

INTERNATIONAL INSTITUTE OF AGRICULTURE

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# THE AGRARIAN REFORM

I.

AUSTRIA - FINLAND - LATVIA  
LITHUANIA - POLAND



ROME

PRINTING OFFICE OF THE INTERNATIONAL INSTITUTE OF AGRICULTURE

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INTERNATIONAL INSTITUTE  
OF AGRICULTURE

Rome, 15 September 1930.

*Your Excellency,*

*I have the honour to submit to you a first series of studies published by the Institute on the agrarian reform and its results in some of the countries in which such a reform has been carried out since the war.*

*A subject of such great economic and social importance as that of agrarian reform was bound to command the attention of the Institute as soon as circumstances allowed.*

*In fact the General Assembly of the Institute in 1924 passed the following resolution :*

*The General Assembly :*

*considering that in various European countries agrarian reforms have been carried out since the war ;*

*considering that these reforms have changed the distribution of land, agrarian relations and the conditions of production ;*

*that these transformations have brought about a new distribution of the crops cultivated ;*

*that they have had an influence on international trade in agricultural produce and on the internal production of the various countries ;*

*requests that the Institute shall take the initiative in asking the States to have enquiries made by their official organs into the results of these agrarian reforms from the point of view of the production and consumption of agricultural products and of international trade in such products ;*

*and that this official documentation shall be collected and published by the Institute.*

*When called upon to give effect to this resolution into effect, the Institute decided that a questionnaire should be drawn up and sent to the Governments in which a reform of this kind had been carried out with the request for the communication of any suggestions that it was desired to make on the different points contained in the questionnaire. This was done and the Governments of Finland, Bulgaria, Yugoslavia, Austria, Rumania, Latvia, Poland and Hungary communicated with the Institute stating their views on the points contained in the questionnaire.*

*The International Labour Office is also interested in agrarian reform, more*

especially in so far as it affects the questions coming within its purview and the desire was expressed, at the meeting of the Mixed Advisory Agricultural Committee held in 1925 that the two Institutions should act in concert and avoid overlapping. It is, in fact, the function of the Mixed Committee to bring about such collaboration. It was decided in agreement with the International Labour Office that the Institute's draft questionnaire should be submitted to the next session of the Committee, and that the International Labour Office should contribute suggestions on the points in which it was interested. This new draft, established on the basis of the original draft and completed in accordance with the suggestions of the Governments, was presented to the session of the Mixed Advisory Agricultural Committee held in Geneva in January 1927, which adopted a definite draft, after having introduced certain points on the recommendation of the International Labour Office.

At the last session held in Rome in November 1929 the Mixed Committee took note of the work done by each of the two Institutions.

The studies contained in the present volume have been published in the International Review of Agriculture at such times as the official bodies responsible for carrying out the reform in the different countries forwarded replies to the questionnaires addressed to them in pursuance of the desire expressed by the General Assembly of 1924.

Up to the present replies have been received from the Governments of Lithuania, Finland, Latvia, Austria and Poland. The information obtained regarding these five countries is collected in a first series of studies which I have now the honour to submit to you.

The studies relating to this reform in the other countries and supplied by official bodies or prepared by specialists to whom the work has been deputed by such bodies, will continue to appear in the International Review of Agriculture and these too will be collected in a second series of the same kind as this present one.

I am, Sir,

Yours faithfully,

A. BRIZI

Secretary General

His Excellency

Prof. GIUSEPPE DE MICHELIS

Senator, Ambassador of H. M. the King of Italy,

President of the International Institute of Agriculture.

## CONTENTS

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	Pag.
PREFACE . . . . .	9
AUSTRIA . . . . .	II
FINLAND . . . . .	15
LATVIA . . . . .	43
LITHUANIA . . . . .	59
POLAND . . . . .	73

## P R É F A C E

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The agrarian reform, one of the most important of the phenomena of the post-war economic evolution, has given rise in all countries to a considerable literature in which are discussed the measures taken by the Governments of the various countries, as well as the new agrarian organisation and its consequences. It is felt that statesmen, scientists and all who are interested on the practical side in the agrarian transformation of the countries of Central and Eastern Europe will welcome the publication of the reports supplied by the Ministries of Agriculture or other official bodies responsible for the agrarian reform in the countries where such reforms have been carried out. These reports reached the International Institute of Agriculture in response to an enquiry on the causes of the agrarian reform, its legal bases and its economic and social consequences, undertaken by the Institute in accordance with the desire expressed by the General Assembly of 1924. On several occasions it has seemed advisable to add in the form of notes some statistical data and other information, in every case with indication of the sources.

## AUSTRIA

I. *Reasons for Agrarian Reform.* — In Austria an agrarian reform of the comprehensive kind contemplated in the enquiry was not carried out. The actual distribution of farming property, large, medium and small, is — except in Burgenland — of such a kind that drastic measures of reform or modification were not really necessary. In the latter half of last century Austrian farmers had critical times to pass through especially in consequence of the competition of the overseas agricultural products by which in particular the farmers in mountain districts were hard hit. As a result they became indebted and finally were unable to retain possession of the property they had inherited. Persons able and willing to purchase appeared in the form of large landowners, sportsmen, and sometimes also large farmers. The result was the so-called extinction of farmers (*Bauernsterben*) whereby the greater number of the mountain valleys were depopulated and many areas, in particular alpine districts, were deforested (1).

In order to check this disastrous process so far as possible, the Land Transfer Law of 1915 was passed, in accordance with which the approval of the Land Transfer Commission was required for every transfer of property and every lease over a long period.

The object of the post-war Resettlement Law was to restore so far as possible to the peasantry the land formerly belonging to them.

In Burgenland, from which there has always come a large contingent of seasonal farm workers and emigrants, the proportion of large estates has been much higher than in the other provinces of the Confederation, while at the same time there is an ever increasing sub-division through the operation of inheritance. Here a tendency towards an agrarian reform on broad lines is making itself felt, although up to the present there is no legislative regulation. The Resettlement law has not come into force in Burgenland.

As the result of the war and the post-war period, it became clear that it was essential to produce in Austria itself as large a part as possible of the products required for the nation's food. It was hoped also to settle on the lands assigned for resettlement the ex-service men who were without homes or means of support.

II. *Juridic Bases of the Agrarian Reform and some Results.* — The agrarian reform accomplished is based on the Resettlement law, viz., Law of 31 May 1929, *Staatsgesetzblatt*, No. 310, with schedules of 31 August 1929, *Staatsgesetzblatt*, Nos. 445 and 446, Law of 15 July 1921, *Bundesgesetzblatt* No. 404, Order of 25 November 1921, *Bundesgesetzblatt*, No. 689 (2), The Resettlement Law of 31 May 1919 was amended in 1921. The amendments are not of any great importance.

(1) See: KALLBRUNNER Hermann: The Absorption of Peasant Holdings and Legislative Efforts to Counteract it. *International Review of Agricultural Economics*. International Institute of Agriculture, Rome, No. 4, 1920, p. 270.

(2) Reproduced in the *Annuaire International de législation agricole: Kundmachung des Bundesministeriums für Land- und Forstwirtschaft, betreffend den Text des Gesetzes über die Wiederbesiedlung geleger Bauerngüter und Häusleranwesen (Proclamation of the Federal Ministry for Agriculture and Forestry, relating to the text of the Law on the Resettlement of absorbed peasant holdings and cottage property)*. Vol. XI. 1921 pp. 925-942. International Institute of Agriculture, Rome, 1922.

The accomplishment of the agrarian reform rests with the agrarian authorities, the organisation of which is regulated in the Federal Law, of 28 July 1925, *Bundesgesetzblatt*, No. 281.

For decisions on individual cases there are special advisory boards composed of all classes of farmers or forest workers.

