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LAND TENURE AND THE SOCIAL CONTROL OF THE USE OF LAND

SECOND OPENING PAPER

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OUR forefathers in America were interested first of all in freedom; hard work and plain living did not worry them, neither did insecurity due to natural causes, or to hostile Indians, deter them from taking all the risks involved in acquiring a maximum of economic independence and freedom from control by others. Under these conditions, concepts of private property in farm land developed, which were more nearly absolute than have been found in any place in the world.

Along with this conception of private property came the American ideal that every farmer should own the land he tills. There have been tenant farmers in America since early Colonial days, but these were as a rule younger men, willing for a time to submit to the supervision of landlords but expecting some day to own farms with freedom to farm the land as they pleased. It is true also that the concept of freedom held so dearly by the colonists did not extend to their servants, particularly the African slaves, but in due time the concept of freedom was so strong in the north that even the slaves in the south were set free; the conditions resulting, however, from the African slave trade still dominate the tenure problems in the Old South.

From this drive for freedom, the people of the United States have apparently turned aside. A new generation has arrived on the scene that knows not the soreness of soul that came to their ancestors because of unfreedom, but is sore because of lack of security. There is, therefore, a strong tendency to trade freedom for security. This may be the beginning of a trend towards a new form of feudalism—certainly not a return to any form of slavery. Our interest in this subject on this occasion arises out of the new trends in land tenure.

The major problems of land tenure are problems of human relations. It is true that the conservation of the soil for future generations is important, but this can best be assured by adjusting the human relation of the farmer in a manner which will lead him to

think of the particular land which he tills as the source of well-being of his children and grandchildren.

The human problems of tenancy have in the past focused upon three points: fair rent, security of tenure, and freedom to farm in accordance with the operator's best judgement. With regard to these focal points of interest the pendulum has swung far in one direction, and now seems to be swinging back. Through the centuries the unfreedom of feudalism and the security it provided gradually receded into the background, and freedom stepped boldly forward as a major desideratum in the modern world, but now we have apparently entered a new epoch in which the marginal utility of freedom is on the wane. It is not clear, however, that any one wants less freedom for himself. Rather it would seem that many desire less freedom for others in the interest of greater economic efficiency of these 'others'. The motive of the promoters of this unfreedom seems unselfish when tested in terms of economic goods, but the motive will bear investigation from the standpoint of the will-to-power of those who desire to put the farmer under strict control in order to ensure to him a better economic standard of living. It is a question of the relative valuation placed upon freedom on the one hand and the promise of objectively guaranteed economic security on the other. We have fought our way from bondage to freedom. With freedom has come insecurity. How much freedom should the farmer sacrifice for the promise of security through objective control?

In the rental contract may be found either security on the one hand or control with unfreedom on the other. Fairness of the rental contract does not turn solely upon the amount of rent to be paid for the use of the land. The terms on which the lease may be brought to a close are often of primary importance in determining the quality of the husbandry and the well-being of the farmer and his family. Compensation for unexhausted improvements and compensation for disturbance, with the possibility of adjusting the annual rental payment in case of a series of bad crop years or changes in marketing conditions, put the good farmer in a position to farm well without danger of losing his capital through excessive rents or forced shifts from farm to farm. With highly competent tenant farmers freedom results in better farming and may give the possibility of better returns for the landlord even though he finds his authority over his land on the wane; but with ignorant, incompetent farmers the competent landlord can make a large contribution by participating in the management. The half-century prior to the World War brought great progress in British land tenure in which the rights of

the farmer continually grew, especially with respect to compensation for unexhausted improvements and for disturbance. In some measure the rights of the British landlord were encroached upon, but in part the improvements were in the interest of the landlord as well as the tenant.

In the United States there is to be found the beginning of compensation for unexhausted improvements. This takes the form of payment for grass seeds sown during the last year of the tenancy and for the work of manure hauling, or ploughing, from which the outgoing tenant has received no benefit. The idea of compensation for improving the land or compensation for disturbance has not made much headway as yet in the United States.

The idea that the tenant should be free to farm in accordance with his own ideas has not taken root in the United States. There is greater freedom where a cash rent is paid than where the land is worked for a share of the crop, but in either case the landowner has always maintained primary control of the use of the land.

There are many competent tenant farmers in the United States capable of taking the full responsibility for the successful operation of a farm, but there are also vast numbers of ignorant and relatively incompetent tenants and croppers with whom good farming would be impossible without the strict control of the landlord. Croppers quite generally work under as close supervision of the owner of the land as if they were wage workers. They are essentially hired hands working on an annual basis. They receive advances on which to live during the year and are credited with the price of a share of the crop when it is sold. [In fact they often work for the landlord on a wage basis when their crops do not demand their attention.] From this status it is possible for the most industrious and thrifty farm families to rise to the position of tenant farmers, owning the essential equipment for operating the farm on a self-directing basis in accordance with a stipulated cropping programme agreed upon by the landlord and the tenant. From the tenancy stage it has been possible for some of the farmers to rise to the position of mortgaged owners free to farm as they pleased, but at the present moment there is a trend toward less freedom on the part of the mortgaged owner.

The United States Government has taken a positive lead in the movement to create something less than a fee simple title to land under which the mortgaged occupying owner is subject to supervision covering the details of the farm and home activities. The farmers on farms purchased under many of the Tugwell Resettlement projects, as well as on the acquisitions under the Farm Tenancy Act,

are subject to management control for a period of forty years. Insurance companies and other money-lending agencies are also commencing to exercise control over the management of the farms on which they place mortgages.

Absentee landlords are much more numerous than formerly in the United States because of foreclosed mortgages, but this has not necessarily left the tenants without supervision. Management companies have sprung up which provide supervision for these farms on a fee basis; as a result many of them are better managed than those owned by local doctors, lawyers, merchants, or even retired farmers.

The insurance companies have been giving a lot of attention to the management of the hundred thousand or more farms which they own. Likewise, the Federal Land Banks have found it necessary to develop a farm-management agency to give supervision to the thousands of farms on which the mortgages have been foreclosed. Thus, both from public and from private agencies has come a tremendous impulse to increased control of farm management on rented farms and on mortgaged land.

The rehabilitation work of the Farm Security Administration has led to an extensive movement to improve the relation between landlords and tenants. There are more than five hundred thousand farmers who are receiving loans from the Farm Security Administration. A comprehensive system of supervision has been set up for the farm, the garden, the home, and the health of these tenants and their families. In this work 3,774 men and women are now employed as Government supervisors.

'The latest records available show that there are 2,443 County Farm Supervisors and 1,005 County Home Supervisors. In addition to these County Supervisors, there are 177 District Supervisors and 149 District Home Supervisors. As of June 30, 1938, these people were handling 315,622 active standard rural rehabilitation cases, 200,984 active emergency rehabilitation cases (the emergency loans are not based on complete farm and home management plans and do not require the same degree of guidance and supervision as do the standard cases), and 57,067 emergency grant cases.'

This supervision touches the landlords as well as the tenants by influencing the making of rental contracts for those who receive loans from the Farm Security Administration. The Flexible Farm Lease which is being aggressively promulgated by the Farm Security Administration of the United States Department of Agriculture has many excellent points. It provides for a clear statement of the relation between the landlord and the tenant, and it provides for

compensation for unexhausted improvements, but this contract, like most others in use in the United States, provides for a rather strict control by the landlord of the management of the farm. Furthermore, it provides for the acceptance of the Government agricultural programme in so far as it is applicable to the farm in question. Thus, it is clear that *freedom-to-farm* is not on the cards for the tenant farmers operating under this contract. Doubtless any student of the question will readily agree that most of the farmers benefiting from rehabilitation loans are not well fitted for taking the full responsibility for successful farm management. On the other hand, some question may arise with regard to the promulgation of the Farm Security Administration lease for general use among farmers who possess greater ability as managers.)

In addition to this control of tenant farmers and mortgaged owners there is the new element of control which comes with the Agricultural Adjustment Administration. This control reaches the owners free of debt as well as mortgaged owners and tenants. Participation under the Act is said to be voluntary, but participation becomes economically impelling, particularly when quotas have been voted. Thus the whole farming programme of the United States is more and more subject to outside control, and less and less left to the free will of the farmers.

Another stage in the drama of land tenure in the United States may be upon us. The granting of a 'corn base', a 'cotton base', &c., seems a relatively simple procedure in the system of production control. Likewise, the 'milk base' used by the associations of dairy farmers in many of the city milk zones has proved a useful method of compensating farmers for producing a continuous supply of clean milk for city consumption. But this new development has in it the possibility of seriously modifying property rights in land. As the right to a 'base' becomes secure and subject to sale separately from the land, as is true of the 'milk base' in certain areas, a part of the property right adheres to the base and not to the land, just as the value of water-rights for irrigation is clearly distinguished from the value of the land. Thus a part of the value of real estate may be transferred to an intangible property which arises out of the system of control.

These intangible property rights attaching to 'bases' have something in common with the property right which the workers in certain occupations claim in their jobs. It is usually true that 'property rights' of this kind have value because of an element of monopoly privilege based upon artificial limitation of competition.

Hence, with the decline of the competitive régime, property rights of this kind may become more and more significant. In fact, the future evolution of property rights in *bases* and in *jobs* may have a profound influence upon the whole social order and shift our interest from land tenure to artificially created opportunity tenure.

Thus we find the control of farming and the property rights in farms in a state of flux. In this flow, evolution or devolution, there seems to be a passing of freedom-to-farm with the hope of an improvement in the security of tenure and possibly an improvement in the incomes of working farmers. It is possible that more than half of the farmers of the United States would produce more under superimposed management than when left to manage for themselves. There remains the question: 'Is this possible extra production worth the sacrifice of personal liberty?' It must not be overlooked that freedom is still highly prized. Many people will readily sacrifice a part of the potential economic income in order to enjoy the psychic income arising from being one's own boss. Is it in the public interest to use the power of the Government to force a man to sacrifice psychic income for economic income? To the view that 'It is in the public interest so to direct the farming at the present time that the oncoming generations may have greater appreciation of the economic values and of the importance of bending one's own will to the economic forces, rather than freely following one's whim', it might be rejoined that the qualities of the future generations of farmers might be improved by genetic methods quite familiar in animal husbandry, but here again the personal liberties and psychic income of many people would be sacrificed to an end that would not appeal to them.

When all the possible means of improving the qualities of men and their actions have been reviewed, it will, I believe, be found that for the improvement of all individuals above the level of criminals the gradual educational process with the maximum of freedom of action consistent with the general welfare is the most effective. The term 'education' as here used includes not only the results of schooling, reading, public lectures, &c., but also the improved understanding of the forces in one's environment, which comes through experience. To be educational, experience should arise from efforts largely self-directed.

The educational method seems slow and expensive to the reformer who thinks he knows what to do and wants to do it now, but in the end it will prove least expensive and most effective. For certain persons who might be selected from the lower end of the

human column, slavery as it was known at its best in Virginia and Kentucky would give greater efficiency, greater economic security, higher living standards, and more cultural advantages than these people can secure through freedom. It does not follow, however, that their total satisfactions would be greater, and it is all but certain that evolution to higher position in the human column would be less likely.

These lines of thought leave one's mind filled with doubt with regard to the ultimate value of trends in agriculture which put the farm and home activities of the farm family under detailed control.

Fifteen years ago, when the agricultural outlook reports of the United States Department of Agriculture were in the early stages of their development, differences of opinion arose among the men of the Department with regard to the attitude to take toward the farmers. Certain men believed the thing to do was to draw the picture as clearly as possible and leave it to the farmer to decide what to do in the circumstances. Other men took the position that this method, while more highly educational, was too slow and that the thing to do was to tell the farmers what they should do in the circumstances. It would appear that the latter point of view has prevailed, particularly since the Agricultural Adjustment Administration gives it effectiveness. In the long run, is it the better way?

The questions may be raised: Is more good than harm being done by all this exercise of control over farming by Government and private agencies? Is the right attack being made? Will the new methods guarantee fair charges for the use of land? Will they bring security of tenure? Put more concretely, will the new controls tend to bring land rents and land values to a level which will give the tenant farmer a chance to earn a living and also enough to make the first payment on a farm? Will land prices be brought to a level such that the interest, taxes, and repairs will not exceed a fair rental charge? (There does not seem to be anything in the new régime in the United States which will yield a satisfactory solution to the problem of excessive land prices and thus remove one cause of insecurity due to foreclosure of mortgages because they are too large. Shifts from farm to farm due to the foreclosure of mortgages have been very numerous and are far more disastrous to the farmer who moves and to the land than are the movements from farm to farm of tenants and croppers.) The whole system of mortgage indebtedness tends to support land prices on too high a level because of the public interest in maintaining the value of outstanding securities whether they are held by private or Governmental agencies. This

situation has been mitigated in a measure by artificially reduced interest rates of $3\frac{1}{2}$ per cent. on the Federal Farm Loans, and of 3 per cent. under the Farm Security Administration. But low interest rates do not solve the problem of paying the excessive principal sum of the debt incurred when a farm is purchased. [With farm prices based upon the earning power of the land subnormal interest rates would not be called for. This problem of the price of farms has been neglected.]

