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LAND TENURE IN ENGLAND

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THE land tenure system of England as manifested at the present day is the outcome of the evolution of a thousand years and more, but for the purposes of our consideration today it will suffice to begin with the conditions prevailing some 150 years ago, and to follow up developments which have been made since then. In this way it should be possible to get a fairly clear understanding of the movements which have led to the unique position occupied by English land tenure, and to make some forecast of its future.

One hundred and fifty years ago, English agriculture was rapidly emerging from the self-sufficient state which still characterizes the agriculture of many of the more primitive communities today. It is not always realized how very recent is the idea of production for the market, and the England of 150 years ago was still composed very largely of self-sufficing rural communities with very little contact with each other, and less with the world at large. The industrial population was small, communications were bad, and within the memory of persons hardly one generation dead the villages of many parts of England were cut off from all vehicular communication one with another for nearly half the year.

In these circumstances it is obvious that a system of farming based on the supply of the farmer's own requisites was the predominant feature of country life, and a system of land tenure which secured to the farmer land sufficient for his own sustenance was adequate to the needs of the times. There was a marked similarity in the agriculture of all districts, specialization was almost unknown, and the unit of land which went to make up the agricultural holding of the day was a small one.

With the rapid expansion of industrial development the whole situation underwent a change. Whilst the agricultural population remained stationary the population engaged in urban industry underwent a rapid expansion, and with it there came the demand for food from a non-agricultural consuming class which has gone on growing right up to the present day. The agriculture of the self-sufficing farmer on his small unit of land, bound by tradi-

¹ Read by J. P. Maxton.

tional customs to follow certain practices and unable to take advantage of the new knowledge which intercourse with foreign countries and the discoveries of science were making available, was quite unequal to the demand which the urban consumer made upon it. The newer countries, some of them represented by our friends here today, were undiscovered or at least unexploited, and their resources, of which we have since availed ourselves so largely, were then unavailable. And so there began a race between urban and rural industry, the one seeking to exploit the mineral resources of England and to take advantage of the political security, which this country alone enjoyed in Europe at this time, to concentrate on the expansion of its industries; the other seeking to adapt itself to meet the new demands thus made upon it, by a revolution of its agricultural systems.

Amongst these, the first thing necessary was a reform of the system of land tenure. An increasing production of corn and meat was impossible on the little farms composed in so many cases of scattered strips of land. It was necessary that the layout of farms and the size of the agricultural unit should be reconsidered, and from 1750 onwards, for the best part of 100 years, a great reconstruction took place. The money made in industry was invested largely in the purchase and equipment of land. The small scattered holdings were consolidated into large farms. The farms in their turn were assembled into large estates in one ownership, and the landlord-and-tenant system, as it is understood in England today, was first constituted on a general scale. It is not too much to say that, over great districts of England, the face of the country as it appears today first emerged at this time, the fields, the houses, the cottages, the farm buildings as we see them being little more than 100 years old.

The distinguishing feature of the English landlord-and-tenant system in agriculture has always been the active participation of the landlord. From the time of the disappearance of the self-sufficing farmer and the advent of farming for profit, there has been all over the country a perfectly clear understanding of the functions of landlord and tenant in the agricultural partnership. In some other countries, the landlord, where he exists, has been a mere receiver of rent. In others, at the other extreme, he has supplied the whole farming equipment, leaving to the tenant nothing more than the task of using it for productive purposes. In

England, the landlord's obligation has been the provision of the whole of the permanent equipment of the land; he has made the roads, fenced and drained the fields, erected and maintained the houses, cottages and buildings, provided the water supply, and so forth. The tenant, on his part, has contributed the working equipment, the implements, the draught horses, the cattle and the sheep, and so forth. The custom was universal and clearly defined which imposed upon the landlord the obligation to equip and to maintain the equipment of the land, and upon the tenant to stock it with live and dead stock and to cultivate it according to the rules of good husbandry.