Parcels of land are subject to the reform which have formed an independent farm or cottage property, or a constituent part of such, but have lost this character since 1 January 1870 and have been used for speculative purposes, or have been applied to sporting or luxury uses (sites for parks, preserves, etc.) or have become constituent parts of a mainly forest undertaking or have been combined with an agricultural property which at present exceeds the limit of a peasant holding. As such constituent parts were to be included also share rights in agrarian communities, rights of removal of forest products and pasturage rights, which have been extinguished since the above date either by amalgamation of the main and subsidiary parcels, surrender or money compensation. The parcels and the rights referred to can be expropriated in default of an agreement.

Legislation relevant to the reform includes the *Luftkeuschenablösungsgesetz*, of 26 April 1921, *Bundesgesetzblatt*, No. 273, or law relating to agricultural tenures of a certain kind, in accordance with which rented parcels, on which dwelling houses have been erected without objection from the lessor, may be expropriated (1); and also the law of 4 December 1918, *Staatsgesetzblatt*, No. 94 or that of 11 May 1921, *Bundesgesetzblatt*, No. 294, on the purchase of rented estates, in accordance with which lands formerly manorial estates and rented in pursuance of an earlier emphyteusis, quit-rent or similar arrangement may be expropriated.

In addition to the enlargement of existing peasant holdings, new ones were formed. The applicant for a property to be expropriated must in accordance with his personal circumstances and especially in respect of his technical qualifications give assurance that he will himself or with his family connections successfully farm the parcels to be expropriated, as well as carry out all obligations. The possession of capital by the applicant could be a deciding factor, only if conditions were otherwise equal. The work of settlement has been facilitated by the granting of loans and subsidies out of the resettlement fund.

The expropriation of holdings or cottage property takes place in favour of the applicant who offers the highest security for satisfactory farming. *Caeteris paribus*, preference is given to ex-service men, especially wounded men and those who have given distinguished service, as well as their widows and orphans, next come parents of large families, the actual owner of the property or his children, the former tenant as well as persons who have rendered farming services on the estate. There are no special distinctions made in the case of agricultural labourers.

In certain circumstances co-operative societies could acquire constituent parts of an estate designated for resettlement, if the owner of the estate makes no proposal for expropriation or does not require the constituent part in question for the working of his property. Societies could also acquire in their entirety peasant holdings which had been absorbed.

Apart from the absorbed peasant holdings just mentioned and portions of these which had been bought up, no property was alienated from the owners.

Peasant holdings and cottage property were formed again of suitable size.

(1) Reproduced in the *Annuaire International de législation agricole: Ablösung von landwirtschaftlichen Pachtgründen bestimmter Art (Luftkeuschenablösungsgesetz)*. Vol. XI: 1921. International Institute of Agriculture, Rome, 1922. pp. 920-925.

About 500 former peasant holdings were re-established and about 2,200 were enlarged.

No holding exceeding the size of a peasant holding may be formed as a new holding by the resettlement procedure. The re-established farm holding or the holding which has been strengthened by the re-acquisition of former constituent parts must be such as to provide a livelihood.

A yearly average of 60,000 schilling is set aside on the Federal Budget for purposes of loans in connection with the re-established peasant holdings.

Compensation of the owner is so arranged that while it is possible for the applicant to farm the land on a satisfactory basis, he is not enriched to the detriment of the expropriated owner. The crop yields of the years 1914 to 1921 are to be taken as bases of the expropriation price. For re-establishment of extinguished servitudes a proportionate compensation was to be paid on the basis of the fresh valuation. All that is done by the authorities is to fix the expropriation price. The actual liquidation of the payment was arranged between the former owner and the applicant.

Dwelling houses and farm buildings were also expropriated, so far as they were essential to the farming operations and constituent parts of the expropriated property. The expropriation price of these was fixed at the same time as that of the land. A separate valuation was only made under special conditions. Farm stock, live and dead, was not expropriated.

During a period of 50 years, mortgages can be created only with the consent of the authorities. Generally speaking distress cannot be levied on resettled holdings except by consent of the authorities. These limitations do not apply to mortgages which are created as security for loans made by mortgage institutions. In certain cases it is possible to give or to assign an expropriated property to another applicant.

The usual sources of agricultural credit are the existing credit institutions of public utility. Personal credit to farmers is supplied through the co-operative credit associations on the Raiffeisen system which exist in nearly every commune. The Raiffeisen banks give short term working credit (up to 4 years at most), usually guaranteed by a promissory note or by sureties. Credit by bills of exchange is not in common use. Mortgage guarantee is only resorted to if there is pressing need for credit. Credit is given on the ground of personal knowledge in regard to solvency. The rate of interest is not uniform, and generally varies between 8 and 12 per cent. In most of the Austrian provinces there are provincial mortgage institutions for mortgage credit. These are public bodies, having the financial support of the province, and supplying long term credit on mortgage bonds which are at present at six per cent. For example the six per cent. loans on mortgage credit of the Lower Austrian Provincial Mortgage Institute are for a period of 42 ½ years. Reckoning the costs of administration and the income tax charges the mortgage credit comes out at about 8 per cent. The provincial mortgage institutes observe strict rules in giving credit and on that account enjoy a very considerable power of issuing notes.

As an exceptional measure and utilising the funds of the loan made by the League of Nations with the approval of the Assembly of the League the State has set aside credit for agricultural purposes, on the one hand short term credit for the purpose of co-operative supply of artificial fertilisers, seeds and insecticides, etc. the interest on these loans being 5 ½ per cent., and long term credit for the establishment of co-operative dairies at 6 per cent.

In the course of carrying out the agrarian reform attention must be paid to



suitable rounding off of parcels (1). Quite apart from the agrarian reform there are provincial laws relating to consolidation. Consolidation is effected on application of the parties concerned or in accordance with official order. It takes place on the proposal of the parties, if the number of persons making the proposal is that prescribed in the relevant provincial legislation. As a rule agreement between half the number of persons concerned is sufficient, even one-third according to some provincial legislation on the question, if the persons included represent property to be subject to this procedure net return of which according to the cadastral survey is more than half that of all the property in the district. The provinces meet the personal and technical demands of the agrarian authorities for consolidation; the interested parties discharge liabilities falling on them, pay for the boundary marks, the costs of the joint lay out improvements so far as they are not covered by grants, see to the farm stores, simple implements and tools. Parcels of building land are excluded from consolidation. Any removal of dwelling houses or farm buildings can only be carried out with the consent of the interested parties, but it is only in isolated cases that this comes into effect.

The convenience of the new distribution of lands already justifies its maintenance. The transfer of land is regulated by the Land Transfer Law of 13 December 1919, *Staatsgesetzblatt*, No. 583, so that so a sufficient check can be kept on sales which lead to a further splitting up of property.

The actual working of the agrarian reform was such that the applicants for land generally became the owners. In a few cases only were easements and, by agreement, long leases arranged.

Without the consent of the agrarian authorities expropriated parcels cannot be alienated or leased to any other persons than the wife (or husband), relatives or relatives-in-law in the ascending or descending line, or brothers or sisters, or the joint owners.

The type of the new settlement, whether a village or a farm settlement, depends on the position of the re-established peasant holding.

There is no special restriction on the new owner as regards enlargement of his property. Usually the acquisition of other landed property is permitted only under the Land Transfer Law, if the purchase or sale of such property does not run counter to the public interest in respect of the maintenance of an efficient farming population.

Questions of succession are usually regulated in farming families by the general civil law. In Tirol and Carinthia there are separate prescriptions on the subject (*Anerbenrecht*).

Resettlement has been carried out except in a few cases still pending.

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(1) See: KALLBRUNNER H: The Progress of Land Reorganisation. *International Review of Agricultural Economics*. International Institute of Agriculture, Rome, 1924, No. 4, p. 636.