Not only is the central problem of land prices in their relation to the earning power of the land being left on the side in the United States, but tremendous expenditures are continually being made which stimulate an increase in the numbers of farmers who compete for the use of farm land. [In certain parts of the United States it is too easy to commence farming, and hence there is too much competition. For example, in certain cotton and tobacco areas a young man with practically no capital can get married and secure a position as a cropper with living quarters furnished and food supplies advanced to him until the first crop is raised. This enables a young couple to commence raising a family before having acquired and demonstrated the skill and thrift essential to rise to a position of independence. Would it not be far better if these young people should remain unmarried, and both work for wages and live as members of farm families, until they acquire adequate skill and have saved enough money to start farming on a more independent basis than that of a cropper?]

The United States Government is contributing through the Farm Security Administration to the excessive competition for the use of land. Farmers who have failed to meet the requirements for success in this highly competitive field are encouraged to re-enter farming by being given special privileges with respect to credit and managerial assistance. Would it not be better if some of the expenditures laid out by the United States Government, in an effort to place the down-and-out farm people on farms, were used to lead them into other occupations? It is true that the present control of entry into many occupations make this difficult, but there are still many open occupations besides agriculture, and is it not a function of government to maintain equally open doors into the various occupations? Taking things as they are, more rural tradesmen are needed. The city rates for masons, carpenters, plasterers, plumbers, and electricians are beyond what the farmers can pay out of the prices they receive for their products. At city rates vast amounts of potential work will go undone in the rural areas. The rates charged by rural

tradesmen can be less than half of those now charged by city tradesmen, and yet pay better than farming. Automobile repair shops for rural people are needed, and there is a dearth of paper-hangers and painters and other service tradesmen available for rural people at rates of pay comparable to the earnings of farmers. The Government would be helping to solve the farm problem if it were running schools for rural craftsmen and even lending them money for the purchase of equipment, instead of drawing all the potential craftsmen into the excessively competitive occupation of farming.

It is not my purpose to imply criticism of those responsible for the administration of the emergency programmes affecting agriculture and land tenure in the United States; the intent is rather to stimulate thinking which may lead to the development of wise, long-time national policies with respect to the economic well-being of all of the people.

There are many broad general economic questions which relate in an important way to the problems of agriculture and land tenure. The stability of the currency, the control of foreign trade, and the control of monopolies and prices have much to do with the solution of the problems of land tenure.

The instability of the purchasing power of the dollar throws a vicious element of speculation into land values; fear of inflation has led thousands of men who have no personal use for farms to invest in farm land. Many a bewildered business man has said in recent years: 'I am going to have a farm to fall back on; even if all else goes to pot, I can at least dig food out of the land.' And thus to the excessive competition for land by farmers is added the competition of the outsider.

The use of the protective tariff to maintain high prices for many industrial products, which could be produced much more cheaply abroad and secured in exchange for farm products and other products which we can produce to better advantage, reduces the market for farm products both at home and abroad, and multiplies the bad effects of excessive competition of farmer with farmer.

The use of a great variety of methods of limiting competition in the fields of manufacture, commerce, and transportation has a profound influence upon the prices which farmers pay for food, clothing, shelter, equipment, and supplies essential to the life and work on a farm. There has been legislation in the United States looking toward the elimination of monopoly prices, but, on the whole, our Government has done more to limit competition and create monopoly price conditions than it has done to control

monopolies in the interest of fair prices to the consumer. This limitation of competition and the resulting limitation of production as a means of securing higher prices for the products of other occupations have led farmers, with the aid of the Government, to restrict production as a means of enhancing the prices of farm products. The effect of this restriction in all fields is to shrink the opportunities and to lower the living standards of all the people. The protective tariff and the industrial monopolies reduce the number of people who may have good opportunities in agriculture without opening other occupations to farm people. The result has been the multiplication of the number of farmers for whom there is no hope of adequate incomes with which to live, to say nothing of the saving of money and buying a farm. The rehabilitation work of our Government may be temporarily justified as a form of emergency poor relief, but it aggravates the tenure problem. The depressed situation in agriculture cannot be permanently cured by the direct attacks through the Farm Security Administration and through the Agricultural Adjustment Administration. The broad problems of population, money, trade, industry, and labour will have to be taken into account as integral parts of the farm problem, if the problem is to be solved.

We should not throw up our hands and say 'It can't be done'. Neither should we turn away because we find the farm-tenure problem a problem in political economy rather than a problem in farm management. The solution will not come in a day. The most effective approach is through the education of all the people to an understanding of the essential interrelations in the various occupations, coupled with statesmanship of a new quality to take the place of, or at least hold dominion over, the private interest pressure group system of politics which has too long dominated our national life.

The starting-point in this undertaking is a better quality of elementary, secondary, and adult education for all the people, and vastly better understanding of political economy and public ethics on the part of all those who hold positions of leadership, whether in public or private affairs. In the right adjustment of the whole economic life of a people will come the solution of the major problems of land tenure.

DISCUSSION

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In opening the discussion I would like to express my personal appreciation of the two very interesting papers which have been

presented this morning. I am afraid that my contribution will not match them in either erudition or experience, but I hope that I may be able to provoke some spontaneous discussion from the floor. The first text-book in agricultural economics which I ever looked into was written by H. C. Taylor, and I remember with what difficulty I struggled through the graphical treatment of the tendency to more intensive operation on owned farms than on share-renting farms. I feel it is a real honour to be asked to follow the doyen of agricultural economists in the North American continent.

Property rights in land are associated with three closely related concepts—liberty, control, and responsibility. The State-owned enterprise operated by a manager may be considered as one extreme; private ownership and operation as the other. But, as the opening papers have amply demonstrated, even under the condition of private ownership, individual control may be conditioned by a variety of forms of social control. Some of these social controls operate informally. We have had reference to the effect of the attitudes of people on the use of land. These attitudes have a profound influence on the way in which the land may be used. Other social controls operate through formal organization. Some of these, as has been indicated, are of a voluntary nature. Reference has been made to the activities of the State in the field of technical instruction and in the provision of research, extension, and advisory services. In this case the control is voluntary; the independence of the operator is indicated by his ability to accept or reject the advice; where the advice is accepted the responsibility would appear in the main to rest upon the individual. Again, the State always conditions the control of the individual through the legal framework within which the price mechanism operates. We have had reference to indirect controls of this type, i.e. controls which affect the use of land through their influence on price and profitability. Two other types of formal control are more direct in character. First, the direct legal control of land tenure. It is unnecessary to add to the description of these forms of control presented in the paper by Herr von Dietze. The other form of direct control is the direct legal regulation of the use of land. Legal controls are imposed on the individual; their application indicates the limits of individual freedom; when exercised, where does the responsibility rest?

Now, obviously, a vast variety of combinations of tenure and control is possible. I propose to confine my discussion to two particular situations. First, the transition from advisory control to superimposed management referred to in Dr. Taylor's paper; and,

secondly, the condition of public ownership with private operation. This latter is a condition which I think might deserve some more attention than has been given to it in the opening papers. After yesterday, with its sociology, anthropology, biology, sentiment, emotion, folk-lore, folk-ways, taboos, faith, hope, and charity, I hope that a little economics will not be out of place. I ask you therefore to bear with me while we consider some problems of the economical use of resources under these two conditions.

But first, may I refer briefly to the question of the liberty of the individual? There is, I think, justification for Dr. Taylor's reference to the growing tendency on the part of individuals and groups to assume control and direction of others, but we must admit that there has been a noticeable tendency on the part of the mass of people, farmers not excluded, to evade responsibility and delegate control. The decline in the marginal utility of freedom and the increase in the marginal utility of the promise of security are interesting and observable trends. However, I would like to suggest, although the opinion may not be very popular here, that the concept of liberty involves considerations which the agricultural economist has no special qualifications to assess. There is, so far as I know, no common denominator for freedom and frankfurters.

The tendency to which Dr. Taylor refers, to substitute superimposed management for advisory control, has, I think, not gone so far in Canada as it has in his own country, but there is obviously in certain quarters a growing conviction that increased control and direction would lead to a vastly increased economy in the use of resources. This belief implies that if the decisions which the individual farmer has to make were made for him by some one else—the expert—a much more economical use of resources would follow. Now we may concede that the technical expert has a greater knowledge of the physical bases of production than is possessed by the individual farmer, but much of the knowledge of the expert is of a general nature, and practical problems relate to particular situations. The relative profitability of alternative uses of land depends not upon qualitative generalizations or statistical averages, but upon the particular production functions related to the particular situation, involving an almost infinite number of variables. Knowledge of these, I think, can be acquired only by the process of trial and error in the particular situations.

But perhaps the great danger of control by technical experts lies in the fact that technical knowledge provides no solution for the problems of how much production of different products there should

be; that is, the margin of indifference between alternative uses of land and the intensity of the use of agents other than land. The economist is at least aware of other variables than the physical ones, and his techniques may give him some facility for measuring these. However, there is a definite limit to our ability to measure accurately the values required for the solution of the problems of production. Under dynamic conditions the measurement of change or of its consequences is practically impossible.

The ability to make successful decisions with respect to unpredictable events is a peculiar quality. At present I think it is correct to say that it is more of an art than a science, and there is nothing in the formal training of our diplomaed experts which develops this art. Moreover, this is a difficulty which may not pass, as academic virtuosity becomes tempered by experience. It may be that the leavening of experience results from the responsibility attaching to private ownership of the agents of production, and a personal interest in the profits or losses resulting from their use. That, of course, raises the question of the rationale of private property in its most fundamental form.

But supposing that adequately equipped individuals were available, how far can this form of control be advantageously carried? Here again the marginal analysis applies, but quantitative measurement evades us. It would seem that, because of the importance, with respect to profits, of the short-run and even day-to-day decisions of the operator, control would have to be of an intimate nature. But at what point would the net returns be equivalent to the marginal cost? Further, how much of the added production could be attributed specifically to the making of decisions? Some of it would obviously be due to the carrying of information directly to the farmer, and that part of the increase might be gained through an extension of the advisory services. Again, who will bear the costs of this superimposed management? Will they be borne by the industry? Dr. Taylor suggests that half of the farmers in the United States might produce more under this form of control. He would probably agree that, by itself, this statement means little with respect to economy in the use of resources. If production is increased with the use of the same agents of production, and if the demand for the products at the farm is inelastic, is the State under any obligation to secure for the operators a return on their investment of capital and effort? If so, does this make for the most economical use of resources? If not, what process of transfer of resources will be adopted? It seems to me that in the democracies, if centralized

control is to expand, economy in the use of resources will depend upon the discovery of some painless process of liquidation.

The second condition I wish to discuss may be illustrated by certain developments in the provinces of Saskatchewan and Alberta, which have recently led to some extension of public ownership of agricultural lands. In both provinces the policy is being pursued of acquiring title to lands previously alienated by the Crown. The Saskatchewan Land Utilization Act is intended to apply principally, if not entirely, to land unsuitable for arable farming. Operations under the Alberta Special Municipal Areas Act are wider in scope, aiming at ownership of both arable and non-arable land. In both cases the purpose is not merely acquisition of title but also control of the use of land.

It should be observed that in each province the respective policies apply only within certain areas, and there appears to be no disposition to extend public ownership elsewhere. The homestead policies are still operative with respect to unalienated lands in the undeveloped regions.

Reversion to public ownership is taking place in areas in which public assistance has recently been widely distributed. They are areas characterized by 'normally' low productivity with high variability of climatic factors. This makes for uncertainty which is increased by the highly competitive nature of the possible forms of production, the prices of the products being directly affected by forces operating on world markets. The problem may, however, be somewhat simplified by the restricted alternative uses, namely, extensive cereal production, or grazing, or a combination of these.

The reversion to public ownership has occurred because, under these conditions, miscalculations have led to apparent errors of use, and it is assumed that public ownership is the best means of preventing similar errors in the future.

But it is impossible to absolve the State from responsibility for these errors. The State promoted homesteading on lands now considered to have been submarginal, and the homestead policy tended to standardize an uneconomic size of farm unit. The representatives of the State apparently suffered equally with the individual settlers from inadequate knowledge, or else they yielded against their better judgement to popular demand. It is doubtful if these explanations are significantly different.

During the past thirty years much useful information has been acquired regarding the physical conditions in the areas, greatly advancing the possibility of more orderly development in the future. However, the inability accurately to predict climatic fluctuations

results in a residue of uncertainty, and the dynamic elements remain unpredictable. Hence the definition of the margin, even under static assumptions, cannot be carried out with any precision, and the recognition of dynamic elements precludes any assumption of finality in the margin defined at a point in time.

It has been part of the purpose of the Land Utilization studies conducted under the direction of the Economics Division, Dominion Department of Agriculture, to classify the lands in the affected areas, i.e. to distinguish between non-arable and arable land and to classify the latter on the basis of estimated returns from wheat production. This classification, which involves certain unavoidable assumptions, co-ordinates existing knowledge and may be expected to be of considerable assistance in relation to future land use. Once more this information could be used either, under private ownership, to advise settlers with regard to the relative revenue to be expected from different lands; or, under public ownership, to control the use of land on the basis of such a classification.

