practically no social distinction between owners and tenants as such. General social standing depends on wealth and income, whatever the form

<sup>1</sup> The facilities have been increased since 1928 by the operation of the Agricultural Mortgage Corporation.

of one or the source of the other, education and social habits, and not on anything like status as determined by land tenure. Again, the tenant has complete religious and political liberty if he takes the trouble to exercise it. He may yield respect to the landlord; certainly many landlords are not above using their prestige when they cannot use direct economic power to influence opinion or action; but tenants who value political and religious liberty can exercise it without suffering as farmers and tenants.

There is either a common tendency to assume that systems of land tenure are immutable or a desire to make them such, and this can be seen in judgements of the British system. On the other hand, nothing is clearer than that land tenure has been subject to successive modifications throughout the centuries. One strange fact of history is that Great Britain developed her system of cash tenancy in the period in which other countries were developing their systems of ownership-occupation, while more recently she has been extending ownership amongst farmers when other countries, like the United States, were increasing tenancy. Systems of tenure are subject both to direct manipulation by law and administration and to influencing and moulding by indirect economic and social forces. Every system of tenure has to be considered in relation to other features of economic organization of agriculture which accompany it, like provisions for supply of capital and more particularly for supply of labour. Few if any of the systems of occupying-ownership in the industrial or commercial countries appear to have been self-supporting. Most if not all of them have been supported by tariff protection, special subsidies for production or restriction of production, maintenance allowances for agricultural families, and last but not least State subsidy of provision of mortgage capital or State assumption or annihilation of mortgage debts. On the whole they appear to have needed and enjoyed rather more State protection and assistance than the British system of tenancy.

Still, we are not often willing to recognize that the more political power has to be used to secure the social benefits and advantages of individual property in land, the less is the general advantage of private over public property either to the individual or to the community. 'In proportion as the social benefits (of private ownership of land) are secured by the intensive or frequent applications of public power, the advantages of private property become smaller and the grounds for passing over to public property become stronger.'<sup>1</sup>

Indeed, there are many occasions on which men suffer delusions

<sup>1</sup> Ely, *Property and Contract in Relation to Distribution of Wealth*, p. 356.



as to what is and what is not private property firmly established on economic as well as political foundations. Whenever, as in some recent cases, the State uses drastic powers either to maintain or establish private property, that institution and the units concerned are no more stable than the current form of the State itself. When the State uses drastic political powers to establish or maintain individual ownership of farms, the private property in farms takes on some of the character of public property.

There is no finality to any system of land tenure unless there is an end to social evolution or even social change. A country which has settled and begun to cultivate all its land and has covered it with occupying-owners must either arrange that the number of births is proportionate to the existing number of farms, or begin the process of reducing the size of farms, or that of producing on one side a privileged class of owners of land and on the other side a class of landless workers. The sole alternative is the industrial transfer, generally with geographical migration, of any excess population.

On the other hand, a State may bring all its land under public ownership and control, keeping its apportionment and the conditions of occupation for use as fluid as possible subject to the conditions which are necessary for efficiency in contemporary production.

In some countries there can be no stability in the State without a stable system of land tenure, in others there can be no stable system of land tenure without stability in the State. Critics of public ownership will not fail to observe that a strong and ruthless oligarchy may soon turn a system of public ownership into one of private ownership, or into one of class exploitation by means of drawing special tribute.

If land is to be transferred to public ownership and control, the processes of protection of the interests of cultivators, of whatever class, will be transferred from the economic to the political spheres, and the proper functioning of forms of democracy will have vastly increased importance. Exploitation of cultivators may not stop when land is transferred from private to public ownership and State control; it may then only take a different form. Indeed, it is probable that the only ultimate protection from exploitation that the cultivators can secure is that of maintaining the highest possible economic and social mobility—the power to adjust numbers in agriculture and the power to compete for occupation in other industries.

For the mass of cultivators, security is to be obtained through maintenance of full citizenship in the form of political rights and in the more personal forms which come through education and social

training. On the whole, maintenance of full citizenship is rather more important than the achievement of any particular form of land tenure, for effective citizenship will adapt and modify systems of occupation and use of land, and systems of organizing agricultural production, in accordance with changes in the general economic and social environment.

There are two special aspects of the importance of citizenship to agriculturists in relation to tenure of land and organization of production. First, if agricultural progress continues as in the past, agriculturists must constitute a dwindling minority in the total population. Even now they are in a minority in all the progressive nations. Unless the industrial and commercial world is to return to primitive methods, agriculturists must always constitute a minority. If, then, we begin to say that any form of tenure or proprietorship of land is necessary to economic security or to political liberty, it will still be true that only a minority of the people, the agriculturists, can obtain this foundation for security or liberty. The agriculturists, who are in a minority, will scarcely be able to hold these foundations without question. Second, it is very necessary to remember that, amongst the agriculturists, there is even now a very considerable proportion of landless workers. In Great Britain the ratio of employees to farmers is nearly 3 to 1, but parts of other countries would show equal ratios. If individual land tenure, or a particular form of it, is necessary to the security and liberty of farmers, it is equally necessary to that of agricultural workers. While they remain landless there is danger to other occupiers—so long as individual occupation is deemed necessary for economic security. Yet we have previously noted that a country which is now settled can only make new individual occupations by a process of partition, and there are many cases in which partition has gone far enough if not too far already. Although some countries may be able to create new units of occupation, no country can continue this process without suffering from it. Part of the agricultural population has been obliged to rely for security, economic and political, on their power to adjust supply of labour to demand by industrial transfer and migration, and on their rights and powers of citizenship and their political influence.

While the majority of individuals concerned, whether agriculturists or non-agriculturists, are landless, the only safe policy of redistribution or re-allocation of occupation of land is through some form of ownership by the community. There can never be land for all the landless on any basis of individual property in the great modern State; and in Great Britain there can never be land for all

the landless, even amongst agriculturists, on the basis of private property or even individual occupation, except with consequences that are less desirable than those of the present system.]

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DISCUSSION

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The chief feature of the land policy in Canada is the development of the owner-operated farm. This policy is not yet quite a century old. Previous to that time other forms of tenure were experimented

<sup>1</sup> The special subject of this address was 'Land Tenure in Canada'.

with and discarded. Among the systems of tenure given a trial were the well-described and hence fairly familiar seigneurial system; the less well-known quit-rent system adopted in Canada after its establishment in the Eastern States and given up in the State of New York when sheriffs found the collection of the quit-rent too dangerous an occupation; leasehold from the Crown, adopted in Upper Canada, now the province of Ontario, when in 1791 one-seventh of the land had been retained by the Crown as a safeguard in a new region where the tendency was to develop a wild democracy; leasehold from the clergy to whom had been granted one-seventh of the land pursuant to a regulation of the same time; and leasehold from private agencies.