## FINLAND

The total area of Finland, viz., 34,363,000 hectares (132,608 sq. miles), not including the lakes, was distributed as follows in 1927: lands suitable for cultivation 2,160,000 ha. (6.3%), natural meadow and pasturage 1,195,000 hectares (3.5%), forests 25,300,000 ha. (73.4%) and other types of land 5,708,000 ha. (16.8%). These figures make clear the immense economic significance of the forests and of the timber industry in Finland. The division of the cultivable lands in 1927 was as follows: cereals, 828,147 hectares; potatoes, 70,533 ha.; root crops, 24,546 ha.; flax and hemp, 5,369 ha.; green forage, 16,503 ha.; hay, 1,010,613 ha.; fallow, 197,997 ha. and miscellaneous, 12,332 hectares. The population, on 31 December 1926, was 3,558,220 inhabitants, i. e. 9.2 inhabitants to the square kilometre, about 80 per cent. of the population living in the country and 20 per cent. in the towns. According to the census of 1920 there was in Finland a total population of 3,105,103 inhabitants, including 493,112 (15.88%) urban population and 2,611,991 (84.12%) rural population. The distribution of the population actively engaged in agriculture or living by agriculture without being engaged in it, the total of such population being 2,000,407 persons, was as follows: 1,978,627 persons occupied in agriculture and stock-breeding, 15,186 in hunting and fishing, 7,227 in forestry, 3,784 in horticulture, 2,035 in dairying, and finally 558 in the herding of reindeer in Lapland.

It may be mentioned that in the "International Review of Agricultural Economics" two articles appeared on the subject of home colonisation in Finland before the war: "Home Colonisation in Finland" in February 1913, and "The Results of Home Colonisation in Finland" in November 1916 and in January 1917.

### I. — INTRODUCTION.

It is not possible, in a general sense, to apply to the agrarian policy of the Government of Finland the term "agrarian reform" in the sense in which it is current in the other countries of Europe. Only a single part of this policy, the enfranchisement of feudal holdings, is such that it could be called agrarian reform in this sense. The activity shown by the State in supplying lands to landless persons, and the assistance given under the form of loans to small holders, to enable them to purchase new lands to cultivate or to build upon, apart from the advice given in this respect, have all gone on without a break, and much has been effected thanks to voluntary surrenders of land. All this has been designated as State Land Settlement (*œuvre de colonisation de l'État*) a name which also usually includes the purchase of holdings.

#### 1. Causes underlying the present land settlement work in Finland.

The development of the conditions of landed property at the end of the XIXth century had given rise to many abuses and social and economic evils. According to the statistical data collected in 1901, there were in the rural communes 478,142 households, including

110,629	or 23	per cent.	owning lands
160,525	• 34	• •	renting lands
206,988	• 43	• •	entirely without lands.

Thus hardly one-fourth of all households were land owners. Moreover in the three best cultivated departments of Finland, only from 11 to 13 of the households owned land. In the departments of the East and North, there was a proportionately larger number of landowning households, between 28 and 44 per cent.

Following the figures available, 41 per cent. of the cultivated lands belonged to the cultivators, while 59 per cent. were rented lands. In the best cultivated departments, the proportion was even more unfavourable the percentage of lands rented being 78 to 79 per cent.

According to the 1901 statistics, the distribution of the estates according to extent was as follows :

Size	Number	Area in hectares	For each size group, percentage of	
			owners	area
Less than 50 ha. . . . .	31,282	873,290	26.4	4.4
From 50 to 250 . . . . .	67,830	7,814,801	57.2	39.3
250 and over . . . . .	19,625	11,215,665	16.4	56.3

It appears from these figures that among the land owners of Finland, 26 per cent. owned small estates, while 16 per cent. had large properties. There are reckoned among the land owners also the societies, communes, parishes, and the State itself, in so far as it possesses lands, so that the number of land owners is not the same as that of the households which own land. Not more than 4.4 per cent. of the whole area of the estates was in the hands of the small owners, while the large owners held more than half. The percentage of owners having lands of more than 1000 hectares was 1.4 per cent., and they owned 17.6 per cent. of the whole area.

## 2. Tenancy or tenant farming.

To understand this institution fully, a brief explanation of its origin and development should be given.

The system of tenants rendering certain forced services, or the renting of parcels in return for cultivation, originated at the beginning of the XVIIIth century. It was at this time that the great landowners of Southern Finland began to establish on their lands feudal holdings from which they secured services, their motive in doing so being that they were in need of labour. Later in the same century, feudal holdings were also created on the lands of the peasants. The formation of these holdings was accelerated by the great sharing out of the undivided lands, by the land settlement in the State forests, and by the rapid growth of the population which from being 420,000 inhabitants in 1750 was quadrupled in 100 years.

Along with these holdings, there were also set up in the country districts dwelling huts to which hardly any cultivated land was attached, but which were hired out to artisans or seasonal workers for payments in kind or services.

In addition to the renting of parcels of land, *i. e.* of holdings and of huts, there is in Finland a system of renting of whole estates entered on the land survey which as regards administration are held from the large estates. These are the estates of the tenant farmers. The numbers of the different lands rented were :

Feudal holdings . . . . .	68,532
Huts . . . . .	84,221
Farms . . . . .	7,772
Total . . . . .	160,525

The institution of tenancy did not succeed in giving the use of the land and a fixed abode to more than a part of the rural population who were landless. The greater part of the landless population was, so to speak, floating, in the proper sense of the term. This section of the population went here and there to gain a livelihood, sometimes doing farm work for the peasant farmers, sometimes working in the forests or floating timber, going up and down the country great distances and sleeping in the living rooms or on the stoves of farmers, tenants or occupants of the huts.

The situation became worse when, beginning from the second half of the XIXth century, the landowners showed themselves no longer inclined to form any new holdings, since the high price of land and especially of the forests, in consequence of the establishment of the timber industry, the growth of the population and the improvement of the means of transport, made relatively dear the labour of the tenants formerly so advantageous to the landowners. The tenants' right to cut wood and to pasture their live stock in the forests was in particular a charge which acted as an inducement to the owners to join the tenants' lands to their own or to allow them to lapse back into forest. A certain number of holdings were at that time reincorporated in the estates and others became independent.

The agrarian question was still highly complicated towards the end of the century because the position of the tenants was not an equitable one and these latter became increasingly dissatisfied with existing conditions. The tenants felt that their position was uncertain as well as being one of dependence, their rights were vague and the forced services, in consequence of the rise in wages, seemed to be unjustly burdensome.

Turning to the economic aspect of the question, the enquiries made have in fact established that the farming standard of the rented lands was below that of the crops of the landowners of the same locality. According to the statistics of 1912, the "holdings" included 199,965 ha. of cropland and 104,474 of grassland, or in all 304,440 ha. of cultivated land. The greater part of these lay in the best cultivated departments. In 1910, the area of the croplands of the whole of Finland was 1,878,235 hectares and that of the grassland 959,407 hectares.

The economic disadvantages of the tenancy system were made greater by the defects of the system of forced service. According to the statistics of 1912, the number of days of work with horses thus given to the landowners was 596,260, while work services without horses were rendered for 1,788,408 days, the total thus being in that year 2,384,668 days of forced service. Taken at the average wage of 1912, these services represented a sum of 6,588,200 marks or 75 million marks at present day rates. The actual output or work rendered on one of these days of forced service is usually reckoned at two-thirds of the yield of a normal day. Hence the system was the cause of extensive economic losses.

It became necessary for the Government to devote attention to the state of affairs and to make some attempt at remedying the unfavourable lot of the tenants. In 1909, an Order was published the terms of which rendered their position reasonably secure. In each commune tenancy committees were appointed to supervise the relations existing between landlords and tenants. The influence of these bodies became later considerable, when the position of the tenants was regularised, and the lands so rented were made freehold. Public opinion gradually came to be that no definite improvement of the position of the tenants could be brought about except by the abolition of feudal holdings. In 1912 the Government appointed a Committee to draw up a plan for the purchase of rented lands, and the scheme was ready in 1914. The opposition of the Socialists, the world war and the war of

independence brought about the postponement of the question till 1918, when the Chamber approved the law on purchase of holdings.