A system such as this entailed upon the landlord the investment of large sums of money, and it is not too much to say, speaking of the country as a whole, that the capital sunk by him in the permanent equipment was twice as much as that required of the tenant for the working equipment of the land, and we can see now why this system of land tenure made so strong an appeal to these two classes of the agricultural community, and why it has endured so long. In the days when the system began, there was a wealthy class with a very small field for investment of capital, and, taking one decade with another, the position of the farming industry throughout the period comprising its reorganization to meet the new economic conditions of the latter eighteenth and early nineteenth centuries, was good enough to make land an attractive investment to its members. At the same time, the new farmer, no longer concerned with subsistence farming but bent on organizing his production for an insatiable market, was enabled to handle an area of land and to reap profits three or four times greater than would have been possible to him had two-thirds of his capital been locked up in the purchase and equipment of the land he farmed.

The English system, then, of dual control by landlord and tenant, was evolved out of the necessities and the opportunities of the time, and for the first three generations of the past century it served the country well. Capital and brains were attracted to the land, and landlord and tenant vied with each other in the effort to secure maximum production of food. The position of the third class in the rural community, the landless labourer, is another question, and one, fortunately, which lies outside the scope of this consideration. It is sufficient to say that in the great days of Eng-

lish agriculture, before the spread of railways, of the reaper and binder, and of cold storage had widened the borders within which industrial England grew her food supplies, the system served the agricultural community well.

But if this organization of land tenure stood the test of what has been called "the Golden Age," so also did it survive for a long time the days of depression which set in fifty years ago. It is common knowledge how something approaching disaster overtook the British farming industry in the eighties and nineties of the last century, and it was largely owing to the division of responsibility for the capitalization of agriculture, under the landlord-and-tenant system, that the tenant section of the community was enabled to make the necessary adjustments required by the times, and to get its business going again. Farming had to go on and although the landlord had more capital at stake, the business of farming the land devolved upon the tenant, and so, whilst the losses of both parties were severe, owing to the fall in values of produce, the tenant could always carry on so long as the reduction of the margin between his receipts and payments did not exceed the amount of the return on the landlord's capital secured to him in the form of the tenant's rent. In other words, the landlord, who has been described as the residual profiteer, acted in these days as the shock-absorber to the industry, and so long as his tenants' operations produced any margin at all, after payment of labour and the provision of subsistence for themselves, they were able to carry on by the simple expedient of drawing upon the landlord's returns. Briefly, the effect of the fall in the value of agricultural produce in the last two decades of the last century was to wipe out a great part of the landlord's capital, and while the tenant's capital position was also adversely affected, it may be claimed that it was due, in the main, to the landlord-and-tenant system that English farmers were able to survive those days as well as they did.

However, great as the advantage was to the tenant farmers, the landlords had learned a lesson which was not quickly to be forgotten. Confidence in agricultural land as an investment for capital received a blow from which it has never recovered. Land became unsaleable. Landlords were bound to carry on whether they wished it or not, but new money for the maintenance and improvement of the equipment of the land was no longer forth-

coming, and all over the country a deterioration in this respect set in, which resulted, bit by bit, in the breakdown in practice of this theory of land tenure. One party, the tenant, had adjusted himself and was prepared to carry on. The other party, the landlord, was unable in many cases to function properly as a partner in the business of financing agriculture to the extent that the duality of the system required. At this point, therefore, the State had to step in, and, beginning with the year 1883, legislation has been enacted every few years, the effect of which has been gradually to transfer more and more responsibility for production from the land, to the tenant. The landlord no longer has any voice in the system of farming to be pursued. The tenant is no longer entirely dependent upon him for the permanent equipment of the holding, but is free to erect his own buildings and carry out other work of lasting nature, formerly the responsibility of the landlord, with the certain knowledge that he is secured against consequent capital loss, at his death or on quitting the holding, by the provision of compensation under successive Agricultural Holdings Acts. Even the ordinary maintenance of the permanent equipment, repairs of buildings, houses, cottages, gates and fences, which were always recognized as a charge upon the landlord's rent, may now be effected by the tenant, in the landlord's default, under a similar system of compulsory compensation. The last enactment went so far as to give the tenant what amounts to virtual perpetuity of tenure, in the sense that today he cannot be dispossessed of his holding by the landlord without receiving monetary compensation from him. But to understand the reasons for this drastic change in the operation of the landlord-and-tenant system, it is necessary to go back to the point at which we arrived just now, when it was shown that the landlord had been the greater sufferer under the slump in agricultural values of the eighties and nineties.