The final step in the evolution of ownership came in Upper Canada, where from 1826 to 1836 almost yearly the elected assembly passed bills requiring the sale of the Clergy Reserves, which were rejected by the appointed Legislative Council, thus causing the deadlock resulting in the Rebellion of 1837-8, the granting of responsible government, and eventually the official abolishment of both the Clergy Reserves and Seigneurial Tenure.<sup>1</sup>

Landownership was, from experience, found necessary to ensure improvement of the earlier settled, heavily timbered, eastern area. By the time settlers reached the prairie, promotion of ownership was the accepted land policy.

Methods employed for promoting ownership varied from time to time. In the early days of settlement, land was used for rewarding those who deserved well of the State. Companies, soldiers, United Empire Loyalists, statesmen, and railway builders were included. Fees were exacted in some cases, but by the end of the first quarter of the nineteenth century land sale became general. In 1873 homestead grants, similar to those adopted in the United States a decade earlier, were established. The repeated allowance and withdrawal of the pre-emption privilege shows that authorities were not only anxious to promote ownership but also desirous of finding the most satisfactory size of the unit to be owned. As settlement progressed, land became easier to procure. Homesteads followed land sale and recently bonuses have been given in some sections for breaking new land. These bonuses have been still more recently increased. The increasing ease of securing land may have had some influence on its value, an important point to the farmer where ownership is the prevailing tenure.

This land policy resulted not only in developing in Canada examples of the owner-operator-family-farm, but also, on account of

<sup>1</sup> Grant, W. L., *History of Canada*.

the adaptability of the country, perhaps the best example in the world of what might have been inconceivable to the classical economists, namely, the landlord, labourer, and capitalist in one individual. The type of farming suitable, and the degree of mechanization this permits, allows the owner-operated farm to assume a larger area than in some other regions and requires the operator to be something of a capitalist as well as landlord. The ease of securing land has, up to the present, led to the practical absence of any permanent farm labourer class. The farmer and his family provide the major part of the working force, assisted by farmers' sons and apprentices who hope to enter the business fairly promptly for themselves. Hence the operator is from necessity a labourer as well as a landlord and capitalist.

The system of tenure and the farm organization developed have received some very complimentary remarks from some of those who have viewed them from afar. Viscount Bryce, in his *Modern Democracies*, comments favourably upon the system as a guaranty of political stability; an authority on the subject of land tenure in Argentina suggests for that new country a closer approach to the system prevailing in Canada; and Mr. Conacher, in his comprehensive review of world tenure, seems to regard it rather kindly.<sup>1</sup> The land policy and land tenure of Canada have enjoyed considerable worship at home as well as abroad, possibly on account of the fact that there is elsewhere perhaps nothing just like it. Indeed, landownership is so taken for granted that some companies lease land for grazing subject to sale when required for agriculture. Ownership appears to be the only tenure considered by government land-settlement agencies. This tenure is to be encouraged even if the public has to supply the essential credit; hence farm credit is a phase of land policy of considerable importance where banks are not allowed to loan money on real estate.

It is obvious that ownership was necessary in a new country difficult to improve. It is also clear that ownership was insisted on in order to make sure that any increase in land values would accrue to the operator. It follows that this system of tenure records different results when land prices are rising than when they are falling. It is possible that farmers may be able and willing to dispose of their products at small profit or even at a loss if the expected increase in land values—sometimes termed unearned increment—may be depended on in the long run to recoup such losses. In order to assess

<sup>1</sup> Conacher, H. M., *The Relations of Land Tenure and Agriculture*, Presidential Address, Agricultural Economics Society, Oxford, July 1936.

the merits of such a land policy it is necessary to examine the records of land values.

In the early days of land settlement, the increase in land values was disappointingly slow. The retention by the Crown of one-seventh of the land in Upper Canada was designed to retain a share of the expected increase in land values and maintain a source of revenue. The passing of time revealed that, where timber was unsaleable except when reduced to charcoal and potash, only improved land increased in value, and as ownership was the necessary bribe to ensure improvement the Crown Reserves were promptly sold and eventually the Clergy Reserves.

Increases in land values may have been slow in the early days, yet they were remarkably regular until the rapid settlement of the middle western States of the Union, made possible by a series of inventions, not the least of which was the grain binder, was accompanied by a decrease in land values in the early settled sections of Canada as well as elsewhere. We now know that there were other factors involved in the decline in land values in the last decade and a half of the nineteenth century, but it is interesting to note from a history of a county in Ontario that during this period wheat was fed to live stock on nearly every farm in the county and the collapse of wheat prices and land values was attributed to the introduction of the grain binder. The decline in the value of farm land in Ontario at this time was not recovered until well on in the first decade of the present century.

The twentieth century ushered in a new era of records in land values that must be treated in some detail. Settlement in Canada and development of farms occurred in three main periods: first, the settlement of New France; second, the settlement of the older eastern provinces from 1776 to the middle of the past century; and third, the settlement of the grain-growing provinces occurring chiefly during the present century although proved possible by Lord Selkirk over a century ago. The latest development and expansion was made possible only by the railway facilities afforded. Though transportation was available in some degree after 1885, there was slow development until the present century. Low prices of the last decade of the last century may have deferred new settlement—wheat averaged 67·8 cents per bushel in Ontario for the decade from 1892 to 1901.<sup>1</sup>

Higher prices in the first decade of the present century stimulated expansion. In this first decade 171,000 farms were added in round numbers, almost exactly one-third as many as had been previously established. Number of farms is, however, not so important as land

<sup>1</sup> Ontario Department of Agriculture, Statistics Branch, *Annual Report*, 1935, p. 48.

in this discussion. In this decade 46 million acres were added to the 63 millions previously occupied, almost 72 per cent. as much as was occupied during the three previous centuries. The value of land increased from \$1,000 million to \$2,500 million in round numbers. In this decade, with almost three-quarters as much new land added as had previously been occupied, the value per acre of all land increased from \$16 to \$23 per acre. Landownership was a good system for the farm operator during this decade.