After the war, public opinion was convinced that the purchase of the rented lands ought to be carried out for reasons of internal peace and prosperity of the State.

### 3. *The work of land settlement.*

The figures already given have shown the extraordinary size of the floating population in Finland at the beginning of the century.

The object of the work of land settlement in its other aspect was to fix this population and to maintain the existence of small holdings. At the end of last century attention was already being given to this subject, and some experiments had already been tried without definite result. In 1898, a loan fund was established for the landless population; later on, that became the land settlement fund and was used to finance the land settlement work of the State. The State directed work of land settlement has gone ahead much more rapidly since the independence of Finland. In 1918, a special bureau was created, the Land Settlement Department, for the purpose of directing the work.

The influence of emigration on the land settlement work in Finland must be taken into consideration. Although emigration takes place on a large scale — in 1910 the emigration was 61.4 persons out of 10,000 inhabitants; in 1911, 29.9; in 1912, 33.8; and in 1913, 62.4; in 1923, 40.1 and in 1924, 15.6 — it does not play any decisive part in the policy of land settlement.

## II. — THE LEGAL BASIS AND THE ORGANISATION OF LAND SETTLEMENT.

### I. *The administrative bodies.*

The administration of the work of land settlement is vested in the Department of Land Settlement, to which are attached the land settlement committees and the tenancy committees in each province, as well as, in certain cases, the specially appointed Land Settlement Offices.

The Land Settlement Department acted as the directive organisation, beginning its work in 1918. As land settlement on the State lands and on those of private individuals is at present regulated by certain laws, the Department in question is responsible for the application of these laws. In accordance with these laws, the Department administers the lands rented from the State, directs land settlement in the State forests, acts as the executive body with the assistance of the land settlement committees, when it is a question of obtaining lands by expropriation, in accordance with the Settlement Law of 1922, on behalf of landless persons. It also supervises the tenancy committees who are the executive bodies in respect of the transformation of tenancies into freeholds. Any business relating to property illegally obtained by timber companies also falls to the Department, which also undertakes the supervision of the settlers' holdings when constituted.

An important part of the functions of the Department is to encourage the voluntary surrender of lands to landless persons. With this object, the Department arranges for a *land settlement fund* which amounted to 253.5 million marks at the end of 1928, and from which the Department makes loans, with the consent of the Ministry of Agriculture and through the medium of the communes, for the purchase of lands, for buildings and for cultivation; this fund is also used to purchase estates and to divide them between landless persons. The Department is

also to supervise the land settlement carried out by the communes and by individuals, to draft building plans for settlers, to advise as to building and in general to guide the work of land settlement by taking the necessary steps to improve the lot of the landless population.

The Department of Land Settlement is of the nature of a *board* consisting of a general director, an advisor for settlement on the lauds of private individuals, an advisor for settlement in the State forests and an assessor for the handling of legal questions. The Department includes the following sections: Farm Accountancy Office, State Lands Office, Office for Upkeep of the Forests, Building Office, Engineers' Office and Investigations Office. The Engineers' Office undertakes enquiries of a scientific and mechanical kind on the lands intended for land settlement, executes drainage works, and road-making on the settlement areas, and gives advice to communes and to individuals on the land settlement business connected with either. The work of the Investigations Office consists in collecting and publishing the statistics of land settlement and in making enquiries into the work of land settlement and into its position in the rural districts.

Among the officials attached to the Department, there are inspectors of State lands, ten in number, who supervise the upkeep of the estates; there are nine land settlement inspectors who, each in his own area, are always on the spot to advise and direct the land settlement and tenancy committees; they also inspect land settlement banks, give advice to farm settlers on the best means of improving their economic condition, and carry out the duties entrusted to them by the Department for the encouragement of land settlement and the improvement of the situation of the floating population.

The land settlement committee, appointed in every rural commune, is expected to assist the Department in its work for the benefit of the landless population. As local authority and with the support of the commune and of private individuals, the committee is expected to try to arrange by amicable agreement for procuring land for persons not possessing it. But at the present time the whole of the State activity for land settlement is carried out primarily by the help of the land settlement committees. The committees administer the Land Settlement Fund of their commune, a fund which receives from the State subsidies from the general land settlement fund and which submits to the decision of the Department the applications for loans for land purchase, for building and for cultivation which are made by landless persons. On the application of such persons, the committees must examine into the cases and communicate to the Department particulars as to the private settlement holdings which could be formed on the State wooded lands situated in the commune. They should also propose the establishment of a Land Settlement Office, if it is their opinion that settlement could be carried out on a fair proportion of the lands. The compulsory expropriation of land for landless persons is also one of the duties of the land settlement committees. According to the law, landless persons should forward their applications for lands to the land settlement committees, and if land cannot be provided by voluntary cession, either on the State lands or on parish lands then the committee is to proceed, with the support of the land settlement inspector, to expropriation measures. The committees also have the duty of supervising settlement holdings, and, in virtue of the land settlement legislation, other duties also devolve upon them.

In each commune a land settlement committee has to be appointed. If in any commune the work falling to the committee is very light, the prefect may on the request of the municipal council, decide that the communal committee shall perform the functions of the land settlement committee. In accordance with

the decision of the Department, the land settlement committee will consist of 3 or 4 members and the same number of substitute members, elected by the municipal committee for three years. One half of the members must be tenants or occupants of dwelling huts or owners of independent property consisting of holdings or of dwelling huts or of property coming under the legislation on land settlement in force or any property which may be regarded as analogous; the other half of the membership must consist of owners, tenants or managers of other types of property. The municipal committee has power to appoint in addition an advisor on land settlement and a treasurer, but if the municipal council does not take this action, these appointments must be made from among the members of the land settlement committee. The members elect a chairman and vice-chairman from outside their own numbers, but if a majority is not obtained at the time of the election, the district tribunal has the appointment. The land settlement committee works according to a programme approved by the municipal council and confirmed by the Department. The salaries of the members and of the advisors of the Committee are paid in advance from the communal funds, but for some part of the work done the State meets the whole, while for other parts it pays half and the commune the remainder. In certain cases private individuals pay the committee. As regards the other expenses of the committee, the State provides one half. The law in force and the Order on the organisation of the land settlement committees are dated 5 May 1925.

In accordance with the Order of 1909 on tenancy, a tenancy committee must be appointed in each commune or more than one if the communal assembly decides in that sense. The number of the members of the committee varies, in accordance with the resolution of the general meeting of the commune between 2 and 4 and there are as many substitutes. They are elected for three years, half by the land owners, and half by the tenants. The members subsequently elect their chairman and vice-chairman from outside their number. The business of this committee is to watch the interests of the tenants at the time of the signing of the leases and to arrange for the registration by the tribunal of the contracts approved by itself. If disputes arise between the contracting parties, the committee should endeavour to reconcile the parties without bringing the matter into court.

According to the legislation on the purchase of rented lands, the committee is expected also to undertake the transformation of these lands into freeholds. Before the committee decides the question by means of a resolution, it should endeavour to bring about an understanding between the two parties on the purchase price. However, if the same landowner owns in one or more estates situated in the same commune a somewhat large number of rented lands, the committee may abstain from discussing the question and may request the prefect to appoint a land surveyor with a view to proceeding with the organisation of such lands. The emoluments of the committee for these purchase operations are entirely paid by the State. On the other hand, for handling of tenancy business, the State only pays the salary of the chairman, and what is due to the members is paid in advance by the commune which recoups itself at the time of the collection of the communal charges on the lessors and lessees.

Land settlement offices may be constituted for special pieces of work, such as the settlement of the wooded State lands.

