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Farm family estates

THE FARM AND FARM FAMILY AS SOCIAL INSTITUTIONS

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I HAVE been requested to treat this question with special reference to Norwegian conditions, and this perhaps adds interest to it, because Norway is a country in which agriculture works under more difficult natural conditions than in most other countries. From time immemorial, agriculture has been considered as the principal occupation, and it still is. Other means of living may be more important economically, and are, perhaps, better known to the outside world. I may mention our shipping, our fisheries, our forestry, and, in the last few years, our electro-chemical industry which has attracted much attention to itself.

But all these activities group themselves round agriculture as the basic stable source of livelihood. Other sources may produce prosperity and surplus for a short time and attract workmen, but they can just as quickly plunge their workmen into unemployment and distress and then it is well to have the never-failing agriculture as a support. Both surplus and distress are well known in our fisheries, and partly also in our shipping. We may recall also the medieval voyages of the Vikings which at the time were an important and profitable livelihood.

Only the man who had farm and fields felt himself secure from poverty and distress. The possession of farm and field gave the owner and his family a higher social standing, and this position has always been privileged by a strong protective legal ordinance. Norwegian farmers have to thank these laws for the freer and better position they enjoyed throughout the Middle Ages up to modern times, in contrast to the peasants in southern countries.

I wish, first of all, to discuss briefly these legal ordinances, and then to mention in a few words the advantages of a uniform distribution of land and a predominance of family farms where the labour of the family plays a decisive part.

The legal institutions which, from ancient to modern times, have played so important a part in the life of our farmers, are the right of the first son to retain possession of the paternal estate (*Aasaetesret*) and the allodial rights (*Odelsret*).

It is not possible here to go into details of these legal institutions. We can only point out that by *aasaetesret* is meant the right of the oldest son to take over the family farm. The younger son follows the older in the succession and if there are no sons the right of succession goes to the eldest daughter. The *aasaetesret* is in force for all estates, even for those without *odelsret*. If the property is sufficiently large, the testator can divide the farm among the heirs, but the first heir under the *aasaetesret* has a claim to at least half the property. In order to prevent debts from becoming too heavy, it was laid down in 1863 that testators can determine the price of the property, and if this has not been done at the time of death, the first heir can demand the assignment of the farm at a reduced price, i.e. 20–30 per cent. under its commercial value, determined by a special board of valuation. The regulation stood the test of the agricultural crisis of the eighties and nineties well. The prices for land did not fall in Norway, which is only to be explained by the fact that farms were taken over at low prices. It is well known that Switzerland has introduced a similar law. There the heir obtains the farm at its earning value.

The *odelsret* was originally the right of first offer which the members of the family had when the farm formerly owned by a member of the family was offered for sale. Old-time laws contained very detailed regulations for the sale of freehold farms outside the family. The idea was that every one entitled to the *odel* should have the right of first offer, and only if none of those privileged put in a claim would it be sold to an outsider. Later on, the *odelsret* became a right of repurchase applicable whenever the property had left the family through a previous sale.

It was originally not possible to acquire *odelsret* before the farm had been in a family for five generations. The sixth generation was the first to obtain *odelsret*. Thus there were originally only a few *odel* farmers or *Haulder*, as they were called. They formed the highest social class, and were the only ones who could be elected to certain honours, e.g. to act on juries. They were superior witnesses and had a right to a better place of burial. The king chose his chiefs from the most powerful among his *Haulder*. These were called *Hirdmenn* (King's men), *Herser* (Chiefs of Districts), and *Jarle* (Earls).

Farmers who had bought their farms (*Kauplending*-farmers), came they from ever so good a family, held a much lower social position than the *Haulder*. The dignity of these various classes of farmers was expressed in the amount of amends paid for a murdered man. The fine for an *odel*-farmer was 96 cows, for a *kauplending*-farmer 48 cows, and for a freedman 24 cows. On the other hand, the amends for a

murdered *Herse* amounted to twice the fine paid for an *odel*-farmer (192 cows), for a murdered *Jarle* to four times (384 cows), for a murdered king to eight times (768 cows).

The *odel*-farmers may be regarded as the nobility of these days, but they had obtained their power, not from the king, but through possession of an *odel*-farm. It must not be forgotten that these noblemen were working farmers who personally managed their farms and often took part in the manual work. Even the kings were then little more than powerful farmers and tradition frequently tells us that they did work in the fields with their own hands.