From 1911 to 1921 some 29,000 farms were added to the total, 32 million acres to the area, and \$1,182 million to the value of land. The value of land per acre increased from \$23 to \$26, less than half as much as during the previous decade. There are two outstanding points to be noted from the record of this decade. One is that, while the number of farms increased about 4 per cent., the area increased about 30 per cent. The other is that the increase in land values per acre in the decade of the World War was only half the rate that occurred in the previous decade.

The third decade reveals a somewhat different result. From 1921 to 1931 some 17,000 farms were added, area increased by 22 million acres, and the value of land decreased by \$992 million, amounting in 1931 to \$16.60 per acre, \$6 per acre below the figure for 1911 and almost exactly the level of 1901. Ownership was not such a profitable system of tenure for the operator during this decade.

Some decline in land values has occurred since the last census report. Fortunately we have estimates of values per acre including farm buildings annually since 1915 and also for the year 1910. These figures show the record by provinces. Only the eastern provinces reveal any increase in land values (including buildings) in 1935 over 1910. The provinces containing the major portion of the farm land all show a decline in 1935 as compared with 1910. For Canada the decrease in land value with improvements from 1910 to 1935 was from \$33 per acre to \$24, or 27 per cent. The figure shows a rise in 1935 over the previous year of \$1 per acre, some of the central and eastern provinces recording a substantial rise. Prices of farm land since 1931 may be as far out of line as the prices of some other things, but they are the prices that must be considered when discussing land tenure and land policy.

It may be noted that during the past two decades a rather peculiar development has taken place, in that acreage has expanded out of all proportion to the number of farms added. This trend was noticeable during the period from 1911 to 1921 when 32 million acres and 29,000 farms were added, an addition of over 1,000 acres per farm.

It was even more noticeable during the decade following when 22 million acres were added and 17,000 farms, an addition of 1,300 acres per farm. All are aware that there are few thousand-acre farms added. All are equally aware that farms are becoming larger at a fairly rapid rate. Yet what may be of interest and is not yet so well known is the method by which this expansion of area per farm is taking place. The records of the last census make this method clear. The farms operated by the owner are not expanding in area very rapidly. Nor are those operated by tenants expanding in area to any marked degree, though larger farms are frequently leased for obvious reasons. The method of expanding the area of farms recently in vogue is an expansion of the area of those farms classified as partly owned and partly rented.

This movement we should imagine is the most natural method of enlarging the unit under circumstances where and when land values are declining and capital for investment in land hard to obtain. If and when a farm comes into the market for any reason whatever, the most natural solution when sales are not possible may be for a neighbouring farmer to enlarge his holding not by purchase but by renting. The extent to which this has taken place during the period 1921 to 1931 is given in the following table (Table I):

TABLE I. *Owned and Rented Land in Canada*

(Census Reports, 1931.)

	1921	1931
Area occupied farms . acres	140,773,775	163,254,959
owned . . . . . "	110,649,811	107,184,148
rented . . . . . "	13,041,194	20,038,878
partly owned, partly rented . . . . . "	17,082,770	36,031,933
No. of owners . . . . . No.	615,180	586,299
tenants . . . . . "	55,948	74,382
part owner, part tenant . . . . . "	39,962	69,942

From 1921 to 1931 the area partly owned and partly rented increased by 19 million acres, more than doubling in the period. This was the largest increase registered. The area rented by leaseholders only increased by around 50 per cent., while the area occupied by owners decreased slightly. The full area owned and leased must, however, be calculated into this table, as a certain proportion of that classified under partly owned and partly rented falls in each class. From this calculation we find that in round numbers the total area leased, in 1921, amounted to 20 million acres and, in 1931, 37 million acres. The area owned was, in 1921, 120 million acres and, in 1931,



126 million acres. Likewise some calculation must be made in respect to numbers of owners. The number of owners records a decline, the tenants an increase, and the part owners and part tenants a more pronounced increase. By adding the latter group to the owners, the number of owners becomes 655,142 in 1921 and 654,241 in 1931. The increase of 17,000 farms added to the total in the decade and the additional 1,000 here displaced were absorbed by tenants. Recent development is lessening the proportion of ownership. Figures for the whole country give an entirely inadequate picture, as the change has occurred chiefly in certain sections where it has been pronounced. For instance in Alberta the size of the farms partly owned and partly rented increased from 633 to 807 acres, or by 174 acres in the decade 1921 to 1931, while the fully owned farms declined in size from 302 to 291 acres. The leased farms increased from 391 to 493 acres in this interval. In Saskatchewan fully owned farms increased in size by 4 acres, leased farms by 103 acres, and those partly owned partly leased added 129 acres during the decade. These two provinces comprise the section of large farms, the section where this movement was pronounced, and hence the section where leasehold increased. These two provinces comprised in 1931 less than a third of the number of farms but over half of the occupied area, hence what occurs there is of peculiar interest.

It was also in this section of the country that the decrease in land value amounted to the greatest aggregate. The decline of \$992 million in value of land alone would have been severe on less than three-quarters of a million farms, had it been uniform. On account of the larger farms and greater comparative declines, the loss per individual farm was much greater in some areas than others. For instance, land in Saskatchewan lost \$295 million in the decade 1921 to 1931 even while the occupied area increased by 11 million acres, or by one-quarter. This decline amounted to about \$2,300 per farm. In Alberta the area expanded at a more rapid rate, increasing by one-third, the total value of land declining by \$76 million, amounting to some \$800 per farm. In Ontario, where the land area remained practically stationary during this time, the value declined from \$793 million in 1921 to \$586 million in 1931, a decrease of slightly over \$1,000 per farm.

It is clear from the trend during the decade 1921 to 1931 where and why leasehold increased. The area under lease in 1931 varied from less than 5 per cent. in Quebec and all provinces east of Quebec to 13 per cent. in Ontario, 28 in Manitoba, 29.5 in Saskatchewan, and 30.9 in Alberta. Where farms are small in area, ownership persists; where they are larger, leasehold has increased.

The value of land has varied greatly in different provinces from 1931 to 1935. Assuming that the number of farms has not changed materially since 1931, the use of the figures for value of land given by the Dominion Bureau of Statistics in its record of agricultural wealth permits the construction of the following table (Table II):

TABLE II. *Value of Land by Provinces, 1931-5*  
(*Monthly Bulletin of Agricultural Statistics*, March 1936, p. 112.)

