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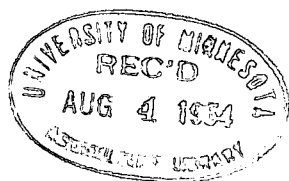
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**Land Settlement:
The Making of
New Farms**



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LAND SETTLEMENT IN GERMANY

I

DURING the last two decades of the nineteenth century, when the Small Holdings Movement spread in England, land settlement programmes under the name of 'Interior Colonization' became popular in Germany as well as in other countries of continental Europe. In those days, legislation concerning land tenure lay mainly with the states of Germany, not with the Reich. Land-settlement measures adopted by Prussia since 1886 were, to a high degree, designed to check the growth of Polish nationalism in the eastern provinces. But they were extended also to parts of the country where no nationalistic purposes were at stake. Up to 1915 some 40,000 holdings, most of them family sized, were laid out covering 500,000 ha.¹ Practically all the land was bought from large landowners in the open market. A law of 1908, allowing the expropriation of large estates in two eastern provinces, was employed in three cases only. Before then, most of the land given to settlers had been operated in large units, less than 10 per cent. being newly claimed from moors. The settlers as a rule became owners, not tenants. But their ownership was subject to public control, and they had to pay reasonable annual rents including amortization over thirty or more years. This form of hereditary land tenure was called 'Rentengut'; it was largely in accordance with the programmes of agrarian reformers who, under the leadership of Max Sering, aimed at curtailing the undesirable effects of absolute freedom in acquiring, using, and mortgaging agricultural land.

After the First World War, land settlement got a vigorous impulse in Germany, as in Great Britain and other European countries, in order to meet the desire for land and to bring about a more democratic distribution of land ownership. In 1919 the *Reichsiedlungsgesetz* (Reich Land Settlement Law) realized the ideas of Max Sering. It obtained the support of all political parties. Rights of expropriation and of pre-emption were established for acquiring land. Nevertheless, free purchase remained predominant. After the stabilization of the currency in 1924, expropriation became nearly obsolete.

¹ 1 ha. = 2.47 acres.

The programme was to cut down the share of large holdings (over 100 ha.) by one-third, or to less than 10 per cent. of the agricultural area in each province. Nearly one-half of this programme had been achieved by 1933. Some 60,000 family-sized holdings occupying 650,000 ha. had come into existence, again as *Rentengüter*. As all districts with a high percentage of Polish population had been handed over to Poland, a nationalistic fight for landownership was now out of the question. In 1923 a special law had to help the settling of German refugees from Poland. Apart from that temporary purpose, the policy of land settlement was meant to bring about a gradual change in the system of land tenure, i.e. the increase of family-sized peasant holdings replacing large agricultural units employing hired labour. During the depression of 1929-32, land settlement was also used to combat unemployment.

Under the Nazi régime, land settlement within Germany slackened down, though it was advocated by weighty propaganda. Maybe some of the Nazi leaders, setting out to conquer *lebensraum* in eastern Europe, did not really care for land settlement within the boundaries of Germany. Anyhow, the Reichserbhof law, enforced in 1933, discouraged both the acquisition of land and the credit facilities for settlers. Moreover, the methods for racial selection of new settlers had a deterrent effect on many applicants.

II

With the collapse of the Third Reich in 1945, new and urgent needs for land settlement arose. From the German provinces east of the Oder-Neisse, where the main work of land settlement had been effected before, the German population was nearly all expelled. Most of the people of German nationality who, since the Middle Ages or at least since the eighteenth century, had lived in Czechoslovakia, Hungary, Rumania, and Yugoslavia, suffered the same fate as Hitler had planned for and partly enforced on the Polish and other non-Teutonic nations. More than 10 million refugees poured into what remained of Germany. Besides, war destruction and post-war distress had badly interfered with industrial employment. Thus, from various sources, the numbers of applicants for land were considerably augmented.

In the Russian Zone, occupying some regions where a high percentage of the land had been operated in large units (Mecklenburg, western Pomerania, Brandenburg, and parts of Saxony), all estates of

more than 100 ha. were expropriated early in September 1945 without compensation. Within a few weeks, these holdings which, generally speaking had been operated intensively and effectively, were subdivided into very small units. Whereas between 10 and 15 ha. had been the normal size of a settler's holding, an average of 5 or 7 ha. was now prescribed, and a good many of the new farmers had neither sufficient capital nor experience. Consequently, much damage was done and, up to 1947, thousands of acres of the most fertile soil were left untilled and covered with weeds.