As the church and the power of the kings grew, there arose a higher class of officials. Under the Union with Denmark we see many noblemen trying to break the independent position of the Norwegian farmers as had been done in southern countries. Many peasants became tenants. It is assumed that about two-thirds of Norway's soil at that time was rented from big landlords. But even tenants remained comparatively free and independent in Norway. Socage and hereditary subjection were not introduced. A vital cause of their maintaining their position was the great self-reliance and the desire for independence which they had acquired many centuries before. In the past, definite rules had been laid down as to the rights of the tenant-farmers, who saw to it that these rules were not contravened. If things became too bad they chased the overlords out of the country or murdered them, or else they complained to the king in Copenhagen, who always lent them a willing ear. It was the king's desire to be on friendly terms with the farmers in Norway, and when a group of nobles in 1548, at a royal banquet in Oslo, petitioned for the abolition of the *odel*-right, so that they might acquire land more easily, the Crown Prince answered that the Norwegian law must be maintained and obeyed. A number of officials and noblemen were severely punished for its contravention.

Originally it took 100-200 years for the acquisition of the *odel*-right of a farm. In the twelfth and thirteenth centuries the limit was shortened to four generations or sixty years. If such a farm left the possession of a family without having been offered to those entitled to it under the *odelsret*, they could demand it back at its assessed value. The family had this right for the same period as was necessary for the acquisition of the *odel*-right, i.e. originally to the fifth generation. An essential condition, however, was that every twentieth (and later, every tenth) year, the right had to be proclaimed at the *Ting*, a declaration being simultaneously given that insufficient funds were available for the repurchase of the farm.

After the Civil Wars of the thirteenth century the period of limitation was still further shortened and the whole right began to lose its original importance. Specially powerful attacks were made against the rural laws of inheritance at the end of the eighteenth century. Then, as now, there were difficulties in accommodating the surplus of population. The people then responsible for the economic development of the nation regarded a great increase in the population as the principal condition of economic progress and wanted to abolish everything which put obstacles in the way. Amongst these were included both *aasaetesret* and *odelsret*, as these rights made the division of the farms more difficult, just as they made it hard for rich young farmers to buy land and property.

From other quarters it was maintained that the *odel*-right was an invaluable advantage to Norway, because it formed an insuperable obstacle to the accumulation of landed property in the hands of the aristocracy and the rich, as in Denmark. It protected the Norwegian farmers from being pushed into an unhappy and undignified position similar to that of the Danish peasant pressed into socage. As a very well-known economist wrote at the time:

'This right (*odel*-right) has been in force in Norway from time immemorial. The Norwegian farmer loves it and regards it as an advantage which he enjoys over other nations. He is proud to be an *odel*-farmer and makes it a point of honour to leave his farm to his son, that he too may be happy and respected. So widely prevailing an opinion should not be disregarded or repressed, but attempts should be made to waken, promote and strengthen it.'

In 1771 it was ordained that the *odel*-right could be acquired after ten years and lost if the farm had not been in the possession of the family for fifteen years; by a new ordinance of 1811 it was lost if the farm had not been in the possession of the family for five years. In order to acquire the *odel*-right, it was necessary, in addition, to have a definite declaration from the seller. State property sold to private persons could no longer be invested with the *odel*-right. A conception had been reached entirely different from that of the old sagas when all land given by the king was automatically invested with *odel*-right. Through these ordinances the *odel*-right had lost its original significance and much of its deep ethical value.

The Constitution of 1814, however, brought about the revival of the old rural rights. This law decided that *aasaetesret* and *odelsret* must never be abolished. This showed the spirit of a national revival. In 1857 the period of limitation (*bevdstid*) was extended to 20 years, while a family lost the *odel*-right of a farm, if it had lost its possession

for three years. In 1934 this period was extended to five years. The present significance of the *odelsret* and the *aasaetesret* is no longer what it was originally. It rests now primarily in the educational effect exercised by these laws. They give to the generation brought up on an *odel*-farm a certain self-reliance which is of great value, whether they remain on the farm or leave it. This is true both of small and large *odel*-farms. In my own childhood I remember being proud of the fact of living on an *odel*-farm though it was not a very big one. To live on an *odel*-farm, however small, means more than merely making a living.