	Number of farms	Value of Land (millions)		Decrease in value per farm
		1931	1935	
Canada	728,632	\$ 2,710	\$ 2,323	500
P.E.I.	12,865	23	20	250
N.S.	39,440	39	39	..
N.B.	34,025	38	35	100
Que.	135,957	426	414	90
Ont.	192,174	586	507	400
Man.	54,199	200	179	400
Sask.	136,472	765	649	850
Alta.	97,408	534	405	1,330
B.C.	26,079	98	73	960

[The policy of encouraging ownership found necessary from experience still continues. This policy, acceptable and satisfactory when land is increasing in value, has led to increased dependence on public credit in the period of declining land values recently experienced. Hence land policy in Canada is now tied up very closely with farm credit—a question on which time has not permitted any detailed description here.]

The system of owner-operation so prevalent in Canada and the northern States of the American Union has been an efficient system not only for settling and improving farm land but also in providing abundance, as almost every one will agree. The owner-operation of large farms—and they are larger in area in Canada than in the United States—is a particularly vulnerable system in a period of abrupt decline of land values. The liability is unlimited. The only diversity of investment is that of the operator being a combination of labourer, capitalist, and landlord. Other businesses have evolved a system of limited liability. If and when hard times ensue, dividends may be decreased, deferred, or omitted, to be resumed when prosperity permits. Not so the business of farming organized on an owner-operator basis. Debts may be deferred but are cumulative, and unlimited liability provides no means of sharing the burden.

Ownership, essential in securing improvement, may not be the most desirable system when that job is accomplished and, on that account, the unit operated larger in area. If owner-operation is considered essential, then its encouragement may require not only extended use of public credit, but also some endeavour to prevent the fluctuations in land values here outlined.

The prosperity of any industry is pretty accurately reflected in the value of the plant. Any endeavour to stabilize land values leads naturally to an endeavour to prevent too wide fluctuations in prices of farm products. Such an attempt was recently made by marketing legislation now declared unconstitutional. The land policy of a century ago had a decided influence in securing responsible government and the development of the constitution. That constitution now exerts a marked influence on agricultural and land policy. Thus we seem to have completed the circle in the last hundred years, though this has been a very inadequate description of the process in the prescribed twenty minutes.

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Perhaps it may seem strange that I, a German, should be speaking about problems of land tenure in France, but, as there are no French representatives present, this is probably the best that can be done. It is certainly desirable from the point of view of completeness that French problems should be discussed at this Conference, and the reason why I have been chosen to open this section is that I worked on these problems in France some years ago.

France, as we all know, has always been proud of the way in which her farm lands are distributed. It appears from statistics that about 40 per cent. of all farmers are smallholders, about 50 per cent. are small farmers, and the remaining 10 per cent. are large farmers. As regards the acreage, however, the large farms are predominant, and the smaller farmers hold only about 30 per cent. I abstain from giving more exact figures, as the results of the last Agricultural Census of 1930 have not been published as yet. When, however, we make a critical examination of these statistics, we find that the condition of land distribution as it now exists is not so good as it appears.

We must not conclude from the above statistics that there are not in France, as there are in England and eastern Germany, regions where the large farm predominates. On the contrary, many of the large farms are concentrated in certain regions, notably in the north, and give rise to a local structure very similar to that in England and

<sup>1</sup> The special subject of this address was 'Problems of Land Tenure in France'.

eastern Germany. In spite of unfavourable inheritance laws, the medieval structure has persisted and is little different from what it was in the times of Charlemagne and the Normans. Even in the Middle Ages, Normandy had an exceptional position in the economic life of France. After the conquest of Normandy by the Normans, social and political reforms originated there, which were also carried over to England. The Norman conquerors found in the estates of the Franconian lords a system of landownership which fitted in well with their aims. After the Conquest the old estates were confiscated where the old Franconian lords refused to become vassals of the Norman dukes. In a similar way the estates of the clergy were taken by the conquerors. From the beginning there developed in Normandy and in England a new form of landed property belonging to townsmen. This change of ownership of land was stimulated considerably by the industrial revolution in the eighteenth and nineteenth centuries; a similar development did not come in Germany until much later.

For very different reasons there arose in southern France another area of large farms. At the end of the last century *Phylloxera* devastated the vineyards and most farmers were ruined. The prices of farms fell rapidly, and most of them passed into the hands of townsmen. New vines from America completely restored the vine industry. In a comparatively short time the small peasant farms were replaced by larger farms which are typical nowadays in the plains near the Mediterranean coast. As a consequence of these changes we have one-crop farming and the commercialization of the vine production in these regions.

How typical and frequent the large farms are in southern France is masked by the share-tenancy system. Apparently a number of small farms will be acting independently, but actually they are owned by one man. This form of management is particularly prevalent in some regions of the south-west. As is often the case elsewhere, these large farms are centres of social unrest.

Summarizing, we may conclude that in spite of the inheritance laws of the Code Civil and the increase in number of farm owners to almost double that before the French revolution, old forms of ownership have been preserved. New types, however, have been created.

Another characteristic feature of the French land tenure is the high percentage of tenants and share tenants. Almost one-quarter of all farm operators are tenants, and about 7 per cent. are share tenants. It is worth noting how high is the proportion of tenants and share tenants among the peasant farmers.

Whereas peasant farms are usually, for example in Germany,

owned and operated by the same man, this is not the case in France. Three reasons may be given for this :

1. The inheritance law of the Code Civil.
2. Rural exodus and the decrease of population.
3. The investment of urban money in agriculture.

With regard to the first reason it may be said that the inheritance law of the Code Civil, which emphasizes the principle of equal division of the farm among the heirs, did not introduce a wholly unknown law. Nevertheless, there were regions where the farms passed entirely to one heir and the others were bought off. In these districts the change of regulations caused disturbances.

Up to the present the principle of equal sharing has not been properly carried out. Sometimes exemptions were imperative, and sometimes a division of the farm among the heirs did not seem advisable for natural or social reasons. The simplest way of dividing up a farm among the heirs is to rent it to a tenant or to sell it. In the north, where the large farms prevail, it is not an economic proposition to cut up a large farm and sell the pieces. Frequently it happens that, when the heirs of a peasant farm cannot come to an agreement, they keep it in common ownership and let it.