Land, as has been said above, became at that time unsaleable. The landlord's confidence was shaken, and in many cases he became resolved to take the first opportunity which should present itself for changing his investment. This opportunity arose as the result of the World War. The rise in value of commodities extended of course to agricultural produce and forgetting all the lessons of history, farmers in the first post-war years thought that an era of prosperity had set in on a scale unprecedented in their

experience. This was the landlords' opportunity. For forty years they had been licking their wounds; here was the chance for the restoration of financial health. All over the country, regardless of district or of type of farming, landlords' estates came on to the market. Owing to the temporary prosperity of the industry, the number of buyers for agricultural holdings exceeded the number available for sale, and tenants found themselves faced with the alternatives of buying their farms at prices run up by competition, or of losing their homes and their means of livelihood. In 1909, 88 per cent of the agricultural land of England and Wales was farmed on the landlord-and-tenant system. In 1919, the proportion was the same, but by 1927 it had dropped to 64 per cent, and there is no reason to doubt that had not the wave of prosperity broken itself so soon, the decline in this system of land tenure would have made much further progress still. It was to protect the farmer living under a system of tenure by which he had been encouraged to invest all his capital in the working of the land, leaving it to his partner, the landlord, to provide the land and its equipment, that the last enactment, giving security of tenure to the tenant, was passed, so that should his holding be sold over his head, owing to his inability to finance its acquisition himself, he could still remain on as the tenant of the new landlord, or receive compensation for the loss of his holding should the new landlord require possession himself.

To sum up the position so far, we have seen how the dual control of agriculture by landlord and tenant arose in England, out of the necessities of the time, during the early days of the industrial expansion. We have seen how well it operated, in the interests of both parties and of the consuming non-agricultural class, up to the end of the third generation of the last century. We have seen how it served to assist the tenant at the expense of the landlord during the days of the English agricultural depression. We have seen, also, how its decline dates from that time. It is probable that future generations will date the beginning of its extinction from the same time. Although the sale of estates by landlords, which was so active a few years ago, has virtually stopped, landlords today, for the large part, are in the position in which they found themselves at the end of the last century. Their margins are insufficient to enable them to play their part in the conception of the landlord-and-tenant system.

They are biding their time, and every rise in commodity values will see more and more of them going out of the business, with a corresponding increase in the owner-occupier system of land tenure.

The opinion is gaining ground that the landlord-and-tenant system of land tenure as developed in England has served its day and that it must ultimately disappear, but very little has emerged out of the new situation to indicate what is to take its place. It is true that the industrial magnates of our generation have a tendency to make investments in land, but whereas their prototypes of a century ago threw themselves into the business of land-owning as a means of further gain, and played their part in conjunction with their tenants in developing the resources of the soil to the full, the new landowner is sensible only of the amenities of country life. His investments are limited to the acquisition of a country mansion with the minimum of land sufficient to make a suitable background for it; or if his purchases are more extensive, they are made usually with an eye to the sporting possibilities of the domain. Commercial agriculture has no place in the scheme. The prestige once attaching to the ownership of broad acres has largely gone. It no longer insures a seat in Parliament to the landlord or his nominee. Even in matters of local administration the rise of the democracy has whittled down the authority of the squire almost to the vanishing point. When it is recognized, on top of these things, that the maintenance cost of an agricultural estate today may easily swallow up one-half the rental value, and that the normal expenditure necessary to preserve the permanent equipment of the land has been ascertained to be one-third of the rental value, taking England as a whole, it is obvious that, with the multitude of attractive alternative investments, no one in his senses will set about the task of reassembling farms, as they come on the market, into a great estate, as was done in days gone by.