It is difficult to say to what degree the Russians and their agents had foreseen such a development. At any rate, their chief objective was not to obtain maximum agricultural production but, for the moment, to liquidate the class of large landowners stigmatized as Junkers and, for the future, to prepare for the collectivization of farming. That is why the new settlers, in spite of propaganda glorifying the 'free peasant on a free soil', were deliberately endowed with holdings too small to eke out a satisfactory existence.

In 1939 the large units (above 100 ha.) had occupied nearly 30 per cent. of what is now the Soviet Zone. In 1951, according to official statistics, their share was less than 5 per cent. operated by state farms or for experimental purposes. At the other extreme, the holdings with between 5 and 20 ha. had increased, roughly, from 30 to 60 per cent. of the agricultural land, and a little more than 20 per cent. had remained in the hands of operators with from 20 to 50 ha. Since 1952 the main weight of terror and pressure by taxes and delivery quotas has fallen on the last-named group. Obviously it is their turn now to be 'liquidated' just as the *Kulaks* were in Soviet Russia during the early thirties. In the Soviet Zone of Germany we are no longer facing objectives of land settlement, but of enforced collectivization. While up to 1950 the use of this term was strictly forbidden, it is now hardly disguised.

The monthly figure of medium-sized farmers arriving in Berlin as refugees, after leaving their homes and their property in the Soviet Zone, has risen progressively from 500 in September 1952 to 4,000 in February 1953. They are increasing the needs for land settlement in Western Germany.

III

In Western Germany the Military Governments suggested or obtained various land reform laws. A decree published by the British

Military Government in 1947 deemed it reasonable to diminish the political and economic influence of large landowners by establishing a maximum area of land that might be owned by any one person. The German State parliaments, realizing the rather small proportion of agricultural land held by big private owners in Western and particularly in Southern Germany, were not guided by this line of argument, though they came to similar conclusions. Their first objective, as expressed in a law adopted by the states (*Länder*) of the American Zone, was to help those who had been expelled from their homes or who had otherwise been uprooted by the war. But there is not much land available for this purpose in Western Germany. Less than 5 per cent. of the agricultural land is operated in large holdings (above 100 ha.). Only in Schleswig-Holstein, Braunschweig, and Hannover did the percentage amount to 10 or 20 per cent. Consequently, the principle of the Reichssiedlungsgesetz, which stipulated a maximum percentage of 10 per cent. in each province, would not have yielded any land; even 5 per cent. would not have given much, and it did not seem feasible to fix a maximum of 3 or even 2 per cent. Thus none of the state laws published in Western Germany after 1945 has contented itself with such a maximum percentage for a certain region. All these laws have established an obligation for individual large landowners to hand over part of their farm land for settlement purposes.

From an economic standpoint such a rule, no doubt, leads to disadvantages because the balance between land, human labour, buildings, live and dead stock which has been brought about by effective farm management is bound to be disturbed on each large farm, for a while at least, and has to be found afresh through a somewhat wasteful process of readjustment.

Legislation on land settlement having again become the prerogative of the eleven *Länder* of the Bundesrepublik, the size of holding above which expropriation was to take place was defined differently in the state laws passed from 1946 to 1949. Only for the states lying in the American Zone has a uniform law been adopted. In the other zones each state has issued its individual law, though following the general principles of the respective Military Governments. In fact, within the British and French Zones, the state laws differ from each other in minor points only. Most of these laws are called land reform laws (*Bodenreformgesetze*) though, as a matter of fact, they are far from enacting comprehensive land reforms.

The main object of the new legislation is the supply of land for settlement purposes. Its most important points are:

1. All the laws stipulate that, primarily, agricultural land is to be supplied, though moorland, whenever suitable, may be used for settlement. Forests are excluded in the American Zone and in the French Zone (except Rheinland-Pfalz). Two-thirds of the forests in Western Germany are owned and directly administered by the states or other public bodies. Some of the privately owned forests are of an exemplary standard, others are arousing much criticism, especially those of smaller owners, for which no satisfactory system of public control has yet been found. As only in exceptional cases are forests grown on land suitable for agricultural exploitation, this problem cannot be tackled successfully by settlement legislation.