More important, and more serious, is the depopulation of the land. This favours indirect forms of farming. For instance, if the children of a farmer migrate to a town and have no desire to return, a peasant, as he grows old, will be inclined to rent his farm to a tenant or a share tenant rather than to work the farm himself. There are even cases of a farmer owning a farm but preferring to rent it and work as a farm labourer on a large farm. Among the tenants and share tenants are frequently immigrants from other countries, mainly Italians, whose aim is to acquire eventually a farm of their own.

Finally, the investment of urban money in agriculture, as mentioned above, has perpetuated the tenant and share-tenant system. This effect is not unique in France ; it has been observed also in western Germany at the end of last century. The stability of investment in agriculture has always appealed to the French, and there is always a strong demand for peasant farms, even to the point of speculation.

There is another important feature of the land-ownership system in France which must be mentioned, namely, the subdivision of farms. The inheritance law of the Code Civil favours this process, but even in the Middle Ages this feature was already present. The disadvantages of a number of small plots were obvious before the introduction of machines in agriculture, and the peasants themselves had tried to overcome them by recombining the plots. The recent

rural exodus, leading to a scarcity of farm labourers, has compelled the farmers to use machinery. The tendency has been, therefore, to consolidate scattered holdings and plots. In those districts where the flight from the country has been most severe, farms and even villages are deserted. The process of consolidation here is comparatively easy; the plots become larger and the farms bigger. Such a rapid change of balance was not foreseen.

My final remarks are concerned with the interrelation of birth control and rural exodus with the French system of land tenure. It is often claimed that a numerous and healthy land population would result from the settlement of a sufficient number of farmers on the land. The development of an agricultural country like France seems to show that another condition must also be satisfied, because even in those districts of south-western France, mostly favoured by climate and fertility, birth control and land exodus are most pronounced. Possibly the inheritance laws of the Code Civil are responsible for this, but the connexion is difficult to prove. On the contrary it is observed that the highest birth-rates occur in those areas where equal division of land among heirs has been properly carried out. We must conclude that the causes of birth control are too deeply rooted to be explained by superficial facts. The rural depopulation tends to decrease the number of small peasants and to increase the number of larger farmers.

The vacancies in French agriculture caused by depopulation have been filled mainly by Italians and other immigrants. Numerous attempts have been made at land settlement from the densely populated areas of Brittany and the eastern frontier territories to the depopulated areas, but without success. On the other hand, the Italians soon become adapted and, with a little money and much hard work, manage to live in the vacated areas.

The problems briefly discussed here have been forced into the background by other questions more acute at the moment. For the time being it seems more important for French agricultural policy to tackle the problems of surplus production and market control than to reform inheritance laws or to deal with unsatisfied tenants and share tenants. Nevertheless, the security of labourers and the consolidation of farm land are still of urgent importance.

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When the United States Government was established a century and a half ago we had a most unsettled territory reaching to the Mississippi River, later extended to the Pacific Ocean, making a

<sup>1</sup> The special subject of this address was 'The Trend of Tenancy in U.S.A.'

territory of 3 million square miles, about three-quarters of which was public domain. Three million people were a mere handful on such a vast wilderness. How to settle the land was the first and greatest problem confronting the new government, aside from the mere matter of holding itself together. No other country, possibly no other country at any time in the world's history, ever had so much accessible, desirable land at its disposal at one time, or in one block.

Under the leadership of Alexander Hamilton, Secretary of the Treasury, it was first attempted to sell the land at a cash price, sufficient to bring a considerable revenue into the Treasury. From this plan came little satisfaction to the government, and none to the settler. Not only was the land sold for a dollar or two an acre but, worse yet, it was sold at the seat of government in large tracts. The settler could not afford a trip to the Capital; could not use a large tract; and could not even pay much for the small tract which he desired. This plan did not succeed well or last long, although it came to a gradual, not a sudden, end.

Soon it became manifest that the revenue policy could not succeed. The procedure which followed it was of a *laissez-faire* character. The people made the programme and put it into effect. The government was, of course, a weak one; the frontiersman was vigorous and aggressive. Moreover, the government was wise in giving way to the demands of the prospective settlers. There were dangers both without and within. Other countries were still hoping to possess the Mississippi valley, while our own people were doubtful about the ability of the new government to exercise its authority a thousand miles inland.

Step by step the settlers gained the mastery. They were helped by many friends in Congress and out. The desire for ownership of land was one of the motives which brought men to the New World. This desire was fostered and nourished by the Colonies and grew stronger as settlement spread into the West. Indeed, the prospect of owning land was the loadstone which drew the settlers from the comforts and friends of the established communities, even out into the wilderness. Congress men were eloquent and earnest in their advocacy of cheaper, and finally free, land offered to settlers. These freeholders, the yeomanry, were to become the backbone of the nation, the salt of the earth, the social bedrock, the well-spring and source of purest citizenship, the nursery of patriotism, the palladium of our liberties. Not knowing the full meaning of this last expression, but feeling it was the summation of all that was pure, patriotic, and impressive, the orators and essayists usually ended on that note.

But returning to the prosaic language of the economist it must be admitted that the picturesque and flamboyant language of our earlier politicians and statesmen had a foundation in the thoughts of the early citizens. They wanted land. Not because God had endowed, or cursed, these people with an insatiable hunger for land, but because land was the tempting kind of property then within their reach.

Although required to pay for land at \$2.00, \$1.25, and other similar prices during a period of 75 years, the settler was bound to have free land. Opposition came from two quarters. The East could not bring itself to give up its financial interest in the unsettled lands, and looked upon the settlers who went freely on to the land ahead of surveys of sales as interlopers, trespassers, and outlaws. The other source of opposition was the South, where, on account of the plantation-slave system, the small farmer was neither popular nor dominant.

A forerunner of free land, nevertheless, appeared in the form of a Pre-emption Act, passed in 1841, which gave to the actual settler the first right of purchase. This made the settler secure in his improvements made in advance of the sale at which the land was offered. This Act embodied many features of the Homestead Act, passed about twenty years later and was heralded far and wide as the first Act of its kind passed in any nation within modern times. Land, enough for a farm and the best land the nation afforded, was to be had for virtually nothing, in the amount best suited to the needs of the farmers of the time.

Quite innocently many of our early Congressmen and other public-minded leaders took it for granted that were the American farmers once endowed with land they would retain possession of it indefinitely as operating farmers. True, a few, like Horace Greely, wanted to make it difficult for any one other than an operating farmer to own land, but the means and methods of putting this idea into effect never assumed tangible form.