England is going through a crisis in its system of land tenure, and at the moment the only alternative to the landlord-tenant system is owner-occupation; one-third of the country is farmed today by the men who own it. But this is not a natural movement, representing the steady evolution of a national land policy. It has come suddenly, as the only solution of a difficulty confronting a class of people taken unawares, and so unprepared to meet

it. There is not, and never has been in England, any manifestation of a land hunger expressed by the desire for ownership. The tenancy system, which threw upon the landlord the task of equipping and maintaining the holding in return not for a fixed sum payable by way of interest in the form of rent but for a sum which could be adjusted, from time to time, according to the profitableness of farming, has proved itself to be so much to the interest of the tenant class of farmers in this country that the "magic of ownership" is no magic to them. In the good days of farming under the landlord-tenant system, the farmer had the whole of his capital available for working equipment, and was thereby enabled to handle a larger area of land and thus to secure larger profits. In the bad days, there was the factor of an adjustable rate of interest payable to the landlord for the use of his capital invested in permanent equipment, to stand between the farmer and bankruptcy. Faced with the alternatives of buying his farm or losing his home and livelihood at the time when the landlords began to cash in, farmers raised money where and how they could to buy their farms, only to find that mortgage interest and interest on bank overdrafts are a *fixed* charge, as to which no adjustments are possible in bad times, as was the invariable practice of the landlord in regard to the payment of rent. There was no time to evolve a land bank system, such as was created, for example, to meet the needs of the Danish peasant proprietor, nor is it likely that the British industrial public, with the enormous field open to it for the profitable investment of savings, would have taken readily to the idea of land bonds. It is true that some ten years after the crisis arose, an agricultural mortgage corporation was formed to lend money to farmers. Interest payments on loans made are subsidized by the State, and to the extent that the farmer can borrow money in this way more cheaply than from his bank, or from a private lender, he may be expected to avail himself of the facilities provided. But the idea of independence is new to him. The buffer which his partner, the landlord, represented between him and adversity has been withdrawn; the responsibility for the upkeep of his land and buildings is a liability of unknown magnitude; interest payments have to be met, and it is a doctrine to which all farmers subscribe that "there is no worse landlord than borrowed money."

If we look around the countries of Europe in which occupa-

tion by the owner is the rule, and where agricultural industry is organized on that basis, we find almost without exception that the people are peasant farmers. Capitalist farming, as it occurs in England, is practically unknown. The Danish peasants own the land they occupy, and their holdings are mortgaged to the extent of some 60 per cent of their value. But the financing of agriculture in a peasant country presents few of the problems which arise in a country farmed on a capitalist system. The standard of living is lower, the weekly labour bill is unknown, and any adverse change in the financial situation can be met by an adaptation of the standard of living. In a country permeated by industrial enterprises, where farming is conducted by hired labour, such adjustments are impossible—or rather, ineffective. The standard of life of the agricultural labourer is dictated by that of the industrial operative, and whatever economies may be forced upon the capitalist farmer as regards himself, these cannot be shared by him amongst his hired labour staff. In brief, there is no analogy between the peasant proprietor of many European countries, who is farmer and labourer too, and the English owner-occupier working his land under industrial conditions, and systems of land tenure and finance which have made life possible for the former will provide no remedy for the difficulties of the latter.

What, then, is going to be the trend of events in this country? At the present moment the condition is tolerably stationary at a point where one-third of the land is in owner-occupation and two-thirds still remain under the landlord-and-tenant system. But although stationary as regards the proportion of land occupied under either system, the position otherwise is by no means static. The landlord, where he remains, is in many cases financially incapable of the replacement and maintenance of the permanent equipment at a proper level of efficiency. The occupier, where he is also landlord, is even less capable in this essential matter, and it seems that the outcome of the situation must be looked for in one of two directions. If the breakdown of the landlord-and-tenant system is to be complete, and the future of the land tenure in England is to be represented by a race of owner-occupiers, then the possibility must be faced of a break-up of capitalist farming as it has been understood. It may well be that capitalist farming was part and parcel of the landlord-and-tenant system, and that if the farmer of the future is to succeed as an owner-occupier