It is of great economic advantage to the farmers that they can take over a farm at a comparatively low price. This gives greater economic security not only to the owner, but also to the whole family who find in it a safe refuge, if other means of livelihood should fail. We will return to this later on. It may be worth while mentioning in this connexion that in Norway it has been a custom from ancient times that the son who has taken charge of the farm maintains his retired father and partly also those brothers and sisters who remain at home. This can become a great burden and can represent a considerable capital sum. The debt on such farms, however, remains small. The justification of this system is a moot point, but it is quite certain that, in these districts where the *aasaetesret* and this right of maintenance have been developed, debts are very low and the farmers are in a good position. Their customs are the means of preventing an overburdening with debt. Whether they are the best means I cannot say.

If the *odel*-farm has been lost to the family, any one qualified by *odel*-right can demand the farm back again, but this must be done within five years. The repurchase price is fixed according to an official valuation. Up to last year such an *odel*-farm had to be paid for immediately and in cash. It might happen that the debts on the farm exceeded the official estimate of the value. Formerly, the farmer who was trying to get back the old *odel*-farm of his family had to take over the debts of the farm, but according to a recent law he will not have to take over debt obligations in excess of the estimated value of the farm. Furthermore, cash payment is no longer compulsory provided adequate securities can be given. These are attempts to revive the old legal institutions.

Exact rules have been laid down for the order of succession according to *aasaetesret* and *odelsret*. Sons have precedence over daughters, eldest sons and their descendants over younger sons and their descendants. After the death of the farmer his wife holds the farm in joint property with the children.

It is, to my mind, a weakness of the *aasætesret* that the eldest son has an unqualified claim to the farm. If he knows that he is bound to get the farm of his ancestors, he will not always have the necessary interest to prepare himself properly for the task. I can imagine that it would be better if a testator or valuation committee determined not only the purchase-price of the property, but also the member of the family to whom the property should be assigned.

The mortgage bank founded by the state in 1857 is an institution which has very much helped to strengthen the economic position of the farmers. Its business is to give mortgages on very favourable terms up to 50 per cent. of the value of the property. The beginning of this century saw the formation of a bank for small farmers which lends up to 90 per cent. of the money necessary for the purchase of a small farm provided that the repayments are guaranteed by the village community. Originally it also gave credits for the liquidation of earlier debts.

Thus most of the farms have become freeholds. The desire for freeholds was without doubt a powerful factor in the development of our agriculture. The joy of having property of one's own provides a far greater force for the development of our farming than does the economic profit of these small enterprises. I hope this will last. For men get more out of life if they are rooted in the soil rather than gauging their work entirely by its economic success.

As already mentioned, the *odel*-law has contributed to prevent both the accumulation of vast estates by a few people as well as too much sub-division of the land. Nevertheless, land in Norway is much divided up. Of the 208,000 farms, 145,000 are independent enterprises. Of these 36,000 farms have less than two hectares of cultivated soil and natural meadows. On the other hand, only 20,000 have more than 10 hectares, and only 324 farms more than 50 hectares.

This marked division is due partly to the natural conditions which afford very little opportunity to develop large farms, and partly to the fact that subsidiary occupation on land and on sea is easily obtainable. Only 93,000 farms are without subsidiary occupation of some sort or another, excluding forestry.

You may be interested to hear our conception of the division of land. The general idea is probably that we have too many small farms on which the owner cannot make both ends meet without a secure income from outside. It is true that in good times employment can be obtained both in forestry and in industrial establishments, but in times of depression, as after the War, many of these concerns have to cut down, and the owner of too small a farm is in an especi-

ally difficult position. Circumstances often prevent him from exploiting his small piece of land in a satisfactory way. The conception has, therefore, become general that in dividing up land care must be taken that the new farms are large enough to maintain the farmers and their dependent children.

It is one of Norway's most urgent social tasks to try to help the owners of the many farms which are too small for the maintenance of a family to acquire more land. Two different measures are used for this purpose. First, the State helps directly in obtaining more land already under cultivation, and secondly, the State pays a subsidy up to 600 *kroner* for each hectare newly reclaimed. The area which will be brought into cultivation annually by the small farmers with State aid amounts to 1 per cent. of the land hitherto cultivated. The public grants used for this latter purpose are well employed. On the other hand, those grants given at a low rate of interest to small farmers for the purchase of cultivated land are completely wasted. For these small plots are usually so expensive that, even with cheap public loans the burden of interest becomes too heavy for the small farmer.