The intention to pursue a policy of public ownership seems to rest on the assumption that it will be necessary 'to keep people off the non-arable lands'. But this must imply either that the margin is considered to be rigidly fixed, or that, even with the knowledge now available, the representatives of the State will be more capable than the individuals of judging, from time to time, how far and in what direction the margin has moved.

Supposing that the margin were to remain fixed, the optimum use of resources then depends on its accurate definition; but because of the imponderables involved some uncertainty is unavoidable. Under these circumstances, and where the representatives of the State assume responsibility through ownership and control, there is a real danger that the limits of cultivation will now be contracted too far. This is an insidious type of misuse of resources as it is difficult to establish the existence or extent of error. As long as farm operations were profitable on the arable land, and grazing profitable on the non-arable land, it might be assumed that the optimum use of resources had been achieved. This is not necessarily so if too much land has been diverted to the less productive grazing.

Suppose that the margin of cultivation expands and land previously defined as non-arable, and retained for grazing, could be profitably used for wheat production. Will the administrative set-up result in a rapid recognition of this and permit sufficient flexibility to meet the changed conditions? Or will rigidity tend to further less-than-optimum use?

Suppose that the margin contracts. Certain individuals who have acquired lands, defined by the representatives of the State to be suitable for cultivation, will find that they are unable to obtain an adequate return on investment and effort. What is the responsibility of the State to these individuals? If this condition is expected to be permanent, what process of transfer of resources, if any, will be adopted?

Under private ownership and competition for land, the price of land functions to distribute the available supply between different uses. Under public ownership, in so far as there is any difference in productivity, it would seem to be necessary both on grounds of equity and of the optimum use of resources that differential payments should be made for different pieces of land. In view of the differences in the capacities of individuals, how will rents be determined under public ownership? What use will be made of the economic surplus? Is there any reason why it should be expended in the area where it is accumulated? What process of selection of occupants will be adopted? How will inefficient producers be eliminated? Or will they?

These questions have been raised not because I wish to suggest that under private ownership and competition errors do not arise. I raise these questions for two reasons: first, because I think they help to emphasize the nature of the factors which determine economy in the use of resources; and, secondly, because, unless we can get specific answers to these particular questions, then we are quite incapable of judging the effects of control. Where is control leading us with respect to economy in the use of resources? Careful analysis would suggest that the answer is uncertain. It may be that extension of control is inevitable, but that this should be considered any cause for great optimism seems to result either from a complete failure to appreciate the complexities of the problem, or else from a simple faith that what is inevitable is also desirable. In spite of the great interest and academic excellence of much of the contributions to yesterday's discussion, I am compelled to say that it has done nothing to alleviate the feeling of futility which, it seems to me, must result from any attempt at detached contemplation of current events.

J. D. BLACK, *Harvard University, Cambridge, Mass., U.S.A.*

Dr. Taylor has not dealt broadly enough with his problem by confining it to an apparent opposition between freedom and security. Another important aspect of it relates to economic output. Let me illustrate by an analogy. With the growing use of automobiles

and trucks, we have had a great enlargement of rules and regulations and a development of a large staff of traffic officers. Now obviously, according to the simple primitive meaning of the term freedom that Dr. Taylor mainly uses in his paper, the drivers of these vehicles have less freedom than the drivers of buggies and wagons in 1900. Also following Dr. Taylor's analysis, these drivers, the pedestrians, and the public generally have more *security* of life and limb and of their property in vehicles.

This is about as far as Dr. Taylor carries the analysis. But a much more important aspect of it is that as a result of the new rules and regulations, and the systems of lights and traffic police at intersections, more automobiles are able to travel on highways at one time, and the public arrives at its destination in shorter space of time, than would be the case without them. That is, the output of *travel* has been greatly increased thereby.

This analogy is not introduced to prove anything. Analogies seldom do. Its purpose, rather, is to explain my point about increased output. I doubt if security is the main positive objective of tenure regulations. Rather it is to maintain our agricultural resources in more effective use, and enable our farm people to combine their human resources with the land resources to their better satisfaction and economic effectiveness; and likewise for the nation and society.

Dr. Taylor has chosen to bring in the programme of the Agricultural Adjustment Administration of the United States as a phase of land-tenure control. It certainly has a relation to it. The major object of the programmes of production adjustment now being developed is not so much security as it is a larger *period* output of farm products and more output per worker in agriculture. (Not just a period of a year or two, but over ten to twenty years, let us say.)

I am well aware that these adjustment programmes are always in serious danger of falling under domination of those who would reduce period output by public monopoly restrictions. Some elements of this were introduced in the last Adjustment Act of Congress. But this is contrary to the real concepts of agricultural adjustment. I concede all Dr. Taylor has implied about dangers from private pressure groups.

Dr. Taylor has referred to the monopoly situation in industry. The implication of his remarks is that the proper treatment of this monopoly in industry is to attempt to prohibit it by regulations. Few among those now working on this problem expect any large achievement along these lines. They commonly say that what can be accomplished is worth while; but that it will not go very far.

They look instead to measures of the same general type as those now called production adjustment in agriculture. The N.R.A. was a move in that direction; but a very bad one and woefully mis-conducted. The ends desired must be achieved by positive controls that will maintain production in depressions, and expand it in parallel with increasing efficiency. Legal prohibitions will never produce this effect. Progress along this line will be slow and difficult; but I see no other more hopeful alternative. Nor am I as gloomy about the outlook as Professor Stewart.

Another comment is that the concept of freedom needs to be redefined from generation to generation. Dr. Taylor has employed the same definition of it that prevailed a generation ago.

Dr. Taylor outlined the development of the outlook and educational programme of the United States Department of Agriculture under his leadership in the nineteen-twenties. If the development started then could have been continued in the period from 1928 to 1932 and vigorously pushed, an important part of the excesses of the adjustment programme of 1933 and since would have been forestalled. You will remember that that programme started out with a mere statement of the facts as to the economic situation confronting the various producer groups. Then it began to indicate the adjustments needed in view of these situations. These suggestions at first were very general. Presently they began to be fitted to particular groups and situations. The programme ahead called for adjustment analysis for the important types of farming in all the type-of-farming areas. It was with this programme in mind that the type-of-farming census was made in 1930 under Dr. Elliott's direction.

Dr. Young, of Indiana, one would judge from his statement yesterday, would return to the pre-outlook methods of 1922 and before. Dr. Taylor apparently has never accepted the part of the outlook and adjustment programme that was laid out by Tolley, Wilson, Elliott, and others after he left Washington; or, if so, he has recanted since.

No doubt we shall have something of a reaction to the excesses of 1933 and since. But it will not be to the programme of 1922 and before. It will rather be a return to an extrapolation of the trends in production adjustment in the 1923-30 period—a trend that was temporarily checked by the reactionary measures of the Hoover administration, including no small measure of such reaction even within the Bureau of Agricultural Economics itself.

Dr. Taylor's concern over 'speculative' elements in land values leads me to remark that attitudes towards Henry George's essential

philosophy have changed greatly since I was a graduate student under Drs. Taylor and Ely at Wisconsin. George's objection to scarcity values and insistence upon the need of control of such values bids fair, it would seem, to be accepted into our social system.

L. H. BEAN, *Agricultural Adjustment Administration, Washington, D.C., U.S.A.*

I have four specific points that I should like to raise.

Dr. Taylor stressed the question of freedom versus control, and Dr. Black has given you a popular example in terms of a traffic problem of increased control making for a greater degree of freedom and opportunity. I wonder if Dr. Taylor has been in contact with those several hundred thousand families which he says are under the wing of the Farm Security Administration to discover whether or not those families now do not feel a greater degree of economic freedom even though they are under contractual arrangements with the Federal Government. It is my impression that the controls to which he refers, at least those within the Farm Security part of our Government's activity, actually result in a freeing of a large number of farmers and individuals who have felt themselves completely swamped and submerged by the economic developments of the past generation.

The second point deals with Dr. Taylor's suggestion that much of the federal funds that are used in promoting adjustment operations might more profitably be used to train farmers for other occupations. He cited several suggestions as to where the surplus farmers might look for non-farm opportunities. There are at the present time probably nearly ten million people unemployed in the cities, who are looking for these suggestions of new opportunities and, not finding them, are pressing themselves upon the land. I wonder if Dr. Taylor's suggestions, while theoretically sound and to some extent practical, have real practical significance at this moment when in farming we have a surplus of probably two million workers, and in the cities there are ten million people looking for work in non-agricultural avenues.

The third point has to do with Dr. Taylor's statement that there is a tendency, as a result of our recent farm programmes, for the price of land to be pushed up and the prices of farm products to be pushed down. It is my impression that that inverse correlation between the price of land and the price of farm products is not characteristic of the American farm economy, at least has not been characteristic during the past generation. There seems to be

a positive correspondence between the movement of agricultural prices and the value of land; a sufficiently close correspondence to make it possible to examine that relationship in relation to the questions that Dr. Taylor raises. It is my impression, from having examined these figures, that actually the price of farm land in the United States has in the past seven or eight years been lower than can be justified or explained in terms of the usual relation between the prices of farm products and the price of land. And that leads to the fourth point which has to do with the possible influence on the value of land of the historical bases embedded in the Agricultural Adjustment programmes. If the average value of land has ever since 1930 not responded to the price of farm products, in other words, has perhaps actually been something like 20 per cent. lower than it should have been, then there is no evidence, at least in those facts, that these historical bases are being worked into the value of land and serve to hold the price of land beyond its normal or economic level.

L. C. GRAY, *Bureau of Agricultural Economics, Washington, D.C., U.S.A.*

What I have to say will require very little time. I came in too late at the session this morning to hear the discussion. Just as I arrived I heard the closing portion of Professor Stewart's speech, and I merely want to comment on what was possibly his last point, namely, the possible inelasticity in government ownership of lands, that are at or near the margin, in responding to the fluctuations arising from dynamic conditions, as contrasted with private ownership.

The policies now being followed by the United States Government in trying to deal with the maladjustments that appear to exist at or near the margins of cultivation, which have a certain resemblance to policies being adopted in the Prairie Provinces, are the basis, I believe, for Professor Stewart's apprehension in regard to this inelasticity.

My own impression is that nothing can be more inelastic than the situation that one finds, under private ownership, at the margin. The impoverished farmer is almost helpless to adjust himself readily to these fluctuations. He is under the pressure of indebtedness, and must frequently go on producing at a loss or accept serious recession in his standard of living. Moreover—and this has already been brought out—in these marginal areas, particularly in the Great Plains, as a result of the operation of the Homestead Acts, there

have developed a very unnatural size of holding and types of farm organization, and a widespread dispersion of ownership, which make it all the more impossible for farmers to adjust themselves readily to these fluctuations. What I mean to submit is that it is extremely difficult—it might be possible theoretically, but practically is very difficult—for farmers to weave back and forth between arable farming and range economy. After you get these holdings in types or sizes which have been adjusted, we will say, to arable farming, it would take, under private ownership, a long period of years, especially under the debt structure that prevails in the plains and marginal areas, for the farmers themselves, even though it apparently was to their private advantage, to achieve the types of holdings and ownership pattern that would permit the carrying on of a grazing economy or a mixed economy of arable and grazing. The point that I wish to make is that I believe—and it has been our conviction in developing this policy—that at the margins where this elasticity is particularly desirable it can be achieved much more readily under public ownership, even granting the lack of perception and wisdom and practicality that is sometimes alleged to be characteristic of bureaucrats.

V. P. TIMOSHENKO, *Food Research Institute, Stanford University, California, U.S.A.*

The contribution which I shall make to this discussion is to outline the experience of land tenure in Soviet Russia. In no country have there been such radical changes in land tenure within a relatively short period of time as in Soviet Russia during the twenty years following the revolution of 1917.

The present collectivist system of land tenure did not develop logically from the agrarian relations created by the revolution of 1917-20. During that early period of the revolution the peasants were executing the long-dreamed-of subdivision of large estates among themselves. The peasant movement of 1917-20 completed by way of revolution the process of parcelling large landed properties which had been proceeding rapidly and peacefully for fifty years. In this revolutionary period the Communist party, for reasons of political expediency, followed a purely opportunist agrarian policy not at all corresponding to the principles of the Marxian economic theory. Even the formulation of the earlier agrarian laws (of 1917 and 1918) for Soviet Russia was left by the Communists to their theoretical opponents—the left wing of the socialist-revolutionary party, with whom they created a united front in order to

win the revolution. Although always in favour of large-scale enterprise in agriculture, the Communist party in the earlier period of revolution followed for political reasons a policy of parcelling large estates and equalizing peasants' land holdings. The policy of equalization was pushed to its extreme, since the Communist party always relied politically upon the poorest strata of the peasantry and on agricultural labour. It incited these groups against the well-to-do peasants who were regarded as the class enemy. This was particularly so in those parts of the Russian empire where the civil war continued longest, as in Ukraine and the Cossack areas in the south-east.