Owing to circumstances, not design, ownership was distinctly prevalent until well after the middle of the nineteenth century, and, indeed, in many parts of the country at present. However, by 1880 tenancy had become sufficiently conspicuous to attract attention, and an inquiry concerning it was included on the federal census schedules. This census inquiry showed that over a quarter of all farms were operated by tenants. In the South, which means cotton, 36 farms out of 100 were owned by one group and worked by another. In the North tenancy was just short of one in five—quite evenly spread with the exception of being distinctly low in New England. The Middle West had not yet struck its stride.



From 1880 to 1900 it appeared that tenancy was assuming definite form in the way of a trend, and the aspect was ominous. Everywhere ownership declined, tenancy gained. Out of the 48 States every one showed this tendency, with a single exception which showed an almost imperceptible change in the opposite direction, involving an insignificant number of farms. The prognosis was unfavourable, perhaps doubly so, since not only was tenancy on the increase, rising from 25 to 35 per cent., but worse yet the share tenancy, betokening a partnership, probably a friendly interest on the part of a landlord in his tenant, was giving way to cash tenancy, which in turn presumably meant absenteeism, the cold cash nexus, depleted soil, and trouble. Thus in our statistical simplicity, based on plain understandable figures, computed and manipulated through the use of pencil and paper, augmented and scheduled by adding machines, did we interpret the facts and predict the future. No one doubted the trend, and the outcome looked black.

Ten years later came the first real jolt in the reckoning. Thirteen north-eastern States showed a gain in ownership and a decline in tenancy. Eleven mountain and Pacific States, as a group, also showed positive changes in the same direction. The Middle West recorded very small gains in tenancy. In fact, for the whole country, excepting the South, there was a slight gain in ownership. The South reported a positive, though moderate, gain in tenancy, reaching the middle mark of 50 per cent. Not only was there an apparent check in the advance of tenancy, but the character of it was found to have undergone a decisive change; share tenancy had, to a great extent, displaced cash.

Explanations were not wanting. In the North-East ownership had gained because of the prosperity of the farmer, favoured as it was by a relatively low value of land per acre and the small average size of farms, thus keeping the total investment within the reach of a comparatively young farmer of modest means. In addition to this important basic fact it was to be noted that the character of the agriculture of the eastern States was such that it could not well flourish in the hands of tenants. In general this seems to have been the case. Much fruit was grown, and this type of agriculture is never associated with any considerable degree of tenancy. The production of many other highly specialized crops requiring constant and perennial attention, but without a heavy investment in land, tended to promote ownership. To these facts should be added at least one more—the purchase by many city people of homes in the country, to be occupied for the whole or any part of the year, but with enough

productive land to permit the property to be rated for census purposes as a farm.

In the Middle West and the West there still remained the influence of our great public domain. Many thousands of new farms, recently acquired through the Homestead Act, were held by farmers, or often by pseudo-farmers, swelling the numbers of owned farms. Since titles to such farms are not issued within three, or five, years following the beginning of the required residence period, the occupier is of necessity the owner.

There was, however, a more substantial and more general reason why tenancy gained little in the Middle West during some twenty years preceding the Great War. This was a period of prosperity and, although there was some increase in tenancy as a whole, it looked as though many States were perhaps reaching a normal, and one not alarmingly high. For example, the East-North Central States as a group showed about 28 per cent. of rented farms, only 2 points higher than twenty years earlier. The South showed a 3-point advance and reached 50 per cent. Since we expected an advance in the South and attributed it largely, but not by any means correctly, to the presence of so many negroes, the ominous cast to the picture appeared in connexion with increases in several important West-North Central States, such as Iowa, Nebraska, South Dakota, and Kansas.

Since the War, i.e. 1920, important, and not happy, changes have been in progress. In the South tenancy increased as never before and on a base already high, rising from 50 to 56 per cent., one big section reaching 62 per cent., wellnigh two farms out of every three. Eight States, comprising the leading cotton-growing region of the South, ranged from 61 to 72 per cent. of tenancy. It looked as though landowning farmers were to disappear from the State. Still further increases were recorded in the Central West, mainly to the west of the Mississippi.

With the census of 1935 came another surprise. Not only did tenancy fail to advance as was generally expected, but the distribution of the change was new in nature. Virtually the whole South showed a decrease; the North a moderate increase. Iowa, in the heart of the corn belt, reached the 50 per cent. mark, with Nebraska and South Dakota barely below it. The Eastern States (13), which for thirty years had shown a constant decrease, had started upward again. The country as a whole showed a very small decrease.

Why these remarkable changes? In the North-West the increases appear to be due largely to bankruptcy. The States with the largest number of involuntary sales showed the greatest increases in ten-

ancy. As seen in the contrast between the West-North Central States and the East-North Central, such sales had been only about half as frequent in the latter group.

In the South (13 States) tenancy declined between 1930 and 1935, the first time that such a change has occurred in half a century. What has brought this to pass is not shown directly in the census reports. Until further and more detailed facts are available one must go cautiously in offering explanations. This decline is in spite of forced sales being just about as numerous relatively as in the North-West. In looking for the causes one is bound to take into consideration the decreased acreage in cotton. The total number of farms for the nation increased by 6 per cent. in the South. It would appear that many farm owners who have been living in a town have gone back to their farms, automatically forcing the tenant off. However, there are some incidental facts of real social significance furnished by the census reports. The negro tenants have decreased by 15 per cent., while the white tenants have shown an increase of 4 per cent. It would appear to be a case of the survival of the fittest.

Whereas the owners have presumably moved back to their farms because as landlords they were getting so little, it may be inferred that tenants have, where possible, drifted into the cities and towns where relief is more easily available than in the country. Should reduction in cotton acreage continue, it is clear that more profound social changes in the cotton district are in store for us than have occurred since the Civil War.

### C. IHRIG, *Budapest, Hungary.*

Professor Ashby discussed in his paper mainly land tenancy. Professor Sering called our attention to the fact that in other European countries the greater part of the land is farmed by the owners themselves. In some of these countries the most adequate distribution of land between large and small holders is the chief problem, and connected with it is the question, in what way does it influence the economic and social development.

But the question may also be examined from the reverse side: What is the influence of economic and social conditions on the land tenure? This question is, in spite of its being just as important, not so often put as the other. There are countries where the distribution of land seems to be rather obsolete, because estates farmed on a large scale prevail compared with the small ones. And although in these countries too there is a constant increase of the area covered by small holdings, the development is by no means satisfactory for

those who regard the land policy with a bias for the situation and development in their own country.

