New Agrarian Legislation in Central Europe

A Comparative Study

A SURVEY of the new agrarian reform legislation in central Europe reveals a certain similarity between the laws of the various countries. In contrast to Russia, reform in all the central European states has been carried out, not directly by the people, but through the channels of government and according to programmes settled in advance. All reform has aimed at the realisation of democratic landownership by strengthening peasant proprietorship and at the same time dividing up the great estates. The present article aims at giving a comparative survey of agrarian legislation in these countries.

ACQUISITION OF THE LAND REQUIRED

Towards building up a strong peasant class—the aim of agrarian legislation in central Europe—a two-fold policy must be pursued. On the one hand, small farms already in existence should be made large enough to permit of standard production, i.e. to absorb the whole labour power of the owner and his family; on the other hand, new peasants' holdings should be created and true national land settlement carried on. Both these objects were already envisaged before the war by the land policies of the various governments of central and eastern Europe. The new agrarian legislation is therefore no novelty; what chiefly distinguishes it from that of the pre-war period is the speed at which reforms are to be accomplished.

In all countries a considerable reserve of land is necessary for carrying out reform. Before the war this land reserve was, as a rule, only to be acquired by purchase from a voluntary seller; Prussia alone had supplemented voluntary purchase by expropriation in case of necessity. Nevertheless, land-ownership statistics before the war prove a considerable decrease in the amount of large-scale landed property, to the advantage of the class of peasant proprietors. This decrease should, however, be ascribed rather to the breaking up of estates by private agency than to activity on the part of governments.

The reasons for breaking up large estates were mainly economic. The small proprietor usually disposed of more capital and labour power for purposes of cultivation, in proportion to the area of his farm, than did the large proprietor. The price of land was, in consequence, higher in the case of small estates than in that of large ones, especially where, as in many countries, the demand of the peasants was very keen. Thus the parcelling out of estates became a profitable activity. Meanwhile agricultural

wages were trending upwards year by year, and only those estates whose position was economically strong could continue to draw a fair rent from the soil; the others were broken up. This was what might be called the natural splitting up of the great estates; but though it was in most countries of central Europe quite a regular process, it was nevertheless a very slow one. As soon as governments decided that the process must be hastened for social and political reasons, the question instantly and everywhere arose, in what way the land reserve necessary to reform should be acquired.

Legislators in the various central European states have not all chosen the same methods of solving this question. All the new laws agree in abandoning the pre-war principle that the land required can only be obtained by purchase from a voluntary seller, but they do not agree as regards their positive policy. Three groups of countries can accordingly be distinguished.

In the first group must be numbered Germany, Austria, and Hungary. In these three countries no class of landownership is attacked as such; the position is simply that, for social reasons, peasant proprietorship is specially to be encouraged. In consequence, land belonging to the state is used for creating small farms and the breaking up of estates bought from voluntary sellers is facilitated by the state. Since, however, it is foreseen that this alone will not suffice for the purpose of reform, rights of pre-emption are given to the state; only if the latter means should fail would a strictly limited right of expropriation be sanctioned. Austria introduces expropriation only in the case of such parcels of land as formerly belonged to independent peasant properties and have been attached to large estates in the course of the last decade (1). In Germany the right of expropriation exists only in those settlement districts in which large-scale properties (over 100 hectares) occupy more than 10 per cent. of the area available for agriculture; the right of large-scale property to exist is thereby expressly admitted. Further, to prevent a decrease of the productivity of large estates in consequence of liability to expropriation, the right to expropriate is assigned, not to officials, but to "land transfer associations" (2), whose members are the large landed proprietors in the settlement district. In this way it is hoped that an organ of expropriation will be secured, whose members having the greatest practical knowledge will select for breaking up, either wholly or in part, such properties as are of minor importance for economic production. Thus the first land to be expropriated will be moors, waste, and those estates which can be assumed to be economically neglected, e.g. those which have changed hands repeatedly, those which are not administered directly by their owners, and those of very great area. There is, however, no possibility of expropriation if the share of the large proprietor in the total agricultural area of the

(1) Act of 31 May 1919.
(2) *Landlieferungsverbände.*

district is below 10 per cent., or if a third of the area classified as belonging to large landowners in 1907 has been parcelled out (3).

In the new Hungarian Act of 7 December 1920 the treatment of the question is similar to that adopted in Germany. Land required for reform must be purchased from a voluntary seller. The state has very extensive prior rights of buying and leasing, and only if these means should fail can expropriation be proceeded to. The right of expropriation is even more strictly circumscribed than in Germany. First, it is limited in point of time, since after five years from the coming into force of the Act all liability to expropriation on account of land reform ceases. Secondly, it is limited in point of space, for land under 100 arpents (4) in area as well as forests exploited in a proper way are exempted from expropriation. For other estates, as in Germany, expropriation is carried out according to a definite scale. It is important to note that every landowner has the right to demand official notification as to how and when a piece of his land is to be expropriated. Only so much may be expropriated from any one estate as will not injure the practical administration of the unexpropriated portion remaining.