The Communist party formulated its own agricultural programme, favouring large State and collective farms, in the early decree 'on the socialistic organization of agricultural production' promulgated on February 14, 1919. But it could not make this programme effective at that time. Practically all agricultural land was then held in fact by the peasants, and the Government controlled only 3 to 4 per cent. of the arable land.

Finally, in order to put a stop to further redistribution of land, and to create a measure of security of land tenure that was badly needed for the recovery of agricultural production, the Soviet Government by the Land Code of 1922 recognized the *status quo* of the agrarian relations created by the early agrarian revolution. This code assured to villages and other agricultural groups the perpetual tenure of all land actually in their possession on the date of the proclamation of the law. The law of 1922 did not impose on the peasants in the villages new forms of land tenure favoured by the earlier decree concerning socialistic organization of agriculture—that of February 14, 1919—but gave equal standing to all previously existing forms of land tenure, including individual holdings in closed fields which had been particularly favoured in the Stolypin agrarian reform of pre-War years.

At the time when the law of 1922 was promulgated, the Soviet Government decided to rely on peasant farming as the source of the agricultural products so necessary in the national economy. It decided not to intervene unnecessarily in agrarian relations, allowing the peasants to select such forms of land tenure within the villages as best served their purposes. The Land Code of 1922 was in this regard the most liberal land law of post-revolutionary Russia.

It is true that the Code decreed that all land was the property of the State, and that such transactions as purchase, sale, or mortgage of land were forbidden. But the leasing of agricultural land, as well

as the use of hired labour in agriculture, was permitted, though not without limitations. These had been forbidden by earlier Soviet laws.

In actual practice the leasing of land and the use of hired labour in agriculture went considerably beyond the limits fixed by the Land Code of 1922, and in 1925 the Government recognized the situation by permitting long leases of twelve years and more, and by exempting agricultural labour from the strict rules of labour legislation.

Generally speaking, during 1922-6 the land law as well as administrative practice left considerable latitude for the development of peasant farming in Soviet Russia. If there was any period of rapid agricultural recovery in the post-revolutionary Russia, it was this same period. The great war-time and revolutionary loss of crop area was considerably recouped; agricultural practices were somewhat improved; and, through leasing of land and the increased use of hired labour in agriculture, some of the harmful results of the extreme equalization of land holdings during the revolution were partially corrected.

This equalization of peasant holdings had resulted in a great reduction of the land held by the well-to-do peasants who—together with the large estates—before the revolution had been the principal source of marketable agricultural products necessary to supply the cities with food and raw materials. The subdivision of about 100 million acres of agricultural land confiscated from large estates did not increase the average size of peasant farms. On the contrary, after the revolution the smallest farms, unfitted for effective farming, made up a larger fraction of the total number than before, and the number of well-to-do farmers operating efficient farm units was greatly reduced. This was one cause of the difficulties experienced by the Soviet Government in supplying cities with agricultural products. But the recovery of agriculture during the period of the New Economic Policy, 1922-7, was accompanied by an increase of production for market by the better class of farmers, and this relieved the shortage of food in Russian cities.

A sincere continuation of the agrarian policy proclaimed by the Soviet Government in 1921-2 would presumably have resulted in further recovery of peasant farming and improvement of agriculture. But it would also have meant an increase in the importance of the well-to-do strata of farmers, of so-called 'capitalistic' farmers. This was regarded as undesirable by the Communist party. Consequently, various measures were taken aiming to prevent the growth of the well-to-do group of peasants—called 'kulaks' by the

Communists. Their farms were subjected to confiscatory taxes, they were hampered in obtaining credit and in purchasing machinery, and, finally, they were excluded from co-operative societies and from the land communities controlling their land holdings. All this, coupled with the policy of low prices for agricultural products, left well-to-do peasants without interest in, and deprived them of the possibility of, further development of their farms. This policy slowed up agricultural recovery and led to open conflict with the peasants in 1927-8, and in turn the Government encountered new difficulties in procuring the agricultural products, particularly grain, necessary for the city population.

The political conflict determined the subsequent agrarian policy of the Soviet Government, which finally resulted in complete reorganization of land tenure on socialistic lines. In an effort to make itself independent of the well-to-do peasants who produced the larger part of the marketable products, the Soviet Government launched its ambitious project of huge state grain farms, and proceeded also with rapid collectivization of peasant farms. In this way it sought to combine individual peasant farms of small size into relatively large collective farms.

In 1927-8 and 1928-9, however, the Soviet Government still contemplated the possibility of an evolutionary rather than a revolutionary change in the land-tenure system from millions of small individual subsistence farms to a limited number of large collective farms. The process of collectivization was still regarded as relatively slow and as voluntary. Under the first Five-year Plan less than 15 per cent. of the total number of peasant households and no more than 20 per cent. of the arable land were planned to be in collective farms by the end of the five-year period in 1932-3. But during the winter of 1929-30 the Communist party radically changed its tactics. A new agrarian revolution replaced the programme of relatively slow agrarian reform. We call it the second agrarian revolution, organized from the top by the Soviet Government, since in its course the new form of land tenure—collective farms—was forced on the peasants rather than accepted by them voluntarily. This second revolution meant pure confiscation of land and other property, in part or in total, for about a million peasant households which qualified as 'kulaks'. Their land was given to collectives, while they themselves were not permitted to join the collectives.

I have said that the principal reason for this radical agrarian reorganization was political. But there were also economic reasons. By organizing collective farms the Soviet Government expected to

create large agricultural enterprises which, according to Marxian theory, would always be more efficient and productive than small peasant farms. The second revolution, which forced the peasants with their small holdings into collective farms, was thus a reversal of the process of parcellization which prevailed in the first revolution of 1917-20.

Furthermore, the replacement of millions of small subsistence farms by a smaller number of relatively large collective farms which in turn were controlled by only several thousand purely State organizations, the so-called machine-tractor stations, facilitated centralized planning of agriculture by the State. The State was already directly planning and administering other branches of the national economy. Here we have an example of the inevitable spread of centralized planning from one section of the national economy to other sections, even when centralized planning of these others is difficult to organize.

Soviet Russia's experience in social control of the use of land, which found its extreme expression in the present collectivist system of land tenure, also shows that such control logically develops into more and more centralized forms. In preparing a new and radical change in land tenure on socialistic lines the Soviet Government proclaimed in 1928 that land was the property of the U.S.S.R. and not of the independent republics composing the nation, as it had been under earlier legislation. At about the same time a Federal (Union) Commissariat of Agriculture was organized, and this Commissariat took over from the Republican Commissariats the guidance of the socialistic reorganization of agriculture as well as agricultural planning.

It would occupy undue time to describe the development of the second agrarian revolution dating from 1929. It suffices to characterize concisely the system of land tenure created by this revolution, and its effect upon agricultural production and the situation of the farm population.

By the spring of 1933 nearly two-thirds of the nation's peasant households were already in collectives and nearly three-fourths of the arable land was in their possession, instead of the 15 and 20 per cent. respectively contemplated in the first Five-year Plan. But agricultural production, particularly the live-stock branch but also grain, was so disorganized that a serious famine occurred in many regions of Soviet Russia in 1932-3, and the Government was obliged to resort to extraordinary measures in order to stabilize collective farms.

The measures undertaken in 1932 and subsequently were in some degree similar to those proclaimed in 1921-2. The second agrarian revolution of 1929-32 created not less but perhaps more confusion and uncertainty in land tenure than the revolution of 1917-20. The continuous shift of land between individual farmers and collectives within the villages, among the collectives themselves, and between collectives and State farms, made for extreme uncertainty in regard to the tenure not only of individual farmers whose interests were completely neglected, but also of collective farms themselves. Hence the Government, by the law of September 3, 1932, forbade further shifting of land from one collective to another or from collectives to State farms, and assured to collective farms permanency of tenure of land actually in their possession. But while protecting the land tenure of collectives, the law of 1932 completely disregarded the interests of departing members of collectives; these have no further claim to the land which they brought into the collective, and can be granted only free lands from the State land fund, when such exists.

Uncertainty about the land tenure of collective farms clearly did not cease with the promulgation of the law of September 3, 1932. At least it appears from recent legislative acts and administrative practices that the Soviet Government is endeavouring to impress on the peasants the stability of tenure of their collectives, in order to stimulate interest in improvement of agricultural practices within the collectives. The new (1935) model charter for collectives speaks of assuring the land of collectives in their possession for ever. On July 7, 1935, a special decree prescribed prompt delivery to all collectives of special State deeds confirming them in permanent tenure of their land, and delimiting the exact boundaries of the holdings. Issuance of these deeds was performed with the usual Soviet Russian haste. Incidentally, this haste involved unsatisfactory layouts for a large fraction of the collective farms, and current official reports indicate the necessity of much rectification.

All this indicates that the Soviet Government in recent times has been seeking to create among the members of collective farms an impression of stability and permanency of the land tenure of collectives, approaching the group ownership of land.

But the contemplated permanency of the tenure of collectives *does not mean freedom in the use of land*. In fact, land use by the collectives is so far limited by numerous 'plans' imposed by several organs of the Central Government that not only individual members of collectives but even their managing boards have little voice in land

management. The general system of crop rotation in each collective must be approved by the Commissariat of Agriculture of the U.S.S.R., and every autumn and spring each collective is given plans by the Government for the ploughing and seeding which must be followed. These plans frequently do not coincide with the officially approved rotation, so that considerable difficulties arise. The new Commissar of Agriculture has recently asserted that only about a fifth of the collectives actually follow the approved systems of rotation, and that in many of these the systems need to be revised to fit the circumstances.

This illustrates the contradictions and suggests some hesitancy in the Governmental agrarian policy in recent years. On the one hand, it is sought, through assuring permanency of land tenure to individual collectives as well as taxing them in kind at rates specified before harvest, to stimulate the interest of members of collectives in improving their farming practices and enlarging their output. But on the other hand, through minute control and continuous and excessive intervention in management and by arbitrary low pricing of products, the Government strangles the interest of members of collectives. Hence it is doubtful whether the members regard collectives as their own co-operative enterprises created for their own benefit, or as State organizations created for the convenience of the Government in controlling agricultural production in the interest of the State.

This must generate instability of the present collectivist system of land tenure in Soviet Russia, and one cannot be sure that it would survive if the peasants should become more free to decide their own affairs. It is quite possible that a new revolutionary reorganization of land tenure would take place in Soviet Russia in such case and lead to disappearance of the collective farms. One of the principal causes of this instability is *excessive social control of the use of land* and of farming exercised by the centralized machinery of the State, and this control frequently is not in the interest of agriculturists themselves but of the other classes of the country.

Furthermore, while in other countries farmers are sometimes ready to sacrifice part of their freedom in land use in exchange for security of income, the farmers of Soviet Russia have had sufficient experience to know that social control of their enterprises does not mean greater personal security. They cannot fail to remember how in 1929-30 a million 'kulaks' lost their land, in part or in total, without permission to join collectives; or how in 1932-4 several hundred thousand members of collectives were evicted for one

reason or another, losing their land and their other property; or how during the past year the 'purging' of collectives has resulted in such numerous and arbitrary evictions from collectives that the Central Government itself was obliged to intervene. Social control of agricultural enterprises and the use of land in the extreme forms in which it exists in Soviet Russia does not guarantee the security of individual farmers. On the contrary, it may frequently sacrifice their interests to objectives which seem more important to those who are in control of the State.

It is my impression that, in the reorganization of Soviet agriculture on collectivist lines, the Government was guided mainly by mechanistic principles, with neglect of the human element of farming. The purpose was to create large farms, convenient for the use of tractors, combines, and other modern machinery; to group them in a limited number of still larger units under the control of machine-tractor stations; to hold the machine-tractor stations directly under the control of the Central Government; and so to obtain control of the agricultural production of the largest country of the world. In the execution of this scheme the Soviet Government was in some degree successful. Some 25 million small subsistence farms, with an average crop area of only a little more than 10 acres per farm, were in a few years supplanted by a quarter of a million relatively large farms with an average crop area a little more than 1,000 acres—larger than this in the prairie area of the south-east. These large farms were grouped under some five to six thousand machine-tractor stations controlled by the Central Government. In addition, some four to five thousand huge State farms were created. This scheme appears perfect from the mechanistic point of view of the Communist economists, who deify machinery, and also to some extreme partisans of agricultural planning. But it is a scheme that fails to take into consideration many organic processes of the greatest importance in agriculture, particularly the human element of farming. In Soviet Russia machines were not adjusted to the needs and conveniences of farmers, but all agriculture and particularly the whole system of land tenure were reshaped for the convenient use of machines, and with neglect and frequently direct sacrifice of the interests of many millions of farmers. As yet the system has failed to yield even the mechanistic results that were expected. How vital it is and how long it will survive without radical reorganization, are problems of the future. But it may be said now that although insufficient social control of land use may cause difficulties and requires correction in some countries, there is no doubt that social

control in the extreme form practised in Soviet Russia may be even more harmful to farmers, and can by no means be counted upon to assure them of economic security. For the United States or Canada to frame social control of land use on the model provided by Soviet Russia would be to invite damage rather than improvement.