The economic and social system of a country forms a unit, the parts of which must be in harmony, like those of the human organism. Each branch of this economic unit can be developed according to some premeditated aim, but only as far as the general development permits. It is certainly one of the greatest mistakes to overlook the situation from which one starts, when deciding on the measures of economic policy. [If, therefore, in a given country history has produced a relative significance of the large estates, a sudden alteration of land distribution is impossible or at least involves great risk, except in the case of special circumstances.]

I want to call your attention to some economic and social reasons which prevent a rapid increase of small holdings. If we take a certain area, let us say 1,000 acres, a certain amount of capital is needed for its most profitable management. If the same area is used by ten farmers, each of whom holds 100 acres, the capital needed by them altogether is certainly more than in the former case where it was under one management. If, therefore, we convert a considerable part of the large estates in a given country to small ones, we must furnish the extra capital needed. [If the country cannot provide it, it cannot equip the new small holdings with proper capital; the small holdings cannot be run with a proper profit, and their yield taken altogether is less than it was under the former management; so a fall in the national income is almost inevitable.]

There is also another economic obstacle. [A large-scale farm represents a certain bargaining power in obtaining credit or in purchasing requirements or in selling on the market. A large number of small farms, when isolated, possess certainly a much less bargaining power. That means that their income taken altogether is less than that of a large farm, provided that in both cases the ability of the respective farmers is equal. Therefore, if the large estates of a country are to be divided into small holdings, care must be taken to create such organizations as will give the same bargaining power to the newly created small farms as the large ones had. I am referring here to co-operative credit, purchasing, and marketing societies; they form an indispensable adjunct to small farming units.] Experience has taught us that a co-operative organization cannot be created within a few years without running the risk of complete failure. So, where co-operation has not attained a certain stage of development, the creation of a great number of small farms has just the same risk as sending inexperienced children to do shopping.

[These are the main economic questions to be considered very carefully before starting a land reform. From the social side there are two conditions which I should like to emphasize. One of them is education. Not everybody earning his livelihood in agriculture is able to run his own farm. He may be a very good labourer, but who knows beforehand whether he will become as good an independent farmer as he was an employee of a good employer? Certainly education helps in this respect; but this again needs time before it can bring forth the necessary number of well educated farmers. The results depend not on the efforts of the State alone. They depend also on the will of the farming people, and it is an almost general experience that there are more opportunities for education than farmers ever use.]

[But it is not education alone which decides the ability of the farmer. His capacity for organization and business must be taken into consideration as well. In this respect sons of farmers certainly are to be preferred to the labourers, at least generally. But here again we have two obstacles: the first is the social point of view which requires that, in the main, land must be given to those who have none at all, that is, to the labourer; the second is the question whether there is a sufficient number of sons of farmers in a country where there are relatively few small farmers.] It is certainly useless to create new farming units which cannot stand competition and sooner or later fail, compelling their owners to look for a type of employment which becomes difficult to get owing to the fact that large-scale farmer employers have disappeared.

All these economic and social conditions, of which I have enumerated only the most important, determine the speed at which land policy can be carried out. It is certainly possible to leave them unnoticed and alter the distribution of land entirely within a few years. But this is revolution in agriculture. And revolutions, whether political or economic, always cost a lot of money, which somebody must pay. The costs of some large-scale land reforms in the post-War period were placed on the shoulders of the large owners. But this was only possible because the agricultural revolution was connected with a political one, and the racial difference between the possessing and non-possessing classes of agricultural population facilitated the solution of the financial question. But one cannot take the same measures in a country where the 'haves' and 'have-nots' belong to the same nationality.

In the normal case the charges connected with land reform must be taken over by the community. These costs are heavy, even when

there is no revolution and the land policy follows an evolutionary course. There is the temporary fall of the yield on the area affected by the land-policy measures. (At this point we must just touch in passing on the difference existing between those countries where the large estates are rented to small tenants, and those where they are farmed on the large landowner's own account; in the former it is certainly easier to declare that as from to-morrow the tenant enters into the possession of the land cultivated by him than it is in the latter case to create entirely new farming units.) But supposing that the general level of yield does not decline, there are still costs. There is the compensation for the former owner; there is the new equipment of the new owners; there are the costs of the administration, &c. If the former landowner is not made to pay, the community must. The community consists of two parts: those earning in agriculture and those earning in the other branches of economic life, particularly in industry. Now there is a great difference again whether it is on industry or on agriculture that the economic prosperity of the country is based. If, as in pre-war Germany or present-day England, there is a strong industry which can easily bear these costs, it is clear that a land policy in favour of small holdings is carried out much more easily than in a country where industry cannot be charged with this burden or at least cannot furnish the necessary capital for agricultural loans.

In concluding my brief observations, I should not like to be misunderstood. I do not want by any means to claim that, under the conditions just sketched, it is not the duty of the State to make every effort to achieve the most democratic distribution of land possible, and certainly there are ways of increasing the number of small holdings in an economic way even under the above-mentioned circumstances. What I want to emphasize is only this; the framework of land policy is to some extent determined by economic and social conditions which we cannot alter from one day to the other. A sound economic and social policy must be adapted always to these possibilities. In the same way anybody who wants to form an opinion on the land policy of a given country must be acquainted with its conditions.

GEORGE DALLAS, *Wellingborough, England.*

I have been very much impressed, as I am sure all of us have been, with the papers that have been read, and particularly with the papers this morning by Professor Ashby and Professor Sering. I, with others, shall await with very great interest the full translation of

Professor Sering's paper so that I may be able to give it the full and complete study that it deserves; I am certain that it will be very much to our advantage. But I want to congratulate Professor Ashby on his paper this morning, as being one of the most exhaustive in our country on land tenure, and I want to say that I hope that that paper will have a wider audience and circulation than even the members of this august association. I was very much struck with his final conclusion, namely, that public ownership in this country is the best form of land tenure. This is borne out by the facts of the case.