In the second group of countries are included Czechoslovakia and Poland, and, after the amendment of their original legislation of 1918, Roumania and also Lithuania. These countries have adopted an entirely different standpoint from that of the first group on the question of expropriation. Large-scale ownership as such is rejected and the new agrarian reform legislation is based on the principle that this class of ownership should be suppressed. Consequently, there is in this case no question of acquisition from voluntary sellers, nor, with insignificant exceptions, of rights of pre-emption for purposes of land reform. On the contrary, maximum areas for individual properties are established, and the areas specified in the various Acts do not refer to those below which expropriation is not allowed, but to those beyond which expropriation must take place. The maximum areas vary in the four countries mentioned above. In Czechoslovakia a proprietor is allowed to hold at most 150 hectares of cultivated land and 250 hectares in all (5). In Poland the figure varies from 60 up to 180 hectares ; in exceptional cases, however, it may be as high as 400 hectares (6). In Roumania uniform regulations are imposed ; in the former Kingdom all area above 100 hectares in mountainous regions, and above 200 hectares in the plains, is to be expropriated ; nevertheless, if the demand for land is very slight, as much as 500 hectares may in some cases be left to the proprietor (7). In Transylvania and other former Hungarian territories the area left to proprietors is smaller, for

(3) Federal Land Settlement Act of 11 August 1919.
(4) 1 arpent = 0.57546 hectares.
(5) Act of 16 April 1919.
(6) Act of 15 July 1920.
(7) Legislative Decree of 14 July 1921.

all areas in excess of 100 arpents in mountainous, and 200 (or exceptionally 500) arpents in plain, districts are expropriated (8). In Lithuania the limit of size for individual holdings is even lower, as all property above 80 hectares is subject to expropriation (9).

Owing to fundamentally different conceptions of the nature of expropriation, the procedure adopted differs as between Germany, Austria, and Hungary, on the one hand, and Poland, Czechoslovakia, Roumania, and Lithuania, on the other. Expropriation in the former group is only a means of acquiring the necessary land ; legislation therefore, does not, as a rule, restrict the rights of the landowner, except in so far as expropriation takes place on individual estates. In the latter group large-scale property is condemned on principle, and may be considered as sequestrated from the moment of the coming into force of the respective Acts. This is particularly evident in Czechoslovakia, where a special Act defines the duties of former proprietors in regard to estates which have already passed into the legal ownership of the state though not yet actually taken over (10). Characteristic also of this principle is the original Roumanian Act of 1918, which instructed local peasant associations, created for the purpose, to take possession provisionally of sequestrated lands, until they should be finally distributed by the state.

The attitude towards expropriation adopted by the Baltic states of Esthonia and Latvia differs from that of either of the groups of countries yet considered. Here it is not the properties exceeding a specified area which are subject to expropriation, but those belonging to certain classes of proprietors. Above all the socalled "estates of the nobles" (11) are to be totally expropriated (12).

This difference in the principles of expropriation adopted in the three groups of countries mentioned is reflected in the manner in which the compensation problem is dealt with. Germany, Austria, and Hungary, which contemplate expropriation solely as an extreme measure for the acquisition of land, are, on the whole, guided in fixing the amount of compensation by the principles ordinarily adopted in cases of expropriation in the public interest. The rule, therefore, is that the whole value of the thing expropriated must be paid to the owner. Section 15 of the German Act provides that compensation shall be 'reasonable' (13), but that increases in value due solely to the war must be left out of account. The Austrian Act, to which reference has already been made, expressly states that the person acquiring expropriated land must not enrich himself at the expense of the former proprietor, while the Hungarian Act provides, with a single exception directed against land speculation, that compensation at

(8) Legislative Decree of 23 July 1921.
(9) Act of 15 February 1922.
(10) Act of 12 February 1920.
(11) *Rittergüter.*
(12) Esthonian Act of 10 October 1919 and Latvian Act of 16 September 1920.
(13) *Angemessen.*

the existing value shall be made at the time of expropriation (14). In all three countries of this group compensation must, as far as possible, be paid in ready money.

In the second group of countries, in which are included Czechoslovakia, Poland, Roumania, and Lithuania, the question of compensation is treated on quite a different principle. There is no question of compensating to the extent of the full capital or rentable value of the expropriated estate. Except in Poland, compensation must be calculated according to the average prices prevailing either before the war or during the first years of the war. The rule is, however, that compensation is to be calculated without taking into account the depreciation of the various currencies which has been caused by the war. Again, compensation is usually paid, not in ready money, but in bonds. The value of these securities, which yield only 3, 4, or at most 5 per cent., must turn out to be very low, in view of the high rate of interest prevailing in this group of countries. What is more, in Czechoslovakia, the claims against the state of persons whose estates are expropriated cannot be realised as cash at all, seeing that the amounts are simply entered on a special register of debts ; the sum registered bears interest at 3 per cent., and is amortised at 0.5 per cent. per annum (15).

To complete the description of the methods of expropriation adopted in the second group of states, it must be added that the sums calculated in the ways indicated above are yet again subject to considerable reductions. These reductions start in Czechoslovakia at 5 per cent., when the estate is larger than 1,000 hectares, and gradually increase to 40 per cent. in the case of *latifundia* of more than 50,000 hectares. In Poland a fund is to be constituted for the settlement of ex-soldiers on the land by deducting 5 per cent. of the total compensation when the latter is under a million Polish marks, and a progressively greater percentage as compensation increases, until the deduction totals 30 per cent. when the amount of compensation is 5 million Polish marks. Likewise, in Lithuania "military colonisation" is to be carried out at the expense of the former proprietors, since, when the estate expropriated is from 300 to 800 hectares, 15 per cent. of the area, and when it is over 800 hectares, 30 per cent., is confiscated without compensation.