H. C. M. CASE, *University of Illinois, U.S.A.*

As Dr. Taylor has so well pointed out, we in the United States have passed through a period of economic freedom, during which farm ownership existed for the man who would accept and improve a homestead, into a period of growing antagonism towards landlordism and other problems which, in the minds of some people, may challenge the soundness of our theories and development with respect to private property in land. These new reactions invite close scrutiny. They seem to have developed within the last two decades out of the long-continued agricultural depression. Such antagonism did not develop while the road to land ownership was a smooth one. Less than twenty years ago many thoughtful tenants said they preferred to be tenants rather than farm-owners at existing prices of land, and as a matter of fact in some areas many tenants still hold this view.

In the brief time at my disposal I wish to emphasize two or three aspects of our land-tenure problems which pertain to the meeting of current problems. Our land-tenure problems are going to be difficult to solve in the first place because of widely varying conditions in different parts of a large country. Some well-intentioned people are attempting to see land tenure as one big problem of which a solution if found for one part of the country would provide the answer for other sections. Land-tenure problems change with the age of the agriculture of the region, the shift from one type of soil to another, the relative productivity of land of the same soil-type, the shift from one class of people to another, and many other aspects which make the problem a continually shifting one and one which is not easily handled for all sections of the country under any generalized programme. The problems created by cropper tenancy in the south, where the soil is subject to erosion twelve months out of the year and where a single-crop system of farming is followed, are problems of a much more acute nature than those in an area like the better parts of the Corn Belt.

Conditions seem similar throughout the Corn Belt where there is a greater variety of crops grown and where soil erosion is not so apparent. We need to recognize, however, that we have, within the

Corn Belt, areas which are rapidly deteriorating, while there are other areas which are still producing maximum yields and promise to continue to be highly productive for many years to come. In the Corn Belt, then, we have areas where, because of soil depletion, land values have receded and farms are even becoming smaller as a direct result of a waning agriculture. Under such conditions maintenance of the land on a profitable productive basis may be impossible with a system of private property in land. On the other extreme we have highly productive land where tenants realize that the more land they operate the more money they will make up to certain limits. In these latter areas there is an urge to increase the size of the farm unit in order to use more economically a full line of modern farm equipment. It is not uncommon for some tenants in the better land areas to have as large an investment in their equipment, live stock, and other operating capital as many owner-operators had in both land and equipment less than half a century ago. Under these conditions many tenants freely express a preference to remain tenants on highly productive farms rather than to use their limited capital for the purchase of a smaller farm to own and operate. Not infrequently some of our tenants on the larger farms are becoming owners of the smaller farms which they are renting to other persons, but with the intention of retiring to the smaller farm at a later date.

The tendency towards larger farms, which is a direct outgrowth of mechanized farming, is creating one of our serious current land-tenure problems in that it is forcing many tenants off the land, or it is holding back the young man who desires to become a tenant. A series of meetings held throughout central Illinois verified the seriousness of this problem. Tenants in many instances were being forced to sell equipment, and young men were complaining of the lack of opportunity of becoming established as tenant farmers. Specifically, there has not been much change in the number of farms in Illinois within the past twenty years, but the trend has been towards more small units adjacent to our towns and an increased number of larger commercial farm units away from population centres. Because of the current shift, it will require another census period to show clearly what has been taking place during the past three or four years. These comments relative to varying tenancy conditions are offered merely to warn us against accepting any single proposal as a solution to all land-tenure problems in the United States.

Dr. Taylor has given us a fine generalized picture for the country from a practical point of view, but the emphasis upon the need of education to correct the situation is rather a vague approach in the

face of certain existing problems. Those of us who have been closely associated with extension work, working with farm people, credit interests, and varied other interests pertaining to agricultural welfare, get discouraged at times with the slow progress which education makes in spite of what we would like to regard as a thorough system of agricultural extension.

While there is much truth in Dr. Taylor's statement that 'the major problems of land tenure are problems of human relationships', it would appear to one who is following farm experience rather closely that it would be more correct to add 'and the human relationship to the land'. Education can hardly be relied upon to ensure that the owner of the land with his present personal desires will protect the interest of future landowners by giving proper attention to the soil. The owner of the land too frequently is more interested in the current income from the land than he is in the protection of its future productivity. While not limited to the older landlords, many of whom are well qualified, one need only point out that in heavily tenanted sections of the Corn Belt the average age of landlords is above sixty years. Even where a good relationship exists between the landlord and tenant, many tenants appreciate the fact that there is much doubt as to how long they can remain on the farm because of the age of the owners. Therefore they do the natural thing of looking out for their own interests first rather than protect the future productivity of the land. Whatever may have been the experience of other countries in regulating the use of land, it seems pretty well established that in the United States irreparable damage will be wrought upon a great deal of the soil, unless the relationship between the landlord and the tenant is such that the future productivity of the soil is maintained. Society will undoubtedly be confronted more and more with the problem of protecting the future usefulness of the soil.

Few people appreciate that the margin between good and poor farming in the same community on land originally having like productivity is rapidly growing wider. In most communities farms may be found where many improved practices are being followed. On the other hand, it is a common statement that there are certain farms in most communities on which tenants habitually fail because the owners have failed to carry on a system of farming which would maintain the productivity of the soil. The less-fortunate tenants who are unable to locate themselves on good farms fall victims to the insecurity of badly depleted farms, where there is little opportunity for them to meet the costs of production after giving a portion of

the products to the landlord. As yet few people appreciate, in drawing up farm leases, that distinctions must be made between farms in the same community. They do not recognize that it costs just as much and perhaps more to operate land of low productivity, resulting perhaps from a half-century of poor management, as it does to operate land capable of producing twice the crop yields. Reimbursement of tenants for unexhausted improvements, while coming to have an important place in our agricultural economy, is an inadequate solution for some of our current problems.

Dr. Taylor's plea for an educational approach to land-tenure problems has special application to the teaching of better farming practice. Education for good farming is badly needed by the majority of landlords past middle life, because they think of their farm holdings as they knew the farm intimately twenty to forty years ago. This is true especially of the absentee owner whose main interest has been in some professional line far removed from farming and who has renewed his interest in agriculture when he inherited the home farm. His most normal reaction to low income is that the tenant is at fault, and he does not recognize that the productivity of the land has been badly depleted during the latter years of the preceding generation. This is one of the most needed educational approaches and yet one of the most difficult to meet. Good farming is still the key to the most difficult of our land-tenure problems.

With reference to the questions Dr. Taylor has raised whether our current agricultural programme will lead to the right land use or whether the property rights of the individual may be too seriously curtailed, it may be worth while to call attention to the fact that we perhaps have never developed the intensive margin of our agriculture in the way which is justified. The whole history of the United States has been one of expanding to new territory and casting off the less-productive land as it was passed by. As we found markets for increased products, we expanded to new territory. Any successful federal policy, therefore, which touches upon the control of production must recognize the greater capacity of some land to produce and to be brought into higher productivity than other land. It would seem uneconomic in the long run if we failed to develop the productivity of our better grades of land to their full economic capacity.

One of the most vital aspects of our land-tenure problems has to do with an adequate system of farm credit. In this problem it seems that, without transgressing too far upon the rights of the individual to control his own property, there is reason for developing the

means of assuring the landowner of greater security. The capitalization of agriculture on a basis that leaves a narrow margin of profit increases the need. Marked progress has been made in the last five years in improving our farm-credit facilities. More mortgages have been made for a long period of years with provision for repayment of a portion of the principal annually. However, not more than two or three credit agencies seem to have made the desired move of adjusting the annual payment of the individual to the current income from the property. It seems even in these instances that not enough attention has been given to adjusting the annual payment to fit the whims of nature. The repayment of principal should be made larger in good years than has been included in the plan of any credit agency, while in years of low income there may be justification for reducing the payment of interest practically to the vanishing-point. Credit agencies will say that this cannot be done because they must have some current income. However, if the Federal Government is seeking to serve society in the best way, it would seem that there might be a logical reason for the Government to serve as an intermediary to help creditor agencies so that they would not force so large a payment on mortgages during years of low income as to bring privation upon the farm family.

At the present time one finds in sections of the Corn Belt unrest on the part of tenants who feel that they should become the landowners. It seems that this feeling is most pronounced in those areas where the largest amount of farm foreclosures has taken place. The source of the unrest probably can be traced to tenants who were landowners until the recent depression years and who feel that if there had been a little more leniency shown on the part of creditor interest they would, during the past three years, have been able to make good their delinquency and have remained owners of their farms with a fair promise of being able to pay off their indebtedness. Here we have an instance where the exercise of the full legal rights of creditors may be forcing a social issue which may react by pressing forward the interest of the landless man.

Dr. Taylor apparently had in mind that private interests have operated too freely in their own interests without recognizing the social and economic problems pertaining to agriculture as far as landownership and the handling of credit interests of the farmers were concerned. At present it is hard to refute the statement some people have made that private property in land has failed in the United States when one considers the many farmers who, within the past twenty years, aspiring to landownership, have found them-

selves caught in the current of the depression, only to lose their accumulations through a rigid credit system which did not give them opportunity to level out their payments to their creditors over a period of years somewhat in accordance with the variation in income which they have been able to wrest from the land. In analysing the problems pertaining to landownership, we must recognize that perhaps the greatest amount of distress has arisen out of the variable income which has resulted from fluctuations in the price-level. The land boom of 1920 in the United States was the culmination of high earnings, while a flood of foreclosures on farms is the result of a depression period with inadequate incomes to meet the current payments on debts. Perhaps Dr. Taylor believes we should educate people in what to expect over a period of years, and to take advantage of the good years to lay by a sinking fund to be used in years of poor income. It might be easier to make the approach towards some stabilization of the price-level, but this expedient seems far distant. However, it should be possible to adjust the annual payment on debts to the income of the mortgaged property.

The more complete our research, the more we are convinced that a great deal of the abuse of land is the result of unfortunate economic conditions. Men who find themselves heavily encumbered postpone improvements and exert themselves to wrest from the land the largest possible income, hoping that by tiding over the period of the depression they will be able to hold their property and later to replace the fertility taken from the soil during years of adversity. This is verified by the growing proportion of the unencumbered owners who are following highly desirable systems of farming, many of which have every indication of being stable from the standpoint of the productivity of the land.

Directors of insurance companies undoubtedly took a lordly attitude in trying to protect the interests of policy-holders during the recent depression. Their experience was based largely on the experience of the early nineties, 1907, and similar depression periods, when they found that, with the inability of men to maintain payments on their farm mortgages, the foreclosure of the property left creditors in a good position in the matter of their asset accounts two or three years later. Many of them felt that they had never lost a dollar for their policy-holders on farm mortgages. This was during the period, however, of the expansion of the country, and not after we had reached a period of maturity with many areas of the country already on the down-grade as far as productivity was

concerned. In connexion with this aspect of the problem, the policy of not letting the former owner of the property continue on the farm as a tenant or as a possible future purchaser has created more than the normal amount of movement from farm to farm. While in many instances this has probably been the best policy, it has been one of the unsettling influences on the thinking of farm people in recent years. It has been one of the factors which has gone far towards disorganizing the social life of communities. Out of it, too, has come the insecurity of tenure, resulting from the desire of the creditor interests to liquidate distressed property at as early a date as possible, without any security of tenure to the occupant of the farm beyond, perhaps, a two- or three-months' notice before the beginning of the crop year. This is one of the factors which are forcing attention on the question of greater social control over farm land.

It is to be expected, however, from the present attitudes of many of these groups that any future depression will find a much more enlightened treatment of the mortgage-holder. If this whole situation were presented properly, for example, to a group of policy-holders in one of our large life-insurance companies, I believe that they would vote against the rapid foreclosure of farm property during periods of extreme depression, the replacement of the owner with a tenant who has less interest than the man who hopes to own the land as a home in the future, and the expense of maintaining a field force to look after a lot of rented property. While foreclosed farms may be considered to be in strong hands, one cannot highly commend the management of the property in comparison with owner-operated property in the same community. The responsibility for the proper handling of property will always be attained to a higher degree under a system of landownership by the operator than under any other form of tenure.

Another element which was well emphasized by Dr. Taylor is that an enlightened tenancy system may provide for the better handling of farm property. Security of tenure is to be desired, and it would seem from a study of farms in the better parts of the country that much is being accomplished towards greater security of tenure. This has come about in part through the professional management of farms. It is to be hoped that the city capital which is going into the purchase of farm land in the heart of the Corn Belt at present may have wise guidance in the handling of the property. As a usual thing these farms are handled much better than those locally owned, or at least those owned by many professional men and others of advanced years. Although Dr. Taylor dislikes regulation, we might

consider retiring men from the management of land, provided their management is detrimental to the future owners of the land, just as we retire workers from their positions when they reach certain ages.

In the development of farm leases, referred to by Dr. Taylor, some individuals are proposing long-term farm leases as one of the major means of improving our farm tenancy situation. Members of this Conference are undoubtedly in favour of long tenure, but we know that it will be successful only when right relationships exist between the landlord and tenant. It seems well proven in some areas that a continuing lease which is automatically renewed from year to year, unless notice is served to the contrary a reasonable period of time before the close of the year, is the best approach to the problem. On the other hand, a long-term lease is altogether unsatisfactory when the landlord and tenant are not suited to each other, and conferences with landlords and tenants reveal no desire for long-term leases.