Agricultural land, as a rule, is to be handed over with buildings, machinery, implements, and livestock, as far as these are not indispensable for a reasonable use of the land which the original owner retains.

2. Some categories of owners (war criminals, absentees, bad managers) are losing their land regardless of the size of their property. As to the rest, the old limit of 100 ha. (permanently used in the agricultural statistics for defining large units and adopted by the Reichssiedlungsgesetz of 1919) has retained primary importance. Owners of less than 100 ha. can be expropriated for settlement needs under the state laws of the American Zone and of Rheinland-Pfalz, but only in extraordinary cases and with certain guarantees amounting to a right of compensation in equivalent land. But in all states they remain subject to the right of pre-emption established by the Reichssiedlungsgesetz in favour of the settlement companies. This law is still valid, so far as it has not been superseded by the recent legislation. Its second section obliges the states to offer their farms which, as a rule, are operated in large units by tenants, to settlement companies. Generally, the Ministries of Agriculture have been somewhat reluctant to meet this obligation. In 1952 Schleswig-Holstein decided to offer thirteen state farms covering 2,423 ha.; that is an important part of the agricultural land owned by this state.

Public owners, and particularly the states, are exempt from the new land laws of the British Zone and of Rheinland-Pfalz; the two other states of the French Zone do not make a distinction between private and public owners, but the latter may claim more exemptions in individual cases. In the American Zone public lands may be demanded when urgently needed.

3. Most frequently large private landowners are affected by the new land laws. In the American Zone as well as in Baden and in Württemberg-Hohenzollern, each has to give up a proportion of his land beyond the first 100 ha. The proportion rises progressively, in the American Zone from 10 per cent. (for owners of 100 ha.) to 76.25 per cent. (for owners of 2,000 ha.), so that 90 ha. are left to an owner of 100 ha., 375 ha. to an owner of 1,000 ha., and 475 ha. to an owner of 2,000 ha. In the French Zone the scales are a little different. In the British Zone there is an absolute maximum of 100 ha. remaining with the former owner which, however, may be modified by taking into account the taxable value.

4. In all the states of Western Germany fair compensation is given for expropriated land, no matter whether it has to be handed over to the state (as in the British Zone) or to a settlement company (as in the other zones). Everywhere a capitalized income value is taken as basis, intended broadly to equal the standard value fixed for taxation. But as these standard values have not been modified recently, there is a certain discrepancy and landowners may reasonably demand twice the standard value or even more as a fair compensation.

In the British Zone the compensation is paid in bonds bearing $2\frac{1}{2}$ per cent. interest; in the American Zone, 90 per cent. is given in 3 per cent. bonds, and the rest in cash; in the French Zone, the whole compensation may be demanded in cash. Under this condition, of course, state finances do not allow a rapid execution of the land laws.

5. There are other reasons and legal provisions which are preventing a rapid fulfilment of land-settlement programmes. First of all the state of agricultural production should not be impaired and for obvious reasons all the laws take this into account. To the same end, they have enacted that land may not be claimed before it is wanted for actual settlement. As land-settlement companies or administrative bodies had to be built up or at least reorganized and as it takes much time and great effort, under the prevailing shortage of capital, to finance an actual settlement programme, the execution of the land laws was far from keeping pace with the demands of applicants, particularly with the wants of refugees.

Consequently, in order to accelerate help for refugees, a special federal law was passed in 1949 (*Flüchtlingssiedlungsgesetz*). It did not touch the state laws, for it refrained from expropriation or any other form of compulsion. By subsidies and loans refugees were enabled to rent or to buy farms whose owners had no children or other heirs

in the near family, or farms which had become 'waste', i.e. whose buildings were still existing but whose land had been alienated to other farmers. The owners of such farms or plots were induced to sell or to rent their land to refugees (as a rule for a period of twelve years) by various sorts of tax relief, particularly by remitting the taxes destined to equalize the burdens caused by destruction and expulsion during and after the war.