With regard to the last group of countries, in which are classed Esthonia and Latvia, the special Acts dealing with compensation have not yet been passed.

Finally, it is a matter of the greatest importance in the creation of a land reserve for peasant settlement to decide whose business it is to carry out the process of breaking up estates.

In Germany, Austria, and Hungary, private activity is explicitly allowed. Germany, however, assists the task of public utility

(14) In Hungary, when expropriated property has been acquired less than two years before the date of expropriation, compensation may not exceed the price at which it last changed hands.

(15) Act of 8 April 1920.

associations in such a way that it is made very difficult for private agencies to compete. Austria and Hungary have issued regulations in some detail as to the transfer of property and the breaking up of estates by private agencies ; thus in Hungary the law requires that all schemes for breaking up estates should be submitted to the competent authority. In the remaining countries considered, if one may be guided by the text of the laws, private activity is forbidden, and state institutions or institutions authorised by the state enjoy a monopoly.

It has, however, been shown in practice that the means at present at the disposal of the states are insufficient for the carrying out of reform ; in certain countries, therefore, concessions have been granted to private enterprises for breaking up estates. Such privileged enterprises in Poland, for example, have carried out the larger part of the breaking up which has been accomplished up to the present.

Future Policy

Three methods could be adopted in order to deal with estates acquired under the terms of this new agrarian legislation. Cultivation might be continued of these estates in their present form ; or they might be divided between holders of already existing small property ; or they might be divided to form entirely new peasant holdings.

Cultivation of estates in their present form is, as a rule, permitted by the new legislation only when carried on by public institutions, such as agricultural schools, agricultural experimental stations, or similar undertakings, or when agricultural co-operative societies are the owners. In the first case, i.e. where estates are used for public, and more especially for educational, purposes, very important technical agricultural interests are served ; nevertheless, such work is not a direct carrying out of the purposes of the proposed land tenure reform, and it need not, therefore, be discussed in this article. Co-operative cultivation of estates, on the other hand, is expressly mentioned in several agrarian laws as one of the purposes aimed at. This is easily explained. It is held that co-operative farming will make it easy to ensure in the cultivation of the acquired estates all the technical advantages of large-scale farming ; this from the economic point of view. From the point of view of social conditions, the members of such a co-operative farm should not, as a rule, be worse off than the small independent farmer, not to speak of the position of the agricultural labourer. From the financial point of view there will be much less difficulty in carrying out the suggested reforms, as the great expense of surveying and, to some extent also, of providing new buildings, will be avoided.

The German Federal Act and the new Hungarian Act do not mention agricultural co-operative societies. The Austrian Act of 31 May 1919 expressly states that estates expropriated under its

terms may be assigned to agricultural joint holding societies and agricultural co-operatives. Similarly the corresponding legislation in Czechoslovakia repeatedly mentions the encouragement of this form of exploitation as a purpose to be aimed at. Thus under the terms of the Act of 30 January 1920 the Office of Lands is empowered to assign expropriated estates to corporations composed of small holders, employees and manual workers in agricultural or forestry undertakings, and more especially of ex-soldiers who have served in the Czechoslovak army. In order to acquire the right to hold such an estate, a corporation must establish the fact that it is formed solely for the purpose of joint agricultural exploitation, and that its members will be permanently and personally engaged in carrying out or in supervising agricultural operations on the estate. Moreover, apart from a fair return upon capital, there must be no division of profits, while the constitution of the corporation must follow the principles laid down by the Office of Lands. An important item is the possibility of assigning, not only whole estates, but also parts of estates, such as, for instance, pasture meadows. The amount of land to be assigned to a corporation shall be sufficient to provide from 6 to 15 hectares per member, according to its quality.

In the new Polish legislation mention of agricultural co-operative societies occurs in the Resolution passed by the Polish Parliament on 10 July 1919 ; under the terms of this Resolution expropriated estates can only be assigned to such societies on temporary leases. Far more important, though also temporary, was the part allotted to co-operative ownership by the 1918 legislation in Roumania ; with the coming into force of the expropriation legislation co-operative societies, formed *ad hoc*, were empowered to take over expropriated estates and prepare the work of parcelling out. The amended Roumanian legislation of 1921 also contemplates the possibility of establishing co-operative societies for temporary joint cultivation of expropriated estates.

Of the three Baltic countries Esthonia alone makes any mention of joint cultivation as part of a system of agrarian reform. The Act of 10 October 1919 permits co-operative societies to take over expropriated lands on long-term tenancies. Unlike Czechoslovakia, Esthonia does not insist that agriculture shall be the sole employment of the members of the co-operative society ; estates may be assigned even when the society is formed of persons whose principal occupation is not agriculture.

As already stated, the parcelling out of expropriated lands to increase the size of already existing small holdings is presented as one of the aims contemplated in agrarian reform in all central European countries. Extreme subdivision of estates is most harmful economically and socially. The owners are unable properly to exploit either their own labour power or that of the members of their family, yet have seldom the means at their disposal for enlarging their holding and starting a more reasonable exploitation. Production is reduced on these very small holdings

to much below what it should normally be. This class of smallholders (the socalled agricultural semiproletariat) are often much worse off than the agricultural labourers.