It is significant to note that Dr. von Dietze in his historical analysis of land-tenure problems came to the conclusion that those countries which aim at agricultural progress will best attain their objectives by creating as favourable conditions as possible for the encouragement of private initiative and competition. Granting that this conclusion, growing out of a much longer experience than we have had in this country, is sound, it would seem that, in order to encourage private ownership and personal initiative, one of the greatest needs in this country is to create a credit system which lends itself to the security of the man on the land, with his financial burden so adjusted that he can tide over unfavourable periods. This will require the avoidance of excessive land valuations as well as the adjustment of annual payments of interest and principal to the level of farm income. It would seem that in addition to not overburdening the farm with debts, there is likewise need of improved systems of farming and of protecting future farm owners through the current maintenance of the productivity of the land. While we would like to accomplish land-tenure improvement through educational means, it seems that as agriculture grows older it becomes more necessary to accept legislative support for desirable adjustments, but it is equally undesirable that legislative action should limit constructive private enterprise.

E. LANG, *University of Königsberg, Prussia, Germany.*

My chief reason for speaking on to-day's subject is that Herr von Dietze is not present and, therefore, he cannot give his views on

Dr. Taylor's interesting paper. I think it is particularly important to make some remarks on these statements of Dr. Taylor from the standpoint of Germany, and thus also to supplement the paper of Herr von Dietze.

We can ascertain that the ultimate phenomena, as described by Dr. Taylor, have much in common in America and Germany, but the causes and the relations leading to the results differ in the two countries. Dr. Taylor's starting-point was the principles of freedom and security, and he pointed to the clash between these two principles. 'The marginal utility of freedom falls, that of security rises,' he says. In the field of agriculture it is sought to increase security, and for this purpose sacrifices of freedom must be made.

In this respect the countries differ; primarily, only in degree. I must point out one main difference. Security in a deficiency country needing imports of agricultural products is quite different from security in a country which produces a surplus of farm produce. Clearly, lesser sacrifices of freedom need be made for security of ownership and agricultural income in a deficiency country than in a surplus country. Nevertheless, I must admit that there is in Germany also a tendency to give up some freedom for the sake of greater security of economic enterprise.

Already some years before the War a well-known German economist deprecated this tendency and drew attention to the decline of private initiative with the words: 'The motto of the German is: be faithful; be a true German; and see that you get entitled to a pension.'

The contrast between freedom and security is clearly visible in German economic history when we follow the development of the co-operative movement. The co-operatives made the peasantry fit to compete in modern economy, but, nevertheless, the individualist peasant found it difficult to acquire the true co-operative spirit; sacrifice of freedom for the sake of greater security was required of him.

In practice in Germany, the situation is that the utilization of the soil and the management of the land are free to the fullest extent. Private enterprise and private initiative are free in spite of the highest demands upon land utilization and soil production. These demands are very high, both as to quantity and type of produce. In both respects we impose very great requirements in Germany. We require that the type of production be adapted to the particular needs of Germany and, as to the quantity, that our demand be, as far as possible, met by home production. But the path which we follow towards these high goals is that of free education to correct econo-

mic action, by propaganda, lectures, e.g. on fertilizer application, the best and most suitable breeds and varieties, and many other measures of which I need not speak here as they are generally known. These are all measures for greater production. On the part of the State we have price policies and premiums as a means of directing production into certain channels. But economy is always free. The peasant decides what and how much he will grow. Only as an exception is compulsion found concerning minor parts of agricultural production, such as oil- and fibre-plants, and in the case of certain measures of land improvement. There is further a certain degree of compulsion in the disposal of the products within the fixed scheme of the German Market Order. Here the aim is saving of costs by systematic order, to the benefit of all producers and consumers concerned.

As to the control of land utilization, economic freedom has been maintained to the greatest extent. Farms are placed under control only in the case of over-encumbrance and debt-resettlement with State aid. Otherwise the education of the individual farmer to a sense of responsibility towards the community predominates, as described by Professor Meyer. Then we have the voluntary control to which any farmer may submit, a control exercised by our great accounting agencies, self-governing agricultural organizations, schools, and other bodies.

We always find according to our conceptions that the greatest efficiency can only be attained by free education of our countrymen; we fully agree with Dr. Taylor that this method may be slow and occasionally expensive, but eventually the most effective and in the long run cheapest. I may perhaps refer to a few examples. Several years ago I travelled in Russia. I found that the compulsion exercised there in land utilization and management by no means led to the desired result, the highest possible production; this was clear also from Dr. Timoshenko's speech. One other example can be given from Germany's economic history: In the thirteenth century the Teutonic Order of Knights carried out the resettlement of eastern Germany. The Order gave the peasant settlers greater freedom than they had possessed in the old parts of Germany. Thanks to this high degree of freedom, the State of the Teutonic Order, a typical peasant state, very quickly attained a high economic development and prosperity. After the lost battle of Tannenberg and the fall of the State of the Teutonic Order the peasants were deprived of their rights; this loss of freedom resulted in a continuous economic decline in the subsequent centuries.

This is a clear indication that the highest efficiency can only be attained in a state of freedom. When and where we use compulsion in the field of agriculture in Germany—I have already said that it is only in a relatively small section—the guiding purpose is always education towards yet greater freedom. A well-known German poet has expressed this with the words:

‘Freedom is the purpose of compulsion; as we bind the vine that it may gaily grow on high instead of trailing in the dust.’

Also, as to changes in ownership, although in the more recent developments they have attained considerable proportions, particularly in eastern Germany, as a rule the method of freedom has been adhered to. Compulsion was only used in exceptional cases; here I might mention the Reich Settlement Law of 1919 and its execution, and the Reich Law of Hereditary Farms of 1933. Peasant settlement has been promoted by the State, and in recent developments we have created more than 50,000 new peasant holdings; but the State loans must be repaid. Repayments are made on the *Rentengut* system.

In Germany, too, we have the important problem of a just economic balance between the economic groups. A solution is sought by the Market Order and fixed prices. We strive to find a just price which covers the costs of the farmer and gives him a social status comparable to that of the other professional groups. I would like to emphasize that before the War, when we had the free play of economic forces, this aim was not attained, and we hope that our present measures will enable us to reach this goal.

I trust I have shown that while the conditions are different in the two continents, ultimately there are clear points of contact, and similar endeavours are to be found in all countries.

SAM HIGGINBOTTOM, *University of Allahabad, India.*

India seems to be a very long way off from this discussion. Yet the subject is ‘Land Tenure and the Social Control of the Use of Land’, and it seems as though we have nothing else in India but this. You will find every known system of land tenure somewhere in India. Madras, an area of 142,000 square miles with a population of 40,000,000, has what is known as the *Metaya* system. The Government owns the land, and the cultivator is directly the tenant of the Government.

In Bengal there is private ownership of land, but they have there what is known as the permanent settlement. One of the Viceroys

well over a hundred years ago came to an agreement with the landlords that the amount of land revenue they should pay was fixed for ever. Unfortunately, in the bargain with the landlord no bargain was made with the tenant, and so the landlord, with a fixed amount of land revenue paid to the Government, was permitted to raise the rent until what I imagine was some of the worst rack-renting in the world took place in Bengal. The landlord got all the benefit of the unearned increment. Bengal is a province of 77,000 square miles with a population of about 50,000,000. That is a dense population per square mile, and yet in Bengal there are enormous areas of land—some of the best land in the world—kept for grazing, and owners of cattle pay two annas per head, i.e. four cents, a year for grazing rights. Of course, whether men are cared for or not, the cow must be cared for in India. India, on one-third of the world's land area, has one-third of the world's cattle, which helps to keep her poor.

In the United Provinces again the Government repudiated the idea of government ownership of land, and there is what is known as the Zemandari system. At the break-up of the Mogul Empire, the Mohammedan Empire, there were certain collectors of revenue. When the British came in, these collectors were given the right of ownership of the land. This Zemandari system differentiates very clearly between the right of ownership and the right of use. Most of the owners of land in the United Provinces have no right of use of their land, and it is difficult for them to get it. There is in the United Provinces a permanent tenancy. It differs from ownership since the tenant cannot sell his rights, but as long as a family has a direct heir and pays its rent it cannot be dispossessed. The rent is fixed by what is known as a settlement officer. He is an experienced officer of the Government, who once every generation goes into a village and, in the presence of the landlord or his agent and the tenant or his agent, fixes the rent to be paid by the tenant. Of that rent paid by the tenant to the landlord the Government takes about 30 per cent., formerly 50 per cent. There are a good many people who go round America speaking of the harm the British association has done to India, who say that the British Government is taking 50 per cent. of the produce of the land. There is over 50 per cent. of India's sugar-cane acreage in the United Provinces. A good crop of sugar-cane may give the cultivator fifty dollars an acre net profit, but he is most likely paying only from one to two dollars rent, and of this the Government gets, say, 30 per cent. to-day as land revenue. The misrepresentation of the statement so frequently made on this

continent comes from not distinguishing between land revenue and produce of the soil, or between the rent and the produce of the soil. My observation is that these rents are about as low as in any country in the world for land of a given quality. The United Provinces is one of the Congress provinces under the new Government. (Allahabad is very frequently called the unofficial capital of India because the Congress executive committee meets there.) One of the planks of the Congress party is that because of the iniquity of the Zemandari system, it will be done away with. Nobody has yet proved in India that any other system is better than this Zemandari system. Visits to villages farmed under the other systems lead me to believe that the tenants there are no better off. What I have come to see in India is that it is not the legal exaction of either rent or revenue that causes the trouble; it is the illegal exaction.

There are servants of the landlord and petty government officials in the villages who before a farmer is permitted to do anything get something out of it. Also, a study of the social structure of any Indian village would show that there may be as many as twenty-four different castes in the village. Each of these castes serves every other caste and in turn is served by it, but every last one of them at harvest time comes to the farmer for so many bundles of grain. The farmer has to carry them all. That is the custom; that is the social side of it. If you are satisfied with a static society, I suggest that the most perfect system that the world has ever seen is the system which is in effect in India to-day. But if you do not like that, if you are born at the bottom and you would like to get away from the bottom, then it is the worst possible system. It depends upon your outlook.

In conclusion, I am reminded of a little Indian story which is not without bearing on this subject. There was a young Rajah who had been to England, and on his return his loyal and devoted subjects decided that they would give him a royal welcome. They brought the elephants out of the stable and met him at the train, and paraded through the little capital city of about five thousand inhabitants. Unfortunately there was a sitting hen that had not received any notice of this procession. She left her nest, as such hens do on occasion, and somehow or other got mixed up in the procession. She got under the hind foot of an elephant and was squashed. The folks came to the elephant and said, 'Look here—this is a very bad thing that has happened. You stepped on that hen and killed it.' The elephant said, 'Yes; but you see, with the people milling round in front of me, I had to keep my eyes in front. Who would ever

have thought of anything getting under my hind foot? It was an accident pure and simple.' They said, 'Yes, we are willing to concede that, but, you see, it isn't only that the hen is killed, what about the eggs?' The elephant said, 'Yes, that is so, even if it was an accident that I did kill the hen. So the only thing that I can do in the circumstances is to take the place of the hen, and I will sit on the eggs.' In social legislation in India we find a great many elephants that are willing to sit on the eggs.

B. H. HIBBARD, *University of Wisconsin, U.S.A.*

I have two speeches to make which will take on an average just under three and a half minutes each. First as to the tenancy situation. Several of our friends have expressed great concern over the sorry situation in which many tenants now find themselves. The speakers want to revive, and revise, the tenancy of to-day, restoring in some measure the good relationships and status of the tenancy of past years. I have no objection to any particular thing said by these speakers. They do, however, remind one of the doctors who look only to the symptoms of a patient without reference to the insanitary conditions which have caused the trouble. The doctrines put forth by the doctrinaires who have dealt with the question would lead one to believe that all the troubles of the tenant pertain to length of contract, the amount of the rent per acre, and the public interest in the upkeep of the land.

True enough, until recently, the tenants of virtually the whole of the United States, outside the south, ultimately became owners. Now not only do tenants fail to become owners, but those who have attained ownership find themselves in a precarious and unenviable position. It is not the tenant alone who is in trouble. It is the farmer. The tenant outside the cotton belt is not, in general, worse off than the owner so far as annual income is concerned. Thus, to assume that tenancy has gone wrong, and needs doctoring, is taking but a partial view of the case. The main characteristic of the tenant before the War was his age. He was younger by some years than the owner class. Things were going moderately well before the War. Tenancy was a rung on the ladder. Now the ladder figure of speech is no longer applicable. It is rather a stage in a toboggan slide. At least that is what it was for quite some years, and even now it is a question whether farmers are gaining or slipping, and this statement applies to farmers, not alone to the tenant group of farmers.