The absence of large farms does not seem to me to be a defect. On the contrary, the special function which large farms formerly fulfilled, namely, to undertake experiments and to promote technical progress, has now been taken over by the experiment stations and by the farmers' organizations. Farmers have as much influence in these organizations as the bigger landowners. Small farmers have admittedly smaller means for education, the consequence being that in our country large public subsidies are necessary for the education of farmers' sons and daughters. As a result agriculture and the state are none the worse for the fact that ordinary farmers are the spokesmen of the industry in public matters. Farmers working daily in the fields and among the cattle will be on the one hand conservative and on the other hand lend a ready ear to ideas for development and progress, not only in their work, but also in social and political questions. They will not submit to compulsion and domination. The nobility was abolished in 1814, and the Norwegian farmers faithfully fought side by side to break the dominating position occupied by officials and burghers at the beginning of the last century. They were also the most zealous champions of our national freedom both at home and abroad.

To my mind it would be in keeping with our agrarian development if our farms were generally of a moderate size, so as to enable a family to run the farm alone, or with the help of two or three paid

workmen. This gives equality and a live spirit in the community. All farmers are socially equal, none envies the other, and, when necessary, they help each other to overcome unforeseen difficulties. Such are the conditions in the district where I was brought up. People live unpretentiously, have a sufficient income and time to enjoy life and to cultivate political, literary, and religious interests. After the War there was no unemployment in the district though many had given up other occupations and had returned to their family-farms. Life at home had been too dull for them in prosperous days, but they were only too glad to have been born on a farm and to be able to go back to it.

In another district of the country there are comparatively large farms with many day labourers. The farmers did very well till after the War and had a rich social standard. They were seldom concerned with the manual work, but were skilful administrators of their property. Farming was on a high level, both technically and economically, and I am not sure that the workers were much worse off than the small independent farmers in my home district. Of course, there existed an almost insuperable division between the large farmers on the one hand, and the small farmers and the workmen on the other. Employers and employees ate separately and had no social intercourse, the result being a deep political cleavage. The larger farmers of this district are usually very conservative, whereas the workmen and small farmers have turned to the opposite extreme and have joined the communistically minded Labour Party. As the workers and the small farmers are in the majority they form the Government whose rule is not always in accordance with the interests of the conservative farmers, a situation which does not tend to improve the well-being of the district. A more uniform distribution of the land would result in a more uniform political and social outlook and would, no doubt, be of value to the whole state.

Big estates are useful in periods in which agricultural knowledge is comparatively rare. These conditions enable the system of large farms to make the best of the available knowledge of methods of production. But technical education is gradually increasing owing to a thorough practical training or as a result of a well-run democratic educational system. These factors, together with the fact that energy and initiative are being implanted in the heart and the head of our people, will necessitate a dividing up of the land into smaller units, if the development of agriculture is going to be happy and harmonious.

The division of land must, however, not proceed faster than the

training of sufficient skilled workers capable of taking over the new farms. There is no advantage in inducing a workman, who has only learnt to obey orders, to take over a farm and run it himself. The worker will not be satisfied and the soil is unlikely to be better utilized. We have had very unhappy experiences, especially with newly-established farms, and other countries have certainly had the same experience, in cases where a considerable distribution of land was undertaken after the War. Care must also be taken not to make the farms too small, otherwise we shall have a peasant proletariat in an economic position worse than that of other classes.

A working peasant class, secure on their farms as free masters of a piece of their country's soil, will always constitute the backbone of a healthy social structure. And the more there are of them, the stronger the backbone will be. It is a protection against great political and social upheavals, and for this reason Finland, immediately after its liberation, established 100,000 new peasant farms. At the same time, the farmer class constitutes a firm buffer against economic fluctuations in society. The working capacity of the family farm is very elastic. It can contract in times of heavy demand for labourers in other occupations, and it can expand when these other occupations are hit by unemployment. In the country there will always be a surplus of labourers who have to seek work elsewhere.

If the land is entirely divided between big estates run like any other capitalist concern on the one hand and very small and dependent farms on the other, there will be hardly any possibility of absorbing the unemployed who lose their jobs in other occupations. For the big estates will also be forced to cut down the number of their employees. The small farms, on the other hand, are always struggling with the difficulty of providing room and work for all the members of the owning family. The medium-sized farm, however, can always provide both room and work. Two Americans, Mead and Ostrilenk, in their book *Voluntary Allotment*, give an excellent description of this position. An American farmer of Norwegian extraction had a medium-sized farm and five children. The children received a good education and four of them left the farm. One son got work in the motor-car industry, the other became a high-school teacher, one daughter became a shorthand-typist in an office, while the second daughter married a business man. In the crisis, the motor-car man was dismissed and came home with his wife and two children; the high-school teacher was also dismissed because there were no longer sufficient funds to maintain the high-school; he also came home with his family. Business declined and

both daughters came home, one with her husband and child, so that in all four families with seventeen persons had to be maintained by the farm. Accommodation was limited, but all found work and maintenance on the farm. The result was that this family, at any rate, lived on a farm quite comfortably.