The methods used in such a parcelling out of expropriated land to increase the size of existing holdings are not uniform throughout the central European countries. In Germany the Federal Land Settlement Act of 1919 permits the public land settlement associations to increase the size of smallholdings "at most to the dimensions of an independent arable holding" ([16]), but no definition of the phrase "arable holding" is given. The Federal Homestead Act of 1920 also contemplates the possibility of increasing the size of existing holdings so as to make them so-called "economic home settlements" ([17]). Article 1 of the Act defines these as "agricultural or market gardening properties of such a size that a single family shall be normally able to work them without outside help". Similarly, the Austrian Land Resettlement Act of 31 May 1919 permits the sale of expropriated parcels of land to any person not yet the owner of a holding large enough to support a family of seven persons. The Hungarian Act for agrarian reform permits the assignment of land to smallholders in order to increase the size of their holdings under two conditions; first, the beneficiary must himself be occupied in the practice of agriculture and must be in possession of the necessary capacities and material resources to be able to carry on the proper exploitation of a larger holding; and, secondly, the additional amount of land allotted must not exceed such dimensions that, when added to the old holding, the whole amount of land held exceeds the size of "a small family's holding" (having due regard to local conditions) or extends over more than 15 hectares.

Czechoslovak and Roumanian legislation is similar. A Decree of 14 July 1921 makes the assignment of land to smallholders in Old Roumania conditional on the possession of an estate less than 5 hectares in area. A Polish Act of 15 July 1920 has an unusual clause to the effect that at most 20 per cent. of the total area of land available for agrarian reform shall be allotted to increasing the size of existing peasant holdings. Peasant holdings increased in size by an additional allotment of land under the terms of this Act must not exceed a total area of 23 hectares in Central Poland or of 45 hectares in the eastern and western frontier districts.

Accurate information on this subject is lacking as to the Baltic states; but it would be consonant with the general tenor of the legislation on agrarian reform to admit in principle the parcelling out of adjacent lands to increase the size of existing peasant holdings which are too small.

But however important the systematic enlargement of existing holdings may be, it is never the principal aim of agrarian reform in central Europe. The principal aim is invariably the creation

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([16]) *Ackernahrung.*
([17]) *Wirtschaftsheimstätte.*

of flourishing new smallholdings, i.e. real national land settlement ([18]). Here the two points which need to be discussed are (*a*) the size of the new holdings, and (*b*) the choice of persons to whom they shall be allotted.

The aims of national land settlement, as proposed in principle by the terms of the new agrarian legislation, are fulfilled when the process of that land settlement results in creating undertakings which, both from the economic and social point of view, are independent. The new German Federal legislation is satisfied with this general definition and leaves the further decision as to the size of the new holdings to Acts or executive regulations in the various States or else places it directly in the hands of the various associations entrusted with carrying out schemes of land settlement. Austria and the two Baltic states of Esthonia and Latvia follow a similar policy, and also do not go beyond an absolutely general description of the new types of farms to be established. Hungary fixes a maximum area of three arpents for farms to be allotted to landless workers for settlement purposes ; the same maximum area is fixed in the case of those disabled ex-Service men who are willing and able to take up agriculture. However, provision is made for allotting a larger area to specially qualified persons, such as holders of an agricultural diploma or degree, or experienced estate managers.

For the other countries which have been under discussion in this article more exact information can be given both as to the minimum and the maximum area of new holdings. In Czechoslovakia the area runs from 6 to 10 hectares (in exceptional cases to 15) ; in Poland the maximum area is 15 hectares in central Poland and 45 hectares in the eastern and western frontier districts ; in Roumania (i.e. Old Roumania) 5 to 7 hectares of arable land are given, but smaller holdings are also admissible if the demand for farms is very great or farming is not the occupier's sole source of livelihood. In addition, allotments of common pasture land may be made of not more than 3 hectares to each holder. In the socalled colonisation districts, where the population is more sparse, larger allotments are allowable. In the Dobrudscha farms may be given of 8, 10, or even 25 hectares. There is a special provision to the effect that agricultural workers cannot have more than 1 hectare assigned to them, and inhabitants of mountain districts or of districts adjacent to a town not more than 2 hectares. In Lithuania the new farms, as a rule, are to include 9 to 20 hectares.

In addition to the types of holding already discussed, which are in the main to be assigned to agriculturalists, most of the legislation which has been the subject of this article also contemplates the creation of socalled homestead dwellings ([19]), to be established for the most part in the vicinity of towns. They generally include a dwelling house with small garden and are

([18]) *Innere Kolonisation.*
([19]) *Wohnheimstätten.*

to be allotted to industrial workers, employees in the public services, and various other salaried employees. In this way the governments are trying to profit by the opportunity they have had of acquiring land easily and cheaply by way of agrarian reform in order to solve the town housing problem.

As to the classes of persons who, under the terms of the new legislation, are entitled to acquire the land set aside for purposes of agrarian reform, several different groups may be mentioned. We may draw attention to the following :

(1) ex-Service men, disabled ex-Service men capable of work, and the dependents of soldiers fallen in the war ;

(2) workers employed on the expropriated estates ;

(3) other landless inhabitants of rural districts ;

(4) former employees in the service of the state, in public service, disabled ex-Service men not capable of full work.

In the case of the first three classes it is generally a question of creating true agricultural smallholdings. As has been stated more than once, these smallholdings ought to be large enough fully to employ and fully to support the settler and his family. The allotment of land to persons classed under (4) is almost always made with the purpose of establishing homestead dwellings, generally surrounded by a small garden only, though occasionally with a very small field attached. The object is to pay off in this way some portion of the pension rights due to former employees or persons having a claim on the state. This purpose finds particularly clear expression in the new Hungarian agrarian reform legislation. Section 2 states that public employees who are being pensioned off shall receive a miniature estate, the value of which shall be at least equal to the lump sum to which they are by law entitled.