The tenants are, even with comparable income, the less fortunate of the farmer class. They constitute the flotsam and jetsam on a

dammed-up stream of commerce, dammed up by the War, and not yet allowing free passage of goods. We among us (us meaning the concord of nations) made it impossible for the Germans to buy American lard, and as a result lard sold in the corn belt for two and a half cents a pound. (It has been much higher since we killed the six million little pigs.) The failure to sell lard to the Germans, wheat to the English, and cotton to the Japanese, has been a major factor in our farm prices, and incidentally in the tenancy situation. Seeing this dilemma coming we, in 1930, passed the Smoot-Hawley Tariff Act, the Act which prevented the exportation of more goods than any other import tariff Act ever passed. This Act did nothing which it was intended to do, and everything which it was not intended to do. It even inspired, to a great extent, the New Deal by getting farmers into such sore straits. Due in large part without doubt to our own trade regulations and remedial measures, we all but lost our second-best cotton customer. However, this may not be so bad since we are largely making up the loss by selling them scrap iron. On this there may be real returns both directly and indirectly. The tenant implications of this loss of trade are obvious. A few years ago we exported 65 per cent. of our cotton; a little later 55 per cent.; more recently 43 per cent. The final outcome is in the hands of the Lord and the New Deal, but neither one seems to be taking adequate care of the dislodged tenant.

So our friend Case proposes that the rental charge on farm land be adjusted to the ability of the tenant to pay. This sounds equitable, but the trouble will soon be that sociologists will discover reasons why he should not pay anything. His living standards will not permit it. The scheme of adjusting payments on farm indebtedness to the income of the farmer is of like nature, and the Government moves strongly in that general direction by reducing the interest rate on farm loans. All of which is summed up in the words of wisdom: We must cut the garment according to the cloth. In many instances this turns out to be another case of the 'Emperor's New Clothes'.

The fact is that the farmers are in a mess which reaches far beyond their own line fences and from tenant to landlord. It is clear that charging less rent may help a given tenant, or all of them for a time, but the case is much deeper. Mollifying conditions, adapting contracts to income, and providing for tenant right in improvements are all very well, but putting all this into a contract during a severe depression is like undertaking to lessen the divorce evil by putting more impressive promises into the marriage vows. In each instance something more fundamental is demanded. With agricultural

surpluses, by whatever name or euphemism they may be called, piling up over a large part of the world, while other parts are desperate in their search for food and clothing; with the ways blocked by tariffs, quotas, embargoes, and poverty—with all these conditions staring us in the face, it may be desirable, though not very hopeful, to attack the problem from the tenancy angle. We have plenty of evils to combat, out of which circumstance there may eventually arise some good. A noted statistician in Washington, D.C., some years ago remarked that since, in the census, errors were supposed to compensate, the more errors involved the better, making the compensation more certain. It is to be hoped that some of the farmers' troubles will prove to be of this kind. Shall we reduce the plant, grant subsidies, multiply moratoria, scale down debts? In any case let us not delude ourselves into thinking that the lot of the tenant may be greatly improved while the main adjustments pertaining to agriculture as a whole are still to be made. There are, and will be, tenant questions to be answered, but over the major portion of the United States the depression has not put the tenant in a worse position relatively than he was in before.

Now, for a moment, let us consider the other topic which has been brought out into the open by at least two speakers, particularly by Dr. Taylor. This is the proposal, as an offset to the undoubtedly severe competition among farmers, to re-establish a similar competition among the industrial and commercial units of society. We have on the statute books of America a law almost half a century old which was designed to do this very thing, i.e. to take friendly groups of business men as soon as they become large and successful, and make them become unfriendly again in effect, and enter the lists in the interest of humanity manifested in the return to a competitive price—even of a fair competitive price.

The Act referred to is, of course, our Sherman Anti-Trust Act of 1890. Thus far it has apparently done little except build up strength for the future. We have, however, put it to use in several outstanding instances. In 1904 the Northern Securities Company was dissolved. This company comprised three major railroad lines. Probably no competition useful to the citizenry was reinstated. Now we are trying to devise plans by which railroads may be grouped into logical units so as to obviate the necessity of further subsidy and the somewhat probable nationalization of the roads. When roads are prosperous we demand that they fight, and punish them if they co-operate. When they are unprosperous we help them to co-operate and encourage the elimination of wasteful competition.

We are now virtually saying to our big transportation companies, 'In union there is strength', instead of searching for a universal solvent, by means of which, if we can find a container for it, we hope to dissolve all large and successful organizations. Of course, we do not usually admit this so frankly, claiming that we oppose only the 'predatory' companies, but the classification has not yet been scientifically made.

The next most spectacular use of our anti-trust Act was in dissolving the Standard Oil Company in 1911. It was split into eleven parts, and, overnight, the constituent parts became respectively larger than the company which had been dismembered. Now these constituent parts are again attacked by a 'Trust Busting' administration—and all administrations are such sooner or later. After the longest and most expensive jury trial known, with jury under lock and key, the companies are convicted of conspiracy and fined a trifling sum. The fundamental problem of the proper type of ownership of unmined petroleum, of destruction of an important irreplaceable natural resource, of the most destructive instance of fierce competition wasteful beyond measure, together with some degree of monopoly at some points—all these major matters are untouched.

No doubt this is going somewhat far afield in arriving at the point of saying that the re-establishment of open and fair competition among those who sell to the farmers is a complicated, baffling, two-sided question, and if we are to depend on it as a means of helping the farmers it will be the grandchildren of the present generation who will be the first to receive the benefits. Some measure of advantage may be gained along the line of high prices through farmer-owned business beyond the farm and its equipment. The most obvious obstacle to progress seems to be the failure of governments to see the advantage in exchange of goods; the failure of the labour world to recognize the difference between high, at least higher, annual income as opposed to high wage-scales. Apparently what we are lacking is economic statesmanship rather than prophets proclaiming the year of jubilee in a return to the much-vaunted spade and hoe husbandry coupled with revived handicraft trades—and with the country store as the philosophic and political centre.

IMRE SZLADITS, *Ministry of Agriculture, Budapest, Hungary.*

Dr. von Dietze in his paper has raised the question of the system of family entails, and as this is a question which is closely linked with land distribution and land tenure in my own country of Hungary, I should like to make a few comments on it. After the

Land Reform, initiated and carried out by the Hungarian nobility in 1848, the distribution of land still displayed an unfavourable picture as a result of the thousand-year-old historical development. Even after the War only 46.6 per cent. of the territory of Hungary was in the hands of small landholders, whereas 16.5 per cent. was in the hands of landholders of the medium class, and 36.9 per cent. was in the hands of large proprietors. This situation was improved by the Land Reform of 1920, and now 52.2 per cent. is owned by small holders, 18.3 per cent. by the medium class, and 29.5 per cent. by the large proprietors.

Nevertheless, masses of Hungarian tenants and farm labourers were still unable to acquire land, and it was necessary therefore to initiate a land policy which would lead to a better and fairer distribution of the land. A strong policy of colonization was made possible by a law enacted in 1936, which empowered the Government to make use of certain categories of landed property for colonization purposes. Such categories include, for instance, land taken for tax obligations, land confiscated by legal sentence, land acquired by forestalling, property of mortgage banks acquired by public sale, one-quarter of properties above 4,000 acres, one-third of properties above 1,500 acres which had been acquired by inheritance between the years 1914 and 1936, municipal property, and that of religious endowment. Full compensation will be paid to the proprietors of land that is claimed for colonization.

In order to make a freer market for land, it was also necessary to disentail a great part of the entailed property which covers a considerable extent in Hungary. Out of the 23.2 million acres of the cultivable territory of the country, 5.1 per cent. is under family entail; of the 18.8 million acres under agricultural cultivation, 671,000 acres, that is 3.5 per cent., are entailed.

Such a large percentage of entailed property must be regarded as harmful from the point of view of land policy, for it hinders the expansion and strengthening of the rural class. But it would be a mistake to try to abolish the system completely and without a transition stage, because to do so would destroy greater national values, increase cost of production, and—especially in the case of forest property—would have very harmful effects. These considerations governed the Hungarian legislation when it enacted that approximately 30 per cent. of the area of entailed properties under agricultural cultivation should be left tied up in its old form, and the area above that proportion should be distributed as free estates among the remainder-men, among the reversioners. This policy will set

free approximately 330,000 acres, and only 1.7 per cent. of the land under agricultural cultivation will remain entailed.

At the same time, however, when legislation is tending to curtail the entails of vast territories, it is also necessary to check the breaking up of small holdings. For this purpose the settlements, which are similar to the military settlements awarded for distinction in the Great War, are made, like the German *Erbhof*, inalienable and unmortgagable, and the succession of their inheritance is strictly determined. Family settlements founded voluntarily by the proprietor, and tied in such a way that they cannot be alienated or mortgaged, would also be suitable for checking the break-up of the family properties, but this type of ownership does not thrive because the joint heirs have to be paid in full.

The newly created entailed small holdings suit best the social conditions of the Hungarian small holder. This type of landholding can only be founded by those whose primary profession is farming, and its extent cannot exceed the size of the farm that is necessary to support an average farming family. It cannot be alienated or mortgaged, but it is subject to succession in strict adherence to the deed of entailment. This latest development in Hungarian land policy shows distinctly that the Government has become conscious that only a powerful peasant class can withstand the dangers of various influences that try to undermine its social and economic stability. In order to strengthen this class and to open before it the possibilities of acquiring land, it was necessary to break with the traditional land laws and to interfere with existing property rights.

H. M. CONACHER, *Edinburgh, Scotland.*

We have heard two extremely interesting papers approaching a common topic from various points of view, and I should like first of all to express my appreciation of the paper by Professor von Dietze. No doubt it is through the accident that we are meeting here in North America and that the majority of the members of the Conference present are either from the United States or from Canada that American problems have absorbed the greater amount of time and interest in this valuable and exhaustive discussion. I should like, however, just to say that, having studied European land tenure problems for very many years, I appreciate the extraordinary ability and range with which Professor von Dietze has covered the ground of the whole question of land tenure as it has been worked out in Europe. In fact, he has shown all the massive erudition that we have learned to expect from any work that comes from a German

Gelehrter. I notice, too, about his paper that it is remarkably objective and not in any sense tendentious. If his German colleagues will not mind me saying so, some of us might perhaps have been rather alert to look for signs of the latter. It so happens that in modern Germany, whatever interests there may be on which we from the democratic countries think that the all-powerful state has pressed hardly, the German *Bauer* is certainly not one of them. And, therefore, although the problems confronting all countries are similar in respect that the last ounce of production is sought to be wrung from the farmer class, there has been no necessity found in Germany to liquidate the German *Bauer* in the manner in which the unfortunate Russian *Mujik* has been liquidated, as we were so interestingly told by Dr. Timoshenko.

I should like now to make one or two comments on Dr. Taylor's paper. Dr. Taylor very quickly got on to some interesting criticisms of the policy of the present American administration in the sphere of agriculture. His criticisms were moderate, good tempered, and well reasoned, and bore no sort of resemblance to the language which is normally used in private (or not necessarily in private) by the opponents of the present administration. I was curious, however, to see how he was going to connect the national administration of agricultural practice with land tenure. I thought he did it adroitly and with a good deal of sagacity, but he came to this in the end of the day, that he brought it back to a defence of the rights of private property. That is to say, he could not avoid associating it with the crucial question that divides the two dominant ideologies in the world to-day.

Further, if Dr. Taylor does not like further intervention of the State in the control of agriculture, and if he brings in this point of view in connexion with land tenure, I would like to recall to him that in this North American continent the whole rural economy based on the Homestead Acts is a piece of planned economy such as we have nothing like in Europe from one end of the continent to the other. In Europe our systems of land tenure have grown up in terms of custom and tradition and varieties of practice. It is true that from time to time all the nations and states have overhauled these, but you on this North American continent have had a form of planning applied to land-holding for which we have no parallel.

Before sitting down I would just like to point out, if Dr. Taylor will forgive me, that the particular point in the agricultural policy of the present administration on which the popular imagination has fastened with the greatest unanimity as being the most vulnerable

point of that administration is not one in which the rights of property are encroached on. The particular item in the policy to which I refer is, of course, the compensation for restriction of output. Anybody who goes about at all and mingles with Americans knows that there is hardly anything in the present policy which excites more derision, scorn, contempt, and ridicule than that; from all quarters it can be heard. Two years ago, when I was in the Adirondacks spending an evening with an old French-Canadian lumberman who had found his way over the border, that was the particular thing that he fastened on. He showed so much feeling in his denunciation that one could have imagined that he was paying the greater part of the bonus out of his own pocket. Later on I gathered that he had formerly been employed in one of the public forests in the State of New York under the Republicans and that the reverse at the general election which brought the Democrats in had lost him his job. Then again, when I was coming over on an American ship the other day, there was a very prosperous-looking lady holding forth to an admiring audience on this same subject.

Now I asked myself: 'Is restriction of output entirely unknown in great industry? Is it a feature entirely confined to agriculture?' And then, pondering the matter over further, I thought there was a very curious precedent in American practice for this bonus on restriction of output. I remember that when I was much younger than I am to-day one of the greatest American lawyers was Mr. Chauncy Depew, and we were told that his prestige as an advocate in the courts was so great that wealthy litigants actually paid him not to appear in a case! Can you find a more exact precedent than that, taken, I say, from the subtle refinements of technique of big business on the war-path? No, Mr. President, in spite of Dr. Taylor's fears and alarms, take it from me as a European that the United States is now being dragged, reluctantly or otherwise, out of the nineteenth century into the twentieth century, as we are growing to regard that epoch over more and more parts of Europe, and my advice to the United States is that she should come quietly.