it can only be by a reduction of the area of his holding and the evolution of a class of labourer-farmers, whose capital is represented mostly by their health and strength and the number of their offspring. Even today in England it is probable that the most prosperous class of farmers are those, found for the most part in the more remote districts, occupying land of a poorer quality and farming it mainly with family labour. It is not in the highly cultivated arable districts of the eastern counties of England where large farms prevail, managed by capitalist farmers, well-equipped with technical knowledge and employing large staffs of well-paid skilled workers, that the best returns are being made, but rather among the working farmers, occupying the poorer grassland holdings of the hill districts, whose knowledge of agricultural science is *nil*, their financial resources small, their outgoings and requirements smaller still, and their industry unbounded. If England is to become a nation of owner-occupiers it is possible that it will be only by the development of this type of farmer, and by the decline of the capitalist farmer and his hired man, that the change can be accomplished.

In forming an estimate of the probability of such a development, it must be borne in mind that there is no indication in the country at the present time of a desire, by any large section of the community, for the life of the peasant proprietor. The drift from the land to the towns began earlier in England, and has been more pronounced here, than in any other country. Official representatives of the Labour Party who have visited some of the peasant countries of Europe to study the conditions of life, have found no reason for an advocacy of a similar system in this country. If the industrial life of England is to recover, it will always offer greater attractions to a majority of the people than are to be found in the life of the small agricultural producer, with its excessive demand for manual labour and unremitting toil. What then is the other possible alternative?

I have tried to show that the landlord-and-tenant system has become, for better or worse, the English national system of land tenure. In its origins and its continuation it may be inevitable, even if it seems to have broken down for the moment. With capitalist industry extending to every corner of England, capitalist agriculture must go on. It would be anachronistic to contemplate a division of the man-power of the country into two classes,

the one consisting of urban industrial operatives, and so forth, earning their £4 a week and working a seven-hour day, the other represented by a peasant community on the land, working all the hours that God sends in return for a bare subsistence. But if the landlords have thrown in their hands, how can the landlord-and-tenant system be perpetuated? There is one way, and one way only, and that is by the assumption of ownership by the State.

Nationalization of the land has been the subject of economic discussion for a century, in the earlier years more perhaps as a matter of academic interest, and more latterly as representing the views of political extremists. Quite recently, however, there has been a complete change of outlook upon the question, and whilst it would be untrue to say that it is now under consideration as a practical solution of agricultural difficulties, it is being openly discussed by representatives of all political parties without political rancour. Two Conservative Ministers of Agriculture have forecasted the day when the State must step in to prevent the decay of the farming industry by assuming the functions of the landlord; a group of Conservative landowners are advocating today, the option of paying death duties to the State in land instead of in cash; a great Liberal landlord has described the nationalization of agricultural land as a policy of "Constructive Conservatism"; the Labour Party has long ago made it a plank in its party platform.

Two facts seem to be recognized in all this. First, that capitalist farming under a tenancy system is inevitable in a country so highly and so universally industrialized as England, for although other countries, with an agriculture mainly of the small owner-occupier type, are also industrialized, in them the segregation of urban and rural industry is very marked, and the anachronism of a peasant class diffused through an organized and industrial community is impossible. Second, that the economics of landowning under a system of sub-division into a multitude of relatively small estates is unsound, and that it is only on a national basis, upon which differences are equalized and risks can be spread, that the theory of the dual control of farming can be carried efficiently into practice.

These, then, seem to be the directions in which changes in English land tenure may be manifest; the one, the final break-down

of capitalist farming under the landlord-and-tenant system, and the rise of a class of small owner-occupiers, the other, the maintenance and even the extension of the capitalist tenant-farmer idea, with the State as landlord.

The rôle of the prophet, if easy, is dangerous, and which of these two alternatives to the old land tenure system is the more likely, or whether a third may not be found which will confound them both, only time can tell.