Of the three other classes mentioned, the first, namely, ex-Service men, their families, and more especially disabled ex-Service men capable of work, have preferential rights in the allotting of holdings. Almost all Acts on agrarian reform admit these preferential rights. Clauses to that effect may be found in the German Homestead Act of 10 May 1920, the Austrian Land Resettlement Act of 31 May 1919, the Hungarian Act of 7 December 1920, the Czechoslovak Act of 30 January 1920, the Polish Act of 15 July 1920, the Roumanian Act of 17 July 1921, the Esthonian Act of 10 October 1919, and the Lithuanian Act of 15 February 1922.

As the text of these clauses proves, all countries seek to use agrarian reform at least as a partial solution of the problem of the ex-Service man and of the dependents of those killed in the war. The preferential right accorded to them is not merely an act of gratitude from their country for their services during the war ; it is also of great importance from the social and financial points of view. The object is to provide a new means of livelihood for persons who have lost their normal means of support owing to the war, and, in addition, to lessen, if not to extinguish, the pension obligations of the state towards such

persons by a single assignation of land. The Polish and Lithuanian states, above all others, go a long way in applying this socalled military colonisation. Poland has expropriated almost the whole of the land lying on its eastern frontier under the terms of two Acts both dated 17 December 1920; this land is destined exclusively for settlement by ex-Service men. In these districts the soil has lain uncultivated for years on account of the war; with a view to its speedy recultivation preliminary agricultural operations will be undertaken by military detachments and allotment to individuals will not be made until the most laborious of these preliminary operations have been disposed of. The authorities assist this type of settlement by providing settlers with wood for building purposes from the state forests and by the offer of very considerable money loans. Lithuania has also enacted a special law on the allotment of lands to soldiers. The Act is dated 26 July 1920 and lays down that a certain percentage, varying according to the size of the estate, as indicated above (p. 349), shall be expropriated without compensation for purposes of colonisation by ex-Service men. Moreover, the acquisition of farms by ex-soldiers is facilitated by remitting all initial fees on the taking over of the property. In Hungary men disabled in the war, and widows or grown up children of men killed in the war, not already in possession of a farm or dwelling, are, as a rule, to receive not more than half an acre [20]. Such an area does not suffice for the carrying on of proper farming operations; however, even ex-Service men who are able and willing to carry on systematic cultivation only get three arpents.

Many agrarian reform Acts also contain clauses providing that agricultural labourers who until the moment of subdivision have been employed on the estates which are to be parcelled out shall have prior rights of acquisition. Such an arrangement is merely just. In the first place, provision is to be made, on behalf of such workers, to replace the means of livelihood which they are losing, and, secondly, their knowledge of local conditions is a specially good guarantee that they will continue to cultivate these estates in a proper way; finally, in their case there is no difficulty in their continuing to live in their old quarters until new farm buildings and dwelling houses have been constructed, whereas this transition period is apt to be particularly difficult in the case of new settlers. Such prior rights in favour of the former workers on an estate to be parcelled out are especially emphasised in Czechoslovak, Polish, and Roumanian legislation.

The "other landless inhabitants of rural districts" mentioned above under (3) belong to various and very different classes of the population. They include principally agricultural workers already in possession of a small amount of capital; also sons of farmers not inheriting a farm. The latter class is naturally most prominent in districts where, either by law or by custom, land is inherited by one son only. Most of the agrarian reform

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[20] 600 square *Klafter*.

legislation attempts, in the case of this rather indefinite class (3), to give preference to those claimants who can show that they have special knowledge of agriculture. Thus in several countries, e.g. in Hungary, Poland, Roumania, and Czechoslovakia, former students at agricultural schools have prior rights in the allotment of land. It cannot be doubted but that this linking up of the land allotment problem with the agricultural education system may be most valuable, particularly in view of the fact that in the eastern countries of central Europe there is little recognition or understanding of the need for systematic agricultural instruction.

Assistance to Settlers

The question of how to make it easier for intending settlers to acquire land has always been of the greatest importance in carrying out any scheme of national land settlement. The fact is that those classes of the population who are particularly marked out as settlers are just those who are without the means to pay for a farm, to put up the necessary buildings, or to buy the necessary equipment and live-stock.

Two different methods of attempting to solve this problem were in use even before the war. In the first place, loans were offered to the settler on extremely favourable conditions. This was done, for instance in Russia, where the Peasants' Bank, a state institution, has carried on loan operations on a big scale since the end of last century. Secondly, attempts were made to make it easier to acquire land by arranging for special forms of transfer of real estate. Here Prussia was a pioneer with her system of estates transferred against payment of a fixed rental (21); at first this form of tenure was used in the provinces of Posen and Prussia only; later it was introduced and encouraged throughout the State of Prussia. The characteristic of this form of tenure is that the land passes to the name of the buyer, although he pays no sum down, but merely contracts to pay a fixed rent annually to the former owner. This fixed rent was made to correspond with the value of the estate as mentioned in the deed of transfer, and was so reckoned as to cover both interest on, and amortisation of, this declared value. At no point was the seller entitled to call in the capital value of the rent, and even where the buyer failed to make the annual payments, process could be taken to recover these alone, and not the capital value. It was comparatively easy for the settler to make enough out of the land to pay his annual rent, but it would have been impossible for him to produce the necessary capital without seriously burdening himself with debt; the new form of tenure thus distinctly facilitated land settlement. The system came to be greatly extended in course of time. The rent banks (22) took their place