## 2. *Purchase of rented lands.*

The law of 15 October 1918 with a few exceptions relates to leases of holdings and farms existing when the law came into force as well as to the dwelling huts,

on condition that the tenant who is applying for the power to purchase has had the usufruct of the land for at least five years and has presented his application under the lease which was in force at the time of the coming into force of the law. If the tenancy right no longer belongs to the tenant who had usufruct at the time of the coming into force of the law, nor to his direct heirs, the right to purchase no longer exists. Even in the event of the stated conditions being fulfilled, the tenancy committee or the tribunal for the distribution of lands may, on examining the question of the purchase of a dwelling hut, refuse to the tenant the right to purchase, if the hut proper is in such a locality or if the buildings and conditions are such that the purchase would be useless and inadvisable from the point of view of future utilisation by the tenant.

The application for the purchase of a rented land may be presented by the lessor or by the lessee. The law renders the purchase obligatory only in certain cases; the two parties may agree between themselves on the extension of the lease in accordance with the Order of 1909 completed by the law of 13 May 1919. During the duration of such an agreement as to the extension of the tenancy, the two parties have the right to apply for purchase. The lessor and the lessee may also freely come to an agreement on the purchase of the rented land by the latter, in which case the procedure is that prescribed for a sale of real property.

The application for purchase is submitted to the other party and forwarded to the tenancy committee, which is the intermediary between the two parties, viz., the lessor and the lessee.

To fix the area of a plot of land which will be purchased for the purpose of forming an independent holding, if the case is that of a farm or a holding, the basis taken by the law is that on the one hand there should be included all cultivated and cultivable lands belonging to the rented plot, and enough of the forest for the normal growth to meet the needs of the household, and that on the other hand a holding should be formed such that the owner with his family can live on it and make it pay as a farming proposition, and finally that the estate from which the rented plot is bought does not suffer too severe a loss and will not be damaged as a farm undertaking. For this reason it is prescribed in the law that a holding formed in this way should include the plot belonging to the farm or the holding, as well as cultivated and cultivable lands, in all ten hectares at most, or if the tenant makes the request for special reasons, such as the size of the buildings or the favourable position of the fields, and if it is proved that the need exists, then a larger area which must not however exceed 20 hectares.

If the tenant has had the right to collect forest products either on his rented land or outside of it, then on the new holding enough wooded land is given to meet the normal household requirements. For a rented plot where the total surface of cultivated and cultivable lands attached is five hectares at most, then the area of wooded land is ten hectares as a maximum. If the area of cultivated and cultivable lands is greater, then forest may be given up to twice the area of such lands, but not more than 20 hectares. On this point the interests of the lessor take precedence of those of the tenant, as the lessor is always to have all the wood he requires for his needs and the tenant must be content with what is left. If the tenant has previously been able to take clay or peat, on the estate lands, a corresponding quantity of clay or peat may be allowed for the requirements of the new property to be taken from a certain spot, if this can be easily managed and if the lessor has a sufficient extent of such land left to him. Similarly by the terms of the lease, if the tenant has had the right to fish in the waters of the



estate, whether belonging to the owner or jointly owned, a proportional part of the fishing waters may be assigned to the new holding. Unless for practical reasons some other arrangement is made as regards buildings the tenant must purchase from the owner the buildings necessary for the cultivation of the rented land.

At the time of the purchase by the tenant the parcel of the dwelling hut includes the plot and the cultivated or cultivable lands which belong to it or a corresponding area. If it is thought practicable to increase or to diminish this plot it may be done. But in no case can an area of more than two hectares of cultivated and cultivable land be assigned.

There is no legal objection to the lessor and the lessee coming to an understanding as to the area of land to be assigned to the new holding, and as regards the different advantages going with it, even if the arrangement be other than is indicated here. In this case, execution must be given to the contract made between them, and this point applies also to the dwelling huts.

The tenant as a rule receives the lands previously belonging to the rented plot; if however practical considerations of the assignment of the crop lands of the estate make it necessary, he may be established on another parcel of land, provided that this, from the agricultural point of view, has advantages corresponding to those which the tenant would under the law have enjoyed on the original parcel. A similar exchange is made if the land rented, from its utilisation for industrial purposes or for other reasons, has obviously a much higher value than could have been fixed if it were used solely as previously for farming purposes. In such cases exchanges of land based on some re-arrangement of parcels are effected. If the small extent of the estate makes such exchanging impracticable, or if it would involve reduction of the lands left to the estate below the limit fixed by law, or furthermore if reasonable farming conditions make it essential that the rented land should be reunited to the main estate, then the area of the land to be purchased may be reduced or the purchase may even be prohibited.

If the parties are not agreed on the purchase price, it is prescribed that in order to fix it, the value of the plot is first estimated as at the moment when the application for purchase is made. From this is deducted the value of the improvements made by the tenant in the course of his lease, or executed by his immediate predecessor, or of those to which he has acquired rights by paying the amount of the transfer. After that there is a further deduction made for the total increase in value taking place after the outbreak of war in 1914, including the rise due to the fall in the value of the currency. Such is the method of calculating the purchase price for cultivated or cultivable lands, with the conditions however that the area does not exceed 10 hectares. For any land in excess of this the market price at the time of the application for expropriation is paid. If the area of cultivated and cultivable lands is 5 hectares at the least, then 10 hectares of wooded land at most are purchased at the lowest price. If the parcel to be purchased is from five to ten hectares, there may be obtained, at the lower price, in wooded land at most twice the area of the cultivated and cultivable lands; and if more than 10 hectares of crop lands are being purchased, then at most 20 hectares of wooded land. For surplus wooded land, the price ruling at the time of the application for purchase is to be paid, at least unless the two parties have otherwise decided. If on the wooded land to be purchased there are growing trees with a diameter of 20 cm. at a height of at least 1 m. 20 from the ground the purchase price of this forest must be estimated separately on the basis of the price ruling. If the tenant does not wish to purchase these trees, the lessor has the right to cut them down and to cart them away within a period of three years at most from the date of the purchase.

Just in the same way as the improvements are reckoned to the benefit of the tenant, the value of any damage done for which the tenant has to pay compensation at the end of his lease is reckoned to the benefit of the lessor when the purchase price is calculated. The above provisions are applicable, as appropriate, to the plots belonging to the dwelling huts.

In order to facilitate the payment of the purchase price by the tenants, and when the tenant desires to profit by such an arrangement, the State pays to the landowner the purchase price for the land rented and for any special rights that may attach to it, either in money or in bonds with State guarantee, or by both methods. That part of the purchase price which is to be paid according to the market or ruling price is not however paid out of public funds, except for valuable trees. The owner of the new farm is expected in his turn to repay the purchase price by annual payments of 6 per cent., of which 5 per cent. form the interest on the still unpaid capital and one per cent. the amortisation of the principal. The new owner has moreover the right to pay off his debt by means of larger instalments or to repay the whole in one sum. On the other hand, in case of need the new owner may be permitted to postpone commencement of amortisation of the purchase price paid by the State till after the lapse of ten years counting from the date of inscription of the new holding on the Land Register. Even in the event of the lessor and lessee having come to a voluntary agreement on the surrender of the rented land, the tenant may if he so desire benefit by the State aid, as explained, for the payment of the purchase price. However, if this price is obviously higher than it would have been if the purchase had been effected in accordance with a decision of the tenancy committee or the tribunal, then the State can only advance the sum which would have been thus fixed. In the same way, if the parcel to be purchased includes more than 10 hectares of cultivated or cultivable lands, or if the new holding is to have attached to it more extensive special advantages than those prescribed by law, the sum payable by the State must be reduced to that which corresponds with the normal area and advantages. The State is the creditor with first claim on the repayment of the purchase price and a mortgage can be arranged on the purchased property without reference to the new owner.

The conditions relating to the purchase price hold good equally in connection with the dwelling huts, except that the owner of the new holding must repay the State advances by annual payments of 8 per cent. on the purchase price, 5 per cent. being interest and 3 per cent. amortisation of the principal.