IV

The whole amount of land which may be claimed for settlement is estimated at 700,000 ha.; that is approximately 5 per cent. of the agricultural area of Western Germany. A good deal of that land has been operated before by tenants in small or medium-sized holdings, or even in scattered plots. When large units were to be subdivided, the agricultural labourers had to be given a chance of acquiring part of the land. Consequently, the amount of land available for new settlers and particularly for refugees is far from 700,000 ha. For the years 1945-51, the Land Settlement Statistics of Western Germany show:

I. Land acquired:

1. from the former 'Wehrmacht'	44,715 ha.
2. from other public owners, including the former Nazi party	12,639 ha.
3. from private persons or companies	86,542 ha.
Total	<u>143,896 ha.</u>

Of the two first categories, 75 per cent. is agricultural land. For the third category the percentage is not exactly known, but it should be higher.

II. Land handed over:

1. to settlement companies	100,279 ha.
2. directly to neighbouring small owners	9,765 ha.
3. directly to new settlers	30,419 ha.
Total	<u>140,463 ha.</u>

III. Land given to settlers (either directly or by settlement companies):

1. to neighbouring small owners	18,450 ha.
2. to new settlers	71,433 ha.
Total	<u>89,883 ha.</u>

IV. Out of the land given to new settlers:

1,350 ha. went to	453 independent farmers	with less than 5 ha. each.
21,039 " "	1,956 " "	from 5 to 15 ha. each.
38,216 " "	1,490 " "	with more than 15 ha. each.
<hr/>		
60,605 " "	3,899 independent farmers	
1,378 " "	564 market gardeners	
3,687 " "	3,591 agricultural labourers	
3,110 " "	6,402 part-time farmers	
2,653 " "	14,269 other settlers	
<hr/>		
71,433 " "	28,725 settlers	

Statistically the land given to settlers appears when a contract of sale has been signed. From the experiences of many generations, operating-ownership is looked upon as the best way of founding flourishing settlements. But for a period of transition, tenancy is made use of, particularly in the states of the American Zone, where the settler has to stay as a tenant for three years before the land is sold to him. Such tenants are not yet included in the statistics.

Most of the settlements were created in 1950 and 1951, particularly those given to independent farmers, agricultural labourers, and part-time farmers. Since 1949 federal financial aid is given with the view of combating unemployment and helping the refugees; E.C.A. sources also are available. Permanent aid is indispensable for executing long-term programmes. But statistically the number of 'other settlers' will go down more and more, as the provision of homes with small kitchen gardens for non-agricultural people is going to be taken out of the statistics of agricultural land settlement.

From a more detailed study of the statistics it is learned that the reclamation of land, though somewhat important in Bavaria and in the extreme north-west (Emsland), has extended only to 4.3 thousand ha. from forest land and to 8.5 thousand ha. from moorland. Settlement on land coming from Wehrmacht property has, on the whole, not been very successful. It was only reluctantly released and parts of it have even been taken back by the occupation authorities for military purposes.

Of the property of private persons or companies, more than two-thirds has been taken over by voluntary arrangement, a quarter by expropriation, and less than a twentieth by pre-emption. The voluntary arrangements, however, would hardly have been obtained if the landowners had not had to envisage expropriation.

The highest figures are to be found in Bavaria, Schleswig-Holstein, Niedersachsen, and Hesse; the lowest in Baden and Württemberg-Hohenzollern.

The statistics given so far do not include all that has been done under the Flüchtlingsiedlungsgesetz, but they are influenced by the execution of this law indirectly inasmuch as financial aid is given to refugees enabling them to become settlers. Up to the end of 1950 about two-thirds of the settlers were refugees; roughly one-third had lost their homes in the German provinces east of the Oder-Neisse Line and in the Soviet Zone which, however, contributed only a small figure (3 per cent.), as middle-sized farmers were not deliberately persecuted as a group before 1952; one-third came from Eastern Europe outside Germany, and one-third had been living in Western Germany before 1945. The proportions varied considerably between the states, but not much as to the share of independent farmers and part-time farmers, while among the agricultural labourers receiving land only 46 per cent. were refugees.