(21) *Rentengut.*
(22) *Rentenbanken.*

as intermediaries between the former owner and the settler ; they provided the owner with socalled rent-titles (23), which became safe and easily negotiable values, while they acted as rent collectors towards the settler. This entirely abolished the difficulty, which, indeed, before the passing of the rent-tenure legislation had been a very real fear, of the settler's being at the mercy of the former owner. The rent banks were, as a rule, non-profit-making concerns, which sought to offer the settlers the best possible terms ; the settlers, therefore, had seldom to pay more than 4 to 4½ per cent. of the contracted value of the estate including amortisation ; it was very often possible to free them from the obligation of any payments at all during the first and most difficult years of their taking over of the land.

The example of Prussia had already been copied in many of the central European countries, for instance, in Hungary and in some countries of the former Austro-Hungarian empire, before the present agrarian reform movement had begun. Indeed, a great deal of the new agrarian reform movement itself, namely, the clauses which aim at making the transfer of real estate easier, are an imitation or modification of the Prussian legislation on tenant-ownership.

The new German Federal legislation does not touch on the system of tenant-ownership. Organisation of material sources on behalf of the settler is left to the separate States, and in many of these legislation as to tenant-ownership is sufficiently far advanced greatly to facilitate settlement work in the spirit of the 1919 Act. The socalled Austrian Land Resettlement Act also does not touch on the question. The new Hungarian agrarian reform Act, however, has a special chapter on the subject. As in Prussia, ownership of estates may be transferred when the buyer undertakes to pay the owner an annual rent, which may be reckoned in money or in kind. Relations between buyer and seller must be embodied in a written deed of transfer, which must be endorsed by the agricultural authorities of the government. Besides mentioning the amount of the annual rent and of amortisation, the deed of transfer must provide for a possible paying off of all obligations in one lump sum on the wish of the tenant-owner, and detailed regulations are laid down in the Act on this point.

In the same way the Czechoslovak Act 30 January 1920 contemplates allowing the purchaser to pay off the purchase money in the form of annual instalments ; Section 33, however, defers all details to a special Act, which so far has not been drafted. In Poland the former Austrian or Prussian legislation is still in force in what were the German provinces and in Galicia. The new Polish legislation does not touch on the subject, nor do the Roumanian, Esthonian, Latvian, or Lithuanian Acts.

The further extension of the system of agricultural loans, and especially of loans on real estate for purposes of furthering land

(23) *Rentenbriefe.*

settlement, is one of the aims of most of the agrarian reform Acts, though the general collapse of the currency system throughout central Europe is likely to put many difficulties in the way. The new German legislation does not touch on this question any more than it does on those discussed above, the reason being that the constitution reserves to the Federal authorities merely the laying down of general principles of legislation on land settlement. But it is characteristic of national land settlement in Germany that the arrangements for its practical carrying out, including, as a rule, all loan arrangements, should be handed over, not to any public authorities, but to public societies and associations.

In Austria, under Section 21 of the Act of 31 May 1919, special socalled resettlement funds are set up for the purpose of granting loans; their organisation is regulated by an Order of the Federal Ministry of 25 November 1921. These resettlement funds are to be established in each of the States of the Austrian Federation with the help of subsidies both from the Federal and the State authorities. These funds can authorise loans to cover cost of purchase (ownership loans), cost of buildings and improvements, and, finally, cost of buying the necessary equipment. Ownership loans must not in any one case exceed 25 per cent. of the ascertained selling value of an estate, but arrangements are to be made for granting further loans from public credit associations. Such credit associations, in cases where the Federal or even the State authorities agree to be guarantors, are empowered to lend up to 95 per cent. of the selling value on the actual security of the land itself.

Czechoslovakia has regulated the credit problem by means of a "credit Act" of 11 March 1920. Under the terms of this Act public banking institutions are bound to grant loans to settlers on certain conditions. As long as these conditions are observed by the banks, and the consent of the Office of Lands has been obtained to the loan, the Government is prepared to guarantee the operating banks against any possible losses. The total amount to which the Governement will commit itself in guarantees under the Act is not to exceed 200 million Czechoslovak *kronen*. Loans must not normally exceed nine-tenths of the selling price or one-half of the amount required for the purchase or construction of farm buildings and a dwelling house. Further loans can, however, be sanctioned in favour of ex-Service men and dependents of men killed in the war out of special funds created for the purpose.

The same question of granting loans to settlers is regulated in its main lines in Poland by an Act of 10 June 1921 "On the Establishment of a State Rural Bank". The arrangements about this bank are still only in a preliminary stage and the principles on which loans are to be granted have not yet been finally settled. The principal Act dealing with agrarian reform, dated 15 July 1920, merely lays down that credits granted to settlers must be secured on real estate, must be long-term credits, and include arrangements for amortisation.

The Hungarian agrarian reform Act includes no special regulations as to credits for settlers. It may, therefore, be assumed that previous Hungarian legislation on the granting of loans is to be applied.