In recent years we have had very great lamentations from the land-owning class in this country that the owning of lands is not a profitable undertaking. They have been complaining that it is impossible to get, at the best, anything more than a very small return on the capital outlay and expenditure; that in many cases it is completely impossible to get any return whatever; and that in some cases they have a considerable adverse balance. This has compelled them, in their language, to call upon the State to help them, because the capital value of farming land in recent years has undoubtedly been steadily depreciated. One has only to look at the untrimmed and uncut hedges, the uncleaned ditches, the choked drains, the lack of drainage, and the dilapidated farm buildings to see that depreciation has been taking place in recent times. Now, they have undoubtedly had considerable help given. It is of great interest to note that many of our best informed and ablest agricultural statesmen have called attention to what must inevitably be the result of State help and State expenditure in this way. Lord Ernle, who is well known as one of the greatest of our authorities on agriculture in this country and who was our Agricultural Minister during the War period, in the last chapter of the last edition of his book, *English Farming, Past and Present*, states that State help in the form of grants for drainage and other things cannot continue without the State entering upon control in some form or other of the land of the country. And later still, Lord Halifax, the Lord Privy Seal, laid it down, when he was the Honourable Edward Wood and Minister of Agriculture, that if this State help was going to go on he could visualize (and this is some 10 or 12 years ago) that it would end by way of a revolution in the ultimate nationalization of the agricultural land of the country. It is also well known to all of you here that Mr. Orwin of Oxford has in recent years come out very definitely in favour of the nationalization and complete community control of agricultural land.

So far I have been dealing with the facts and the project as referring to landlords who probably have been struggling financially to do

their very best with the land that they own, but there are other types of landowners. Lord Bledisloe, another great agricultural authority in this country and for some time Parliamentary Secretary for Agriculture, delivered an address to the British Association some years ago, in which he pointed out clearly and distinctly that there were very many landowners in this country who by lack of knowledge and experience, and possibly the will, were quite unfitted for the job of estate and land management and, therefore, were not of any value whatever to the agricultural community.

There are other reasons as well, social and political reasons, why public control and public ownership should in this country be the form of land tenure. In many districts, both in Scotland and in England, the feudal system still exists. Ownership of land gives a greater social prestige than ownership of any other form of capital, and ownership of land in the rural areas gives large authority and power of dominion over the lives and destinies of the people who live in these areas. Therefore, from the social point of view, it is necessary that that power should be taken away and that it should disappear altogether. The private ownership of land, as a system of land tenure, has completely broken down in this country, and we are gradually—maybe political circumstances will accentuate the speed of the process—but we are certainly gradually moving on to greater public control and, I think, in the end public ownership; and, so far as the best of the sociologists and the best of the economists are concerned, this system is undoubtedly the best form of ownership of agricultural land in Great Britain.



## MINUTE OF GROUP MEETING TO DISCUSS RESEARCH ON LAND TENURE

At a meeting held to discuss the land tenure research projects, Dr. Sering gave a brief account of the position with regard to the investigations into systems of land tenure, more correctly into the social and economic constitution of the rural population in the various countries concerned. These investigations had been inaugurated by the Third Conference at Bad Eilsen. Detailed reports were presented to the Conference by Switzerland,<sup>1</sup> Bulgaria,<sup>2</sup> Hungary,<sup>3</sup> and (with a slight modification of the subject) Great Britain.<sup>4</sup> The report on Yugoslavia<sup>5</sup> was still in the press when the Conference met. Preliminary reports had been sent from Denmark,<sup>6</sup> Norway,<sup>7</sup> and the United States of America.<sup>8</sup> The research work was advancing in Germany, Austria, Italy, and Canada, and was being prepared in Sweden, Poland, Czechoslovakia, and by the Ibero-American Group. It was hoped that all other important countries would follow.

Going on to the scope and methods of the investigations, Dr. Sering referred to the outlines sent out to the correspondents in the various countries and to all other persons concerned with the investigations. Having looked through the volumes ready so far, he begged to draw attention to the following points in the drafting of reports:

As the agrarian constitution, though the foundation, is only a part of the general social and economic structure, a general survey must be given of the occupational and social structure of the population as a whole, and of the parts played by agriculture, industry, and trade, &c. in the national community and economy.

The investigations have to be centred in the present state of things, but a knowledge of the historical development is indispensable, so that the modern constitution can really be understood. For old as for new-settled countries it is equally desirable to get a knowledge of the motives which guided the men who created or transformed the agrarian constitution. In old-settled countries, the authors cannot be expected to do research work of their own in this regard; they will therefore be concerned mainly with giving a summary of the results of the investigations hitherto made into economic and social history. For new-settled countries, stress must be laid on the motives of the land settlement policy, for instance in U.S.A., Canada, Australia, South Africa. It would, however, be most desirable that the investigation should go back to the origins of European settlement in those countries, e.g. for U.S.A., in New

<sup>1-8</sup> Numbers refer to list of publications appended to this minute.

England and Pennsylvania; for Canada, in the French Colonies on the St. Lawrence River.

Besides the leading political and social ideas, the natural conditions, soil and climate, and further the origin, the race, and the traditions of the settlers should be treated of.

On the other side, the social, economic, and biological effects of the land-tenure system are to be examined.

As to the economic conditions and effects, it would be a mistake to give a full encyclopaedia of the agriculture in any country. It is sufficient to describe the most important types of farming in the various regions.

The social side of agriculture must clearly be set in the foreground, as it has been sketched in the outlines :

Distribution of the land; size of farms and properties—mode of tenure and working conditions—the question how far capitalistic dependence is penetrating agriculture in the forms of indebtedness and expansion of tenant farming—critical review of the social reforms induced in most countries by the agricultural crisis.

#### LIST OF PUBLICATIONS

1. G. HOWALD u. H. BRUGGER. *Grundzüge der schweizerischen Agrarverfassung*. Berlin, 1936.
2. J. ST. MOLLOFF u.a. *Die sozialökonomische Struktur der bulgarischen Landwirtschaft*. Berlin, 1936.
3. *The Agricultural Organization of Hungary*, published by the International Committee of the Ignatius Daranyi Society of Agricultural Science as the Hungarian Group, International Conference of Agricultural Economists.
4. *Regional Types of British Agriculture*, edited by John P. Maxton. London, 1936.
5. O. VON FRANGEŠ. *Die sozialökonomische Struktur der jugoslawischen Landwirtschaft*. Berlin, 1936.
6. O. H. LARSEN. *Brugsstorrelse, Besiddelsesmaade og Arbejdsforhold i det Danske Landbrug* (not published).
7. P. BORGEDAL and O. HOGNA. *Size of Holdings, Mode of Tenure and Working Conditions in Norwegian Agriculture* (not published).
8. O. E. BAKER and J. G. MADDOX. *The Changing Agriculture of the United States* (not published).