'Every day has its own tasks. There is no time for worrying, no hiding in caves, no sleeping at police stations, no vain and wearisome search in the streets for work, no waiting in queues for hours on end, no humiliating questioning by officials, no want, no fear, and no despair, such as haunts so many unemployed townspeople. The whole family is employed and the morale of the young people has apparently not suffered.'

It is just because the medium-sized farms are of such great importance to the whole life of the State that their position must be secured, so that the farmer's family may remain in security on their farm, regardless of the fluctuation of trade cycles. One of the greatest tasks facing us is to find means to prevent some generations from living luxuriously through the increase of values in prosperous times, while other generations suffer hardships, or perhaps, are even driven from their farms because they happened to found a family and to start farming in a period of depression.

Here the *aasaetesret* will give a certain amount of help. If this is carried through correctly, the man who takes over the farm, gets it 20 to 30 per cent. cheaper than if he had to buy it otherwise. The *odel-right*, too, affords a certain security by the fact that even if a man is compelled to sell his farm he has still the chance of buying it back. But these laws do not give enough protection, as is best proved by debt statistics compiled a few years ago. From these it is seen that about one-quarter of the farms are in debt for more than 75 per cent. of the value as determined by the taxation authorities.

A large number of properties have been compulsorily sold up by auction. It may, however, be stated that people are beginning to see more and more the advantages which the provision that the former owner has the chance to repurchase his farm offers to the economic life of the nation. Only one farm in five compulsorily sold has been sold to strangers. In 80 per cent. of the cases, the farm has been repurchased. By setting up a bank with 100 million *kroner*, the *Storting* has now established a debt-adjustment institution with considerable capital. The aim of this institution is to try to bring about voluntary repayment of debts, whereby creditors of comparatively large loans are guaranteed payment if they reduce the amount of debt accordingly. It is hoped thus to overcome the greatest difficulties, but the aim must be to obviate any indebtedness which is solely and entirely the

result of fluctuation in the value of money. Any one who can show the way, without damaging the necessary requirements of credit and without making it more difficult than it already is for the poor but skilful farmers to acquire a farm, will be rendering a great service to agriculture.

DISCUSSION ON THE SMALL FARM SYSTEM

G. F. WARREN.

The higher the education of the farmers, the greater the advantages of the family farm; the better developed the co-operative movement, the greater the advantage of the family farm; also the higher the wages in terms of farm products, the greater the advantages of the family farm. Since the long time trend in Europe and America, and in fact in the world as a whole, is for more education, and since a greater amount of wheat and other farm products is required to pay for a day's work than formerly, there is a steadily growing advantage in favour of the family farm. The capitalist farm, or estate system, has therefore a steadily growing disadvantage, or lessening of its advantage.

In the United States, education has been general for some time: experiment stations and extension work give the farmers the information that is necessary for efficient operation. The amount of product required to pay for a day's work steadily increases—it is probably the highest in the world. As a result the farms in the United States are the smallest in the world when measured by the number of workers employed: the farms are smaller than farms in China, smaller than the farms in Denmark when so measured. The acreage per farm steadily increases, but the workers per farm steadily declined until the equivalent for the country is about one family operator, one half another family, one half a hired labourer, or a total of two workers. Farms that hire more than one man for the full year make up a very small percentage of the total farms.

In every country there is a tendency for the Government to take a hand in determining the size of farms, and to make the farm too small; farms should be large enough at least to provide full work for one or two persons when modern tools are used. I think that most of the efforts to create family farms err in making the farms too small.

Another type of farm has always existed, that is, a home for industrial workers with some land attached. This movement has been greatly stimulated in the United States by the invention of the automobile. A second-hand automobile can be purchased for \$5 to \$15,

and a fairly good one for \$50. This makes it possible for persons who are employed in industry to live five or ten miles from their work. This is a new and significant development. It should be encouraged around a place where industry would naturally be located, rather than create small farms and then search for an industry to place there. I believe the time ultimately will come in other countries when workers will be able to use automobiles to go to and from their work. This provides the advantages of rural living without creating the inefficiency that comes from farms that are too small. I think that, as economists, we should look forward to giving men an opportunity to work effectively. I cannot sympathize with efforts that are designed to find means of spending more time on a job than is necessary.