Special attention may be drawn to the way in which Roumania has set herself to help the settler to acquire his land. First and foremost, it is intended that the widely extended system of co-operative banks shall serve as agencies for granting credits. In addition, the state itself may be reckoned to be granting credit in allowing the most favourable conditions possible for paying off the price of the holding allotted to the settler. Thus the selling price may be paid off in annual instalments, in which case the first payment asked for does not normally exceed 20 per cent. The Lithuanian Act of 15 February 1922 similarly allows the settler to pay the purchase money in instalments ; these instalments are reckoned not in money value, but in amounts of rye. Similar arrangements, again, are found in connection with the settlement of Polish soldiers in the eastern frontier districts annexed to the Republic. In order to complete the information contained in this section, we may add that under Section 26 of the Esthonian agrarian Act of 10 October 1919 a state agricultural bank is to be established, which shall include among its functions that of granting loans to rural settlers. No Order has, however, yet been issued establishing the bank.

Finally, the principle of not handing over holdings to the complete ownership of the settler, but of allotting them as tenancies, is contemplated in all the countries under discussion. The form of tenancy generally follows acknowledged principles of tenancy law, and any form of ownership loan is automatically excluded ; the settler can only claim the right to a loan for purposes of carrying on operations.

Future Maintenance of the new Standards

The problem of preventing agrarian conditions, as improved by agrarian reform, from once again degenerating is an integral part of all land reform. Any systematic agrarian policy must be prepared to protect the newly established settlers' holdings from any risk likely to threaten their economic independence. Such dangers are above all, first, that of unskilful cultivation by the settler himself, second, that of too great a burden of debt, and, third, that of the sale of the holding into improper hands, or its partition either through part-sale, i.e. the sale of some portion of the ground, or through division among heirs. The last named danger is obviously particularly present in districts where general laws of inheritance or customary right makes inheritance by a single heir difficult or even impossible.

Indirect means designed to keep holdings once established in their original form as single farms are principally a careful selection, in the first instance, among claimants for land, and,

secondly, assistance in carrying out agricultural operations, e.g. by improvements in breeding stock, or in the quality of seeds obtainable, or else by means of a system of loans, as described above. However, the new agrarian legislation has gone beyond these general dispositions. In almost all central European countries special regulations have been laid down the object of which is by various means to maintain the newly created homesteads. Most of this legislation considerably restricts the settler's rights to dispose of his own property. Thus settlers are often obliged to undertake not to mortgage their holdings at all, or only on definite conditions, or not to sell them. Holdings can only be inherited and devised by will according to definite principles, and the settler is also enjoined to cultivate his holding properly and in person. Institutions which concern themselves with the setting up of homesteads have generally also fairly wide powers of supervision ; moreover, should the settler refuse to carry out these regulations, a forced repurchase by the authorities can take place.

In Germany the chief enactment bearing on the problem of maintaining the newly established system of agrarian tenure is the Federal Homestead Act of 10 May 1920. This Act is closely linked up with the Federal Land Settlement Act. It may be assumed that in carrying out national land settlement schemes under the terms of the Federal Settlement Act the homestead type of settlement will constantly be adopted. The principal provisions of the Homestead Act are as follows : the person designating the homestead, the socalled 'designator' (24), may reserve to himself wide powers of supervision in making over the property. No homestead may be divided, nor may single parcels of land be alienated, except with his consent. If the homestead is to be sold he has a right of pre-emption at a price not exceeding that at which the homestead was originally sold, making allowance for any improvements. Similarly the mortgaging of any homestead requires his consent, and any mortgage taken out must not be subject to forclosure and must make provision for amortisation. He cannot, however, refuse his consent to a mortgage if such mortgage is for the purpose of paying off the costs of purchase or of installations, or of buying out co-heirs ; but even in such cases any mortgage taken out must not be for more than a maximum sum. Where a homestead is inherited or devised by will, no division of it may be made unless each portion is such as to suffice for a new homestead capable of being properly cultivated ; any dispositions of the testator to the contrary are null and void. Finally, distraint against homesteads on account of the personal debts of the holder are declared illegal. There is also an important clause to the effect that, in cases where neither the Federal authorities nor the State authorities have 'designated' the homestead, the higher provincial authorities may pay the value of the

(24) *Ausgeber.*

homestead to the 'designator' with a view to themselves taking over the 'designator' rights.

The German Homestead Act should be full and sufficient guarantee that farms established in the form of homesteads will maintain themselves as permanently independent. With a view to maintaining the similar independence of the farms established under the Federal Land Settlement Act, Section 20 of that Act gives a right of repurchase to public land settlement associations (25) in cases where a settler puts the whole or part of his estate on the market, or fails to make it his permanent home, or to cultivate it properly. Details of these processes and more especially the price at which repurchase may be made and the length of time during which the right of repurchase is valid must be determined in the deed of transfer.

Section 17 of the Austrian Land Resettlement Act of 31 May 1919 lays down that land which has been allotted under the terms of the Act cannot, for a period of fifty years, be sold, leased, or subject to auction without the consent of the agricultural authorities. Section 18 makes it obligatory on the holder to cultivate his holding in a suitable way, to make it his home, to keep dwelling house and farm buildings in good repair and to insure them against fire. Should the holder fail to carry out these obligations after repeated warnings from the agricultural authorities, with the result that the value or condition of the holding is adversely affected, he may be dispossessed and the holding may be allotted to another person.