The law provides that the lessor and the lessee may come to a voluntary agreement on the purchase by the latter of the rented land or of some other parcel in exchange. If this agreement is not come to, but if either the lessor or the lessee desires the purchase, he must make a statement to that effect before witnesses to the other party and also to the tenancy committee of his commune or of his district, which must then consider whether it would be of advantage, either because the same owner possesses in the same commune a somewhat large number of rented lands which are liable to purchase under the law, or for some other reason, to fix at one and the same time the purchase price of all these lands or the greater part of them. In this event, the committee applies to the prefect to appoint a land surveyor to execute this work. If the prefect is of opinion that there is insufficient ground for such action, or if the committee considers that the systematisation of these rented lands is not necessary, an endeavour should be made, when an application for purchase has been presented, to effect a friendly arrangement between the parties. If this proves impracticable, the committee summarily decides the matter by means of a resolution. An appeal may be lodged against

this resolution before the tribunal for land distribution. If the systematisation is to be carried out the surveyors must settle which lands are to be purchased together, establish the boundaries of the parcels for this purpose and also make clear the special rights or advantages belonging to each, determine the purchase price and indicate the method by which it is to be paid or amortised, as well as the other conditions of purchase. It is their duty also to prepare a scheme for distribution of the parcels. If one of the parties refuses to abide by the decision of the surveyors, the whole business is transferred to the land distribution tribunal. This tribunal further deals with all disputes in regard to purchase matters arising out of the law. These provisions also apply to land on which stand dwelling huts. Appeal may be lodged with a higher court against a judgment of the land distribution tribunal.

The law of which an outline has just been given relates to the purchase of rented lands, situated on private estates. It has been supplemented by other laws which apply to rented lands and to fishery rights in the forests which are ecclesiastical or public property and on State property. In this legislation the principles of the law of 1918 are followed and that law must be applied strictly in regard to the points to which it relates. In consequence however of the special nature of fishing rights, provisions relating to these lands differ very markedly from the remainder of the legislation of the purchase of rented lands. It is unnecessary to give here any full statement of the legislation relating to these rights, especially as their number is much fewer than that of the crop lands situated on private estates.

All the parcels to which the process of purchase set out in the law is applicable are detached so as to form independent parcels. In so far as recourse has been had to State aid for their purchase, they remain under the provisions of the land settlement law in force. The new holding is regarded as the property of the tenant from the time that the transfer has been registered in the Land Register. The new landowner comes into possession on the conditions laid down in the decision regarding the purchase of his holding, *i. e.*, either 1 March, or 1 November according to the date of registration.

### 3. *Land settlement on the State wooded lands.*

Settlement on the State wooded lands falls under the law of 20 May 1922, amended by that of 20 May 1927. This law affects 12,752,794 hectares of wooded lands belonging to the State and 2,868,581 hectares of the area which form the State parks.

Before proceeding to settlement on the State wooded lands enquiries must be instituted and it must be ascertained what lands are the most suitable for cultivation. The wooded lands previously examined and passed as suitable for cultivation have a total area of 54,382 hectares. The Land Settlement Department carried on these investigations and between 1918 and 1925 inspection had been carried out on 144,021 hectares of marsh land, 76,184 of these being inspected from 1923 with the help of the Society for treatment of marsh land. At the end of 1928, such inspection had been made of 119,459 hectares, of which 42,464 have been passed as fit for cultivation. In addition to investigations on the possibilities of cultivation, the Engineers' Office of the Department of Land Settlement has carried out mechanical investigations for the drainage of the marshes. For any fairly large area, the Department appoints a land settlement office which is to prepare a scheme of land settlement. The chairman of this office is an engineer land sur-

veyor, and there are four members, one of whom is appointed by the Department of Land Settlement, one by the Department of Forests and two by the land settlement committee. These four members are selected from among persons in the neighbourhood who are well acquainted with agricultural questions. So far as possible the office should take care that the wooded lands remaining to the State are not parcelled out in a disadvantageous way, and that there are not taken for land settlement lands required for the needs of the State, or of the commune, or of importance to the general interests, or such lands for which there would be considerable expenses for draining and clearing.

The holdings under cultivation must be large enough to provide a living for the cultivator and his family. To estimate the extent required, the needs of a family of four adult persons capable of working must be taken into account, together with the area which it is considered such a family can conveniently cultivate with its own work capacity. It should be so arranged that these holdings, once put in order, should include from 5 to 15 hectares of fields and that it should be possible to feed from 6 to 10 cows and 2 horses. If the holding consist mainly of natural grassland, then it should be possible to feed at least one horse and from four to six cows. Enough wooded land must go with the holding to provide at least for ordinary domestic needs the wood being in normal growth conditions; in other words in South Finland and similar regions at most 30 hectares, in Lapland and the similar regions of North Finland at most 110 hectares of forest in growth. The larger land drainage works, such as the sinking of drains, are carried out under the direction of the Engineers' Office of the Department of Land Settlement, and the expenditure incurred is noted at the time of fixing the price of the holding.

The construction of roads leading to the settlement area is also carried out under the supervision of the Department. The inhabitants and generally speaking all persons using these roads are expected to put down sand as required and get the roads into good order.

When the land settlement scheme is complete and when the Surveyors Office of the administrative area has given its opinion, the Department of Land Settlement examines the scheme and submits it to the approval of the Council of Ministers. When that is given, the settlers can be installed. Parcels are assigned to the settlers with right of ownership at a price which must not exceed that ruling in the region. The amount is paid to the State in 53 years, no payments being due in the first years. To meet the cost of the clearing of lands which the owner has brought under cultivation in the course of these first ten years, taking local conditions into account, a cultivation premium is assigned to him, in so far as there is subtracted from the price of the property the cost of the clearing; not more however than 700 marks per hectare is to be paid in Southern Finland and 1000 marks in Lapland and in the districts of Northern Finland which resemble Lapland.

If an individual desires to form a holding on any of the State wooded land, he must apply to the local land settlement committee. The chairman of this committee, the forest inspector of the region and a farmer of the locality appointed by the committee, carry out an inspection of the plot mentioned in the application. If it is thereupon ascertained that a holding can be formed, the experts draw up a scheme for the purpose, after which the committee sends the documents, with its opinion, to the Department of Land Settlement. The Ministry of Agriculture makes the final pronouncement on the formation of the holding, after consultation with the Department of Forests. When an engineer has prepared the final draft, the Ministry of Agriculture approves the scheme authorising the formation of the hold-

ing. The applicant has the right to begin to cultivate his holding and to build as soon as the Minister has decided to permit the formation of the holding.

Some account has already been given of the by purchase of the rented lands situated in the State forests. The same procedure is not followed in connection with the formation of settlers' farms; the competent forestry inspector must be informed of the application for purchase and afterwards a written application, with the inspector's certificate attached, must be made to the Surveyors' Office of the area for the appointment of an engineer-surveyor to deal with the question of purchase. Such a purchase of a rented land and its transformation into an independent holding are carried out, as was stated, essentially according to the provisions of the law of 1918 on land purchase. The purchase of the lands belonging to forest rangers depends on the possible demand for these lands for the accommodation of forest rangers and overseers. If rented land is required for State purposes or for any general purpose, the tenant has the right to purchase a cropland holding in some other convenient locality, and in that case the State refunds the cost of building and clearing. The Department of Forests safeguards the State interest in regard to purchase operations.

#### 4. *Farms on State lands.*

On the lands owned by the State of Finland there are 865 farms with a total area of 266,290 hectares. These were for the most part of the nature of allowances made to retired officials. From the beginning of the XIXth century, it was the practice to let these farms. In 1926 a new law was passed in regard to them. Previously, tenants put in on lands of such farms enjoyed a right of purchase. But the actual tenant of the farm or of any holding formed out of such a farm had not this right. The sale of farms on State land was prohibited. According to the legislation at present in force, the Council of Ministers has the right to sell the farms on State lands or parts of them for land settlement or for the purposes of communes or in the public interest. Before this sale takes place and if possible before the end of the lease, each farm must prepare a scheme for its future working. Parcels which it might be thought uneconomic to maintain in connection with the estate, and which would not be useful for State institutions, may be utilised as agricultural holdings or for homesteads or as additional lands for settlement. If the farm has lands which are valuable from their position or are better adapted for industry than for settlement, they should not be used for the latter purpose. Agricultural holdings or homesteads thus formed, and even estates which include at the most, apart from natural meadowland unsuitable for cultivation, 25 hectares of cultivated and cultivable lands, may be sold to supply lands for settlement at prices in accordance with the law on settlement and to persons who are entitled to lands under this law.