M. EZEKIEL, *Department of Agriculture, Washington, D.C., U.S.A.*

A story has grown up in the New Deal of recent years to the effect that if you took all the economists in Washington and laid them end to end, they would not reach a conclusion. As I listened to previous speakers yesterday and to-day, with the exception of the preceding speaker, I thought perhaps we should substitute agricultural economists in that statement.

I wish to discuss one point that Dr. Taylor referred to in his paper, which was also made in passing by Secretary Wilson and others. The farm economic problem to-day is only one sector of the larger economic problem of bringing about full activity and employment in city industry as well as on the farm. A great many of the problems that we face in agriculture, a great many of the problems faced both in Canada and the United States and perhaps to a lesser extent in other exporting countries, are problems that cannot be solved by action on the farm. They are the out-growth of the break-down of the competitive system in so far as industrial activity is concerned. The farmer, occupying one of the last sectors of our economy where competition still prevails, feels the full force of the lack of full employment in the cities. I am therefore asking that we turn for a few minutes from the specific discussion of the farm problem as it exists on the farm to a consideration of that part of the farm problem which can only be solved in the cities.

The present difficulties go back to increasing technology of production. We have had a steady increase in technology of production both on farms and in cities. But our economic system of readjustment, so as to use effectively in our society the increasing technical productivity that science, engineering, and other techniques have placed at our disposal, has broken down. Our technological ability to produce has outrun our social ability to distribute and consume what we could produce.

The specific point at which it appears to have broken down is in the translation of higher output per worker into either lower prices or higher pay. It is easy to explain in *laissez-faire* terms how increasing efficiency of production means lower costs of production, how lower costs through competition mean lower prices, how lower prices in turn mean larger consumption and therefore more jobs for the men displaced by rising efficiency. But when you have widespread development of either monopolies or monopolistic competition which break the chain between lower costs and lower prices, you may get increasing numbers of men displaced from employment because of increasing efficiency, without new jobs appearing to absorb them. In our ten million unemployed in the United States to-day, in our estimates of perhaps five million unemployed at the peak of the boom that lies ahead in the next two or four years, we see the results of the inability of this no longer competitive society to absorb all the men waiting for jobs.

From the point of view of the farmer, new jobs for workers set free are particularly important because rising standards of living

through higher efficiency of production mean smaller proportions of people working on the farms and larger proportions working off farms. The elasticity of the demand for farm products is low compared to the elasticity of the demand for industrial products. That means that as we increase production and move towards higher standards of living, we must inevitably move towards a society with a smaller and smaller proportion of the workers on farms and a larger proportion working in city industry. The remaining farms would gradually increase in size and in degree of mechanization.

We have seen in the discussion of tenure problems to-day that there is a pressure of more people looking for farms than there are farms to satisfy the demand. The movement towards more efficient farming—with larger farms—will still further push people out of farming, and will make it still less possible to provide farms for all who wish them. The only rational answer is to shift these unneeded farmers into industrial production instead.

In a healthy society it would not be necessary to push people out of farming. Instead, industry would be attracting to it all the people that farming could spare. We would be farming with the minimum number of people necessary, while the expanding industry in the cities would be offering good opportunities to those no longer needed in agriculture. The basic problem that farmers really should concern themselves with, at least in America, is the problem of increasing demand for their products through full city production. The Agricultural Adjustment Administration in the United States has at least provided an approach to the farm end of the farm problem. It has provided a method of adjusting supply with some reference to what the demand will take. The other half of the problem, that of increasing the demand to the full quantities the people could consume if fully employed, remains to be solved. And that half of the problem cannot be solved through farm action.

The industrial problem might be solved through effective co-ordinated action to create jobs for all those in the cities whose product is needed either in the United States or elsewhere. We are beginning to realize, as has been suggested by some of the previous speakers, that merely attacking corporations and monopolies is not enough. Perhaps some form of planful action on the industrial side to provide work for all those who need work in industry must be undertaken. The proposal that Dr. Black referred to—the development of the Bureau of Industrial Economics—would be a first step. Such a bureau would study the economic problems of industry in the same way that in our country the Bureau of Agricultural Economics

had studied the economic problems of agriculture. We in the agricultural field are aware of the fact that if it had not been for the ten years of pioneering work in economic analysis in agriculture started by Dr. Taylor in the Bureau of Agricultural Economics, our Agricultural Adjustment Administration might never have functioned effectively. We feel that one reason the N.R.A.—the National Recovery Administration—broke down so completely was because there was no corresponding economic research basis in industry. The first step in effective industrial expansion to absorb in industry the unemployed workers available seems to lie in this direction.

Once an adequate factual basis is provided, the next step might be to develop some planful basis of action, so as to bring about a positive and concerted expansion throughout industry. Such steps face the danger of restricting individual freedom of action. Use of democratic procedures of planning and administration, such as have been developed in the A.A.A. operations, should make it possible to maintain democracy while taking concerted action for creating abundance.

The techniques used by the A.A.A. to develop concerted action of producers might also be used to get concerted action in the industrial field. In agriculture, production has been superabundant because of the low demand; the techniques have been used to hold down production. In industry generally, expanded production, employment, and pay rolls are needed. The same techniques may be used in industry to expand production and to bring about a positive and balanced abundance.¹

G. S. WEHRWEIN, *University of Wisconsin, U.S.A.*

I would like to call your attention to the fact that the topic for discussion to-day has two angles to it—land tenure and the social control over the use of land. It will be my purpose to address myself to the second of these topics, which may not involve land tenure in its narrower sense, but does involve land tenure in the broader sense, namely, the relation of the individual to the State or the Government in the holding and use of land. Social control over land has crept in, and the rights of the individual over private property, of which we have heard so much, have already been invaded, if you want to use that term. The right to control land rests in the State and is exercised through the police power, eminent domain,

¹ Two years ago, in the book *\$2500 a year* (Harcourt Brace & Co.), I outlined a specific proposal along these lines.

and taxation, an old and well-established principle. While these rights exist, the real question is whether people are ready and willing to make use of controls and regulations.

One of the simpler forms of restriction is the weed laws of the several States of the United States. Farmers are notified to cut certain noxious weeds, and if they refuse or neglect to do so the enforcing officer may enter on the premises, destroy the weeds, and add the costs to taxes levied against the farm. From then on these charges are subject to the same rules and penalties as regular property taxes. The same principle has been used in the wind-erosion control law of Kansas and the wind-erosion districts of Texas. Regulations of this type come under the well-established principle that no man has the freedom to use his property to the injury of others.

A second type of social control over land use is the *district*, which has become very popular in connexion with soil-erosion control. However, the principle is not new. It was used in connexion with the levees on the Mississippi over a hundred years ago and in drainage and irrigation operations. In principle, the formation of a district calls for

1. An enabling act by the State setting forth the manner of organization.
2. A petition by the landowner. This usually sets the boundaries of the proposed district.
3. Hearings are held to permit all to 'have their day in court'.
4. A referendum is held. In the Soil Conservation districts a majority of the votes cast will decide in favour of organization.
5. The approval of a State body. After this is done the district becomes a subdivision of the State, a local unit of government with its own officers and with powers delegated by the State Enabling Act. In most districts this includes the power to tax. Soil Conservation districts do not have the taxing power, however.
6. Soil Conservation districts have the power to adopt and enforce regulations of farming practices on the lands of any one within the district. Under the Wisconsin law these rules must be approved by two-thirds of the land occupiers before they become effective.

The essential features of this form of land-use control are local initiative and democratic procedure. The minority can make itself felt during the petition, at the hearing, and again at the referendum. Besides, land-use regulations must be reasonable and serve the

purposes for which they are intended. The courts can always be called upon to test arbitrary and purposeless regulations. In this manner the freedom of the individual is merged into the larger will of the group. Without the power to coerce the minority, community drainage irrigation and soil conservation would be impossible. This form of regulation is hoped to furnish a form of restriction absent in our present landlord-tenant relationships for the purpose of controlling soil erosion and depletion.

A second form of land-use control is zoning. By an enabling act the State grants to a city, village, town, or county the power to zone or district its land and declare the permitted and prohibited uses for each district. This use of the police power was first tried out in cities, but since 1920 has been made available to counties. However, the first use of this law by counties was to control the urbanized land uses—residential, commercial, and industrial uses in the area adjacent to cities and therefore not new in principle or purpose. However, in 1929 Wisconsin modified its county zoning enabling act to permit the restriction and regulation of agricultural, forest, and recreational lands. Beginning with 1933, twenty-four northern counties and one southern Wisconsin county have set up land-use controls. In the forestry and recreational districts agriculture and other land uses requiring year-long residence are prohibited, but forestry and recreation are permitted and encouraged. Under these county zoning ordinances almost five million acres of land have been closed to agriculture.

The reason for these prohibitions is to prevent settlers from selecting isolated parcels of land for farms and then demanding schools, roads, and other public services. The chief drive for zoning has been public welfare, i.e. the savings in public costs, including the danger from forest fires and illegal taking of game. Secondly, it has prevented the settlement on the submarginal land with its attendant losses to settlers individually and to the public because the farmer who fails becomes inevitably a public charge. In the third place, by keeping five million acres in forests the conservation of the soil and the preservation of the beauty of the lakes and forests are automatically assured.

Zoning is especially useful in large, sparsely settled areas where most of the land has not found its final active use. It is a directional measure; it directs the use of the land, classifying it and sorting forest from farm land and setting up recreational areas. It is quite conceivable to have areas of good agricultural land restricted against settlement until the area is ripe for agricultural development. Then

restrictions can be moved a little at a time, thereby guiding the course of settlement along existing highways, always keeping it as compact as possible.

Zoning, however, needs several complementary measures: (1) public encouragement of private forests and public forests for all the area zoned for this purpose, and (2) relocation of all settlers who were in the area before the ordinance was enacted, the so-called nonconforming users.

Zoning is a drastic and direct control over the use of land. It restricts the individual in the utilization of his property, may reduce his income, and may diminish the value of the land. On the other hand, it is in the interest of public welfare and even health and safety. This is the fundamental conflict in the use of the police power as applied to land. Courts have upheld the constitutionality of zoning; whether they will do so in its application to farm and forest land remains to be seen.

However, it should be pointed out that it is a democratic method for securing public welfare even though it restricts the rights of a minority. The steps in zoning followed so far include: (1) educational meetings at which all sides can be heard and debated—here the boundaries of districts are delineated, and prohibited and permitted uses are discussed; (2) public hearings held; (3) enactment by a county board consisting of duly elected representatives of the people; (4) approval of the towns; (5) amendment made as easy as the original enactment; and (6) administration in the hands of local officials. And finally one might add that the courts will safeguard the individual against unreasonable and arbitrary regulations.

H. C. TAYLOR (*in reply*).

I am very pleased with the way in which the discussion has proceeded to-day. You all know that the topics I discussed this morning were for the purpose of stirring up discussion on subjects that are going to be with us for a long time and which we need to think of from many angles. One of the things that I did not say in my paper but which I would like to say now is this: There is of necessity a wide difference between a long-time point of view, in which we are trying to think through the solutions that we would like to have of our problems in the interest of the long-time evolution of the race of mankind, and the short-time point of view in which we find it necessary to do at a given moment the things which seem best to meet the emergency. In my paper this morning I was not discussing the short-time pragmatic point of view but the long-time objectives.

I have great sympathy with my friends in Washington who are trying to administer the pragmatic activities of the present moment which are intended to alleviate the situations that exist, situations which exist in a very considerable measure because we have not had the right long-time planning and the right national policies. It is certainly true that if, after the War, we had started reducing our tariffs on imports, instead of increasing them, the problems of this country and of the world would have been very different from what they have been during the past twenty years. But the tariff has not been the sole difficulty; along with this restriction in our international trade and the destroying in a measure of the foreign trade of American agriculture, we have built up internal systems of limitation of competition in this country which have been even more destructive to the general welfare than the tariff itself.

We have now come to the point where some believe that the only road open to us is to continue the restriction of competition in every line with a view to securing a balance in the distribution of income. This can lead, of course, to nothing better than balanced scarcity. There are those who believe it possible that through control the opposite ideal of balanced abundance may be attained; but when we take that point of view we are facing new and undefined forms of economic society with which some of the countries of the world are struggling and to which we need to give very careful thought before embracing them. At least I think we can say that the competitive system with safeguards has not been fairly tried in our country.

The pathological aspects of land tenure in the United States, for example, have in a large measure grown out of evils which have crept into the competitive system rather than out of the system itself. These things which have crept in have to do in a large measure with things that are not a proper part of the competitive system. They are barriers to the operation of that system and result in unequal degrees of limitation of competition in the different occupations. The blighting influence of excessive limitation of competition is the fundamental difficulty in our whole system in the United States at the present time.