The Hungarian Act of 7 December 1920 devotes a special chapter to the protection of the new holdings. A distinction is made between two types of holding. The first type consists of the socalled 'family estates', the second includes all other smallholdings established by Act. A holding may be declared to be a 'family estate' in one of two ways; first, the agricultural authorities may themselves issue an official declaration to that effect, provided that the owner has acquired his holding under certain specified conditions; secondly, any holder may, with the consent of the authorities, himself declare his holding to be a 'family estate'. This consent of the authorities is also necessary to any mortgage taken out on a 'family estate'. Inheritance of such estates follows the ordinary law on inheritance, but a testator may also will the estate to a single heir; such heir cannot sell the estate for a period of fifteen years unless he shares with his co-heirs any profits arising out of the sale. It is noteworthy that distraint can only be levied against a 'family estate' under certain conditions and to a limited extent. Smallholdings established in virtue of agrarian reform legislation, but not declared to be 'family estates', are subject to all the regulations affecting 'family estates' for a period of ten years.

In Czechoslovakia the whole of the second part of the Act of 30 January 1920 is devoted to securing permanency to the settlers'

(25) *Siedlungsunternehmungen.*

holdings created under the Act. Every farm which has been either established or increased in size under the terms of the agrarian reform Acts must be defined as a homestead and its character as such must be expressly incorporated in the title deeds. As a rule homesteads may only be burdened with debt on the basis of their annual renting value; any further mortgage requires the consent of the Office of Lands, and must presuppose that, in view of the kind of creditor or of the conditions of the loan, there is some obvious advantage to be obtained for the mortgagee superior to that which could be obtained by way of a loan on the security of the annual value. Homesteads are not subject to the usual processes of distraint; they may not be sold, either in whole or in part, without the consent of the Office of Lands. Sale must in any case always be to a single purchaser, who must undertake to cultivate the holding in person; holdings may only be divided when the separate portions are big enough to form independent holdings. In the same way when holdings are inherited or devised by will it must be to a single heir, and such heir must have the necessary capacities to be able to ensure that the land shall be properly cultivated. The Office of Lands is entitled to issue special regulations as to the cultivation of homesteads and to see that they are carried out. Repurchase of a homestead is allowed if the owner continues to cultivate it badly, or fails to make it his home, or if he does not make the agreed payments as to rent, or if he secures possession of so much land that he is cultivating at least double the amount of what constitutes a homestead of the normal size in the district. Should such repurchase be made, the dispossessed owner is to receive compensation corresponding to the sum invested in the holding by the owner or his predecessor.

The Roumanian Act of 17 July 1921 includes similar regulations, though slightly less detailed. Allotted holdings cannot be sold before the expiry of five years from the date of transfer. All Roumanian nationals are entitled to buy, but the state has rights of pre-emption, unless the buyer is a farmer. Mortgages on holdings less than 10 hectares in area can only be held by the socalled People's Banks or by other banking institutions authorised by the state. Any deed of transfer which does not carry out these regulations is by law declared null and void. Holdings may be divided, but separate portions must measure at least two hectares in a plain, or one hectare in a mountain, district. In devising an estate by will, in spite of the rights allowed by the Civil Code on the subject of inheritances, only one heir may be named, who shall work the estate; other co-heirs must be compensated in money. Such money compensation is payable within the next five years and during that period interest must be paid on it at the rate of 5 per cent.; however, the principal heir is entitled to mortgage his property, with the consent of the agricultural authorities, in order to buy out his co-heirs. Finally, any estate not exceeding 50 hectares in area may be declared by the owner to be an indivisible estate.

Agrarian reform legislation in Poland gives little attention to the problem of securing continuity to the new holdings. Section 33 of the Act of 15 July 1920 merely states that holdings created under the terms of that Act cannot be sold before the whole amount of the purchase money has been paid, and in any case not before the lapse of twenty-five years from the date of transfer. Similar restrictions may be extended to estates which have been increased in size by an allotment of land under the terms of the Act. Again, any transfer of ownership, mortgage, or leasing out of holdings requires the consent of the agricultural authorities during a period of twenty-five years.

The Lithuanian agrarian Act of 15 February 1921 lays down that transfer of holdings can only take place in consequence of inheritance and that the owner is under an obligation to ensure proper cultivation of his farm within a period of eight years.

The Lithuanian and Esthonian Acts at present contain no special provisions serving to secure the permanence of the newly created holdings. The question will probably be regulated by later special Acts.

The new legislation passed in central European countries to regulate land ownership has been established in the course of the last three years only. The very difficult economic situation against which all central European countries have had to contend during these three years has placed innumerable obstacles in the way of carrying out this legislation. The principles incorporated, and methods on which they are developed, differ considerably in the various countries. While the new Federal legislation in Germany, for instance, taken together with the Acts voted in the States either before the war or during these last few years, will probably form a lasting basis on which a new agrarian system will be built up, in other countries, on the other hand, legislation has every appearance of being in full evolution. In Esthonia and in Latvia important problems have not yet been solved and have been reserved to special Acts which are to be enacted later. Again, the period immediately succeeding the revolution of 1918 saw too hasty resolutions attempted of some important questions, and a good deal of legislation will in consequence require to be amended. Thus in Roumania it has already been found necessary after only three years to codify and amend what had been passed. Nevertheless, it is safe to say that the fundamental character of the new agrarian legislation, as incorporated in these various Acts, will henceforward be maintained in spite of the modifications in detail which may be introduced in the course of applying the reforms.