The scheme for utilisation of the farms on State Lands is drawn up by the Committee for Farms on State Lands, the chairman of which is a person well acquainted with agricultural questions and land settlement, appointed by the Department of Land Settlement. The members include a forestry expert appointed by the Department of Forests and the chairman of the land settlement committee of the commune. The Ministry of Agriculture approves the scheme of utilisation.

#### 5. *The law of 1922 on land settlement. — The purchase of lands for settlement.*

In accordance with this law, with the assistance of the State and of the communes and with financial support from the State, citizens of Finland fulfilling the conditions laid down in section 3 of the law are to be supplied with agricultural

lands or homesteads or additional lands for settlement. No person however has an absolute right to receive lands, and lands can only be assigned within the limit of credits allocated for the purpose. The object of the law is to prevent immediate recourse being had to expropriations; an endeavour should be made to obtain lands as far as possible by amicable arrangement. For this reason, and in order that landless persons may have the opportunity of making the purchase themselves, it is possible, under the law, to pay the purchase price in advance to the owner by means of a charge on the public funds. In that case if it has been agreed that the selling price should be paid through the intermediary of the State, the purchaser must apply to the land settlement committee of the commune where the land is situated for a certificate proving that he is entitled to take up lands, that the land purchased is suitable for settlement, that the purchase will encourage land settlement and that the price and other conditions are equitable. When this certificate is passed to the surveyor in the course of operations, the method of paying the selling price to the owner out of the public funds is laid down as part of the decree of distribution in respect of the new property.

If the matter cannot be so arranged, and it is decided to have recourse to the aid of the authorities, written application for permission must be made to the local land settlement committee or, if the applicant lives in a town or in a borough, to the Department of Land Settlement, or also to the land settlement committee of the commune where the desired lands are situated. As the applicant has not the right to indicate the position of the lands to be taken on his behalf, it is more advantageous for him to try to come to a preliminary agreement with the landowner for the transfer of a plot of land.

If the applications addressed to the land settlement committee are unaccompanied by offers of sale on the part of the landowners or if it has not been possible to approve such offers, the committee must undertake to form, in the State forest situated on the territory of the commune, holdings for the applicants, in the manner laid down by the law on land settlement in the State forests. But if lands can be found on the farms on State lands, in accordance with the provisions enacted on this subject such lands should be first used for land settlement. If there are not enough State lands, then the committee should apply to the Department of Land Settlement to know if, in another commune in the same administrative area, State lands or other lands have been reported to the Department as fit for settlement which could be assigned to applicants. In the next place any lands should be utilised which the owners may have freely offered previously to the committee to be purchased through its intermediary. If these lands are still insufficient for the applicants, the committee, should issue, following the usual method adopted for communal announcements, a notice instructing private owners the commune and the parish to make to the committee within 30 days from the date of publication offers for the sale of land; if no offer is made within that time and if there are not forthcoming among the lands freely offered in another commune of the same administrative area enough lands for making an equitable assignment among the applicants, the committee may decide to obtain the lands required by means of expropriation. This method may not however be resorted to until it has been made clear in the way just explained that it is not practicable to find lands on State property nor to make an amicable arrangement.

Among individuals, as well as among associations, societies and co-operative societies which are not conducted in the general interest, all persons or bodies corporate possessing more than 200 hectares of lands or 400 in the department of

Oulu, not counting lands not cultivable, are subject to expropriation. On the other hand, those who do not live on their property are obliged to submit to expropriation, even if the area is smaller; the case is however different when the property has been reasonably well cultivated and if the area is less than 40 hectares, or than 95 hectares in Lapland and in the similar regions of Northern Finland. The lands possessed by the State and those which have been surrendered for purposes of public utility cannot on the other hand be expropriated. If the owner lives on his estate or on one of his estates, he is obliged to surrender at most a percentage of his land equal to the number of hundreds of hectares he possesses, but only 50 per cent. if he has more than 5,000 hectares. Out of 550 hectares, at most 25 ha. must be surrendered and out of 7075 ha. at most 3500 ha. But if the owner does not live on his estate or on one of his estates, and if one of these is not reasonably well cultivated, expropriation may be made on one of the properties in poor condition, of so much land that there does not remain more to the owner than 40 hectares at least, or 95 ha. in Lapland and similar regions.

When a land owner has surrendered the part of his land which was liable to expropriation, he is exempt from all further expropriation as far as that property is concerned, even if his obligations were greater in consequence of subsequent purchases of lands. It is the same thing if he has transferred after 31 December 1921 a parcel of land subject to expropriation to a person to whom lands can be supplied in virtue of the law on land settlement. In a case of this kind, it is only if the property falls into a state of dilapidation that the owner may be liable to an expropriation. In any case on a property liable to expropriation lands systematically cultivated, well tended pasturelands or grass land and other parcels essentially to a systematic and remunerative undertaking cannot be expropriated, and it is the same with parcels that the owner uses as building land, storage, gardens, gravel or sand pits, etc.

Also, at the time of the expropriations, forests essential to the property or to the leased land to be surrendered must not be touched, nor forests which it would be of advantage to preserve on account of the valuable species of timber growing there or on account of the scientific forestry improvements introduced. In general, the expropriations do not affect the territories which have manifestly a greater value if they are used for purposes other than land settlement. It may be remarked here that the land owner may keep for himself as much land as he requires, with the view to each of his children receiving a property of 40 or 95 hectares. The fact that a land is leased or placed in some other manner at the disposal of a third party does not prevent it from being expropriated, if the tenant does not enjoy the right of redemption. On the farms on State lands belonging to ecclesiastics or chantries, only the parcels can be expropriated which are liable to be sold in conformity with the Law of 4 August 1922 after the scheme for utilisation drawn up in accordance with the law has been approved.

The procedure in regard to an expropriation is as follows: the local land settlement committee prepares, on the basis of an extract from the land survey obtained from the Surveyors' Office of the department, a list of land owners who are liable to expropriation. The estates are entered on this list in the order in which they will be submitted to expropriation. The first place is given to neglected estates or those which are the subject of speculation, then those belonging to associations, companies and co-operative societies for the sale of timber the sole object of which is not farming. Then come the scattered parcels of large estates and lands that can be utilised for land settlement while inflicting the least injury

on the owner. In the last place come the estates where there has been purchased, in accordance with the law on land settlement, the largest area which can be appropriated of rented lands subject to the law on the purchase of lands.

On the basis of this list, the committee next establishes with the assistance of the inspector of land settlement, a preliminary scheme for the purchase of lands. In this scheme are indicated the number of hectares which can be expropriated on the estates, and what lands the commission proposes to purchase. The scheme must be exhibited, accompanied by maps and plans, at the Town hall and land owners and applicants for land have the right to offer remarks on the subject at a special meeting of the committee. If the owner prefers to surrender lands in another locality than that proposed by the committee, the wishes of the owner must be respected, when the land is such that an applicant can fairly be installed. If the owner owns several properties in the commune, one of these may be expropriated as a whole on his request while the obligation ceases for all the others.