The total results of the Flüchtlingsiedlungsgesetz up to the end of June 1953, may be summarized as follows:

	<i>up to the end of June 1952</i>	<i>up to the end of June 1953</i>
I. Settlers:		
1. under the Reichssiedlungsgesetz	12,075	17,311
2. Under the Flüchtlingsiedlungsgesetz		
(a) on rented land	10,868	12,116
(b) on bought land	<u>6,104</u>	<u>8,971</u>
Total	<u>29,047</u>	<u>38,398</u>
II. Area given to settlers:		
	227,659 ha.	267,718 ha.
III. Size of settlements:		
Below 2 ha.	13,235	18,747
2-5 ha.	3,751	4,707
5-10 ha.	4,541	5,869
10-20 ha.	4,967	6,056
20-30 ha.	1,378	1,665
Above 30 ha.	1,175	1,354
Total	<u>29,047</u>	<u>38,398</u>
IV. Financial aid:		
	<i>mill. DM.</i>	<i>mill. DM.</i>
1. from the Federal Republic	251	379
2. from the states	<u>166.2</u>	<u>243</u>
Total	<u>417.2</u>	<u>622</u>

The results of the Flüchtlingsiedlungsgesetz which have been achieved within less than three years and without recourse to expropriation are, no doubt, quite a success. As, on the average, each settlement is occupied by a family of four persons, some 120,000 persons have found improved living. A comparison with the statistics of the land settlement carried out under the state laws also shows the Flüchtlingsiedlungsgesetz at an advantage.

To a high degree it is due to the fact that tenancy has been made use of much more than was usual in German land settlement. Moreover, childless owners of medium-sized holdings have been induced in a clever way to hand over their land to refugees. The number of heirless peasants had been increased considerably by war casualties. Of the total of 29,047 refugees who have benefited from the Flüchtlingsiedlungsgesetz, 5,367 have found homes on farms whose owners had no heirs in the near family willing to take over.

Nevertheless, the figures given above are very low when compared with the total of refugees in Western Germany (roughly 8 million) or even with the number of refugees who had been living on farms (at least 2 million). It must also be noted that more than half of the settlers have found places which do not allow more than part-time farming.

V

Most of the settlers have to rely on non-agricultural income, especially on wage earnings from various industries. And from the settlements laid out as family farms a decent living cannot be expected if the town population is not prosperous enough to consume great quantities of meat, butter, vegetables, and fruits, the most important cash products of small holdings, at prices that pay the producers. In a country so highly industrialized and so densely populated as Western Germany, it is hardly to be hoped that land settlement, by increasing and exploiting the productivity of the soil, can make any remarkable contribution to the wealth of the nation. On the contrary, its own success is absolutely dependent on the prosperity of the non-agricultural industries.

On the other hand, land settlement is by no means to be neglected in an industrialized country with a high proportion of refugees and unemployed. It can be very useful indeed socially and economically, but it cannot come up to the exaggerated expectations found here and there.

There is no doubt that unwise land-settlement policies can do much harm to a country. In 1945 and in the following years the danger that political ardour, violent prejudices, and temporary food shortage would bring about a short-sighted and detrimental land policy was to be felt not only in the Soviet Zone, but also in Western Germany. This danger, however, has lost most of its menace. The Federal Republic does not seem to embark on radical experiments.

Shortage of capital is the most difficult and the most urgent problem at present and will be so for years to come. In order to meet it, so far as general economic conditions will allow, legislation has been active. In August 1952, after some years of preparation, discussion, and struggle, a federal law has settled the *Lastenausgleich*, i.e. a fair distribution of damage caused by destruction and expulsion as well as of losses under currency reform. To this end a general property tax and special fees on gains effected by the devaluation of mortgages and debts, as well as contributions of the states, are to be paid into a compensation fund for the benefit of those who have lost their sources of income. Moreover, these people are to be reincorporated into the economic process. Two laws passed by the Bundestag in February and March 1953 are directly designed to promote land settlement of expelled persons as well as of natives of Western Germany. Accordingly, the 'Deutsche Siedlungsbank' is to receive considerable sums annually from the federal budget which are to be used for settlement purposes, either as cheap loans or as subsidies. These laws have been published in the *Bundesgesetzblatt Teil I, Nr. 22, 22 Mai 1953*. They have been commented on in the *Z. f. d. gesamte Siedlungswesen*, 2. Jhg., Heft 3, Mai 1953.

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