After that, taking into account so far as possible the observations made, the committee draws out a definitive scheme in which appear the parcels of each estate which will be expropriated and the number of lands for cultivation, the homesteads or additional lands for settlement. According to the principles explained in the law on land settlement in State forests, and with due regard to local conditions for agriculture and trade, agricultural lands must acquire in addition at most 20 hectares of cultivated or cultivable lands and enough wooded lands for the normal growth to supply the requirements of the property. In Southern Finland and in similar regions not more than 20 hectares of forests in growth may be given and not more than 75 hectares in Lapland and in the regions of Northern Finland resembling Lapland. Land for homesteads must be such as to make possible, in addition to land for the buildings, a kitchen garden and a potato field large enough for requirements. The homesteads will not be more than 2 hectares, unless the position of the parcels or other causes make a larger area essential. The price of the parcels to be surrendered is estimated according to the prices ruling in the district; however for land intended for cultivation not more should be paid than the price paid on the average over the last five years in the sales by private contract in the district for similar lands purchased for a farm. The sowings, the valuable trees, the buildings and the other advantages purchased with the land are always paid at current rates. As valuable trees must be considered all conifers the diameter of which is 18 cm. or more at a height of six metres from the ground, as well as all trees which have special value on account of their size, their kind or their rarity. The land purchase plan, in respect of which the applicants and the landowners may hand in objections in writing, is then sent to the Land Settlement Department for approval. The decision of the Department, which is communicated to these concerned by the committee, may be submitted by the landowners, but not by the applicants, to the Land Distribution Tribunal for approval. Appeal against the judgment of this Tribunal may be made to the Supreme Court.

The State pays in advance the purchase price to the owner, partly in cash and partly in bonds at 7 per cent. or lower according to the rate of interest ruling. If the price is 5000 marks or less, it is paid entirely in money, as is the price of the sowings, the valuable trees and the buildings. The landowner may draw this sum from the State Bank on 1 May of the year following the registration of the new settlement holding in the Land Register.

If the settler has not made a homestead within the three years following his



entry into possession, and if, in the case of a holding intended for cultivation, he has not begun to farm it, the Land Settlement Department may on the proposal of the committee declare that he has forfeited his rights to the property. He will then be repaid whatever he has already paid for his holding, less however any depreciation there may be as a result of neglect or the sale of timber.

A brief mention may be made of the provisions of the land settlement law on the subject of the holdings acquired by the limited liability companies engaged in the timber trade in evasion of the law. According to the Ordinance of 15 January 1925, those companies, co-operative societies and associations which engage in the timber trade, in saw milling or in any industry which utilises forest products as raw materials, have not the right to acquire cultivated or cultivable parcels along with the forests that are essential to their activity, except by permission granted in each case by the Government. A number of societies have not however conformed to these provisions, but have purchased entire estates in the name of companies formed for the purpose or in the name of fictitious buyers. Statistics show that in 1925-26, such bodies had succeeded in securing 1174 estates for a total area of 351,075 hectares. With a view to the readjustment of so confused a legal situation, in respect of estates acquired illegally by the timber companies, it was enacted in the Law known as the Law on Surrender of 5 May 1925, that the companies must surrender in the first place the lands in respect of which they had no right in virtue of the Ordinance of 1915, and the lands required for land settlement. The Land Settlement Department must, after enquiry, decide which parts of the estates are to be surrendered and after that the companies have three years in which to sell the lands to be surrendered. Although the object of the law is to make these lands available for landless persons, it is not intended to force the companies to act in this way, and all that has been done is to require them to offer these lands first to the State, then to the commune, in order that the land settlement authorities may be able to see that the lands suitable for land settlement are utilised for that purpose. It is not yet possible to state the extent of the lands which are to be surrendered in the 771 estates notified to the Department, as the law has only just come into force. Judging from the enquiries already made, it seems that the law imposing this restoration must have a great influence on the supply of additional lands for holdings that are too small, especially in many cases on that of wooded and pasture lands. The law does not fix the purchase price of these lands, but as the profit made on them must be paid to the State, there is no reason to think that any great difficulties will be encountered in this connection.

#### *6. The voluntary land settlement work of the State.*

This work is effected under the management of the Land Settlement Department and the land settlement committees with the funds of the Land Settlement Bank, in accordance with the law of 3 June 1927 on the financing of land settlement. The funds are administered by the Department and utilised: (a) for the purchase of estates by the State in view of the land settlement; (b) for granting loans to communes for enabling them to buy estates suitable for land settlement; (c) for making loans on short term through the intermediary of the commune and on its security, to persons who have voluntarily sold lands in accordance with the law on land settlement; (d) for granting loans to communes for the purpose of making land settlement loans in accordance with the law, for the erection of the necessary buildings and for clearing for the first crops, to persons who have

the legal right to acquire lands. Loans may also be made from the land settlement fund to communes who use them to give subsidies to meet the purchase price of lands to persons who have purchased land previously rented, or who have in some other way procured lands with a view to taking up farming, and who have acquired these lands after 1 January 1918 without having had recourse to State aid to pay the purchase price. The holders of lands previously rented may in addition obtain loans for erection of necessary buildings or for their repair.

Loans are granted for the following purposes :

(a) for the purchase of an agricultural holding which must include such an extent of cultivated and cultivable lands that an average family can conveniently cultivate it mainly by their own labour. This area is in South Finland five hectares at least, and as a rule not more than 20 hectares in all of cultivated and cultivable land. In addition a sufficient extent of forest land for its normal growth to supply the wood for the holding is included up to 20 hectares in Southern Finland and similar regions, and in Lapland and the similar regions of Northern Finland up to not more than 55 hectares ;

(b) for the purchase of a homestead holding which must include at least enough land to make possible, in addition to the building land, a garden and a potato field of adequate size, the whole not to exceed 2 hectares, unless the situation of the parcels or other circumstances make a larger area essential ;

(c) for the purchase of additional lands intended, together with the holding already formed to constitute an agricultural holding similar to those coming under (a) ;

(d) for the erection of the necessary buildings on the new holdings which were without dwelling house or stabling at the time of application for the loan, and for erection of buildings and especially stabling becoming necessary after the purchase of supplementary lands ;

(e) under the form of cultivation loans for the clearing of lands not previously brought under cultivation, for the sinking of drains and the construction of roads on the new holdings which did not possess enough cleared land, or on holdings, formed only by the purchase of additional lands ;

(f) for the purchase of supplementary pastureland and for making meadow land ;

(g) under the form of exceptional loan to the owner of a feudal holding freed from dues or of a farm, for the payment of the part not paid of the price of his lands or of the debt contracted.

Anyone receiving a loan from the fund for the purchase of lands is required to show : 1. that he has attained the age of majority and has not been convicted of an offence entailing forfeiture of civil rights, and that he has free disposal of himself and his property ; 2. that he does not already possess land, nor occupy in tenancy any rented land which he is entitled to purchase in accordance with the law in force on purchase of rented lands ; 3. that he undertakes within a term of three years from the time he enters into possession of his holding to build thereon a dwelling house if one is not included in the purchase with the holding, and also if the holding is one intended for farming, to begin its cultivation ; 4. that he is not in a position to acquire at the same time and independently of State assistance another plot of land and to erect on it the necessary buildings ; 5. that he has not formerly owned a holding so constituted by the State land settlement policy or that of the commune, or purchased under the legislation in force on the purchase of rented lands, and subsequently disposed of such land for speculative purposes.

In addition, any person desirous of obtaining a loan for the purchase of land

for cultivation must be capable of farming it and must possess the necessary implements or have sufficient credit or resources for their purchase. Children of a landowner or of a tenant are equally eligible to obtain a loan on the conditions set out; in the case of an owner dying after making application for the loan, his son has the right to obtain it since the land is to be purchased from a property a share of which he would have inherited.

The owner of an already existing holding or the tenant of a rented land who is cultivating his property or his rented land systematically and who has cleared the cultivable lands so as to bring them under cultivation and who wishes to acquire more land may, if his request is considered to be well grounded and necessary, obtain a loan. Anyone applying to the fund for a building loan must show that he has acquired an agricultural holding or a homestead or additional lands for settlement. Anyone applying for a cultivation loan must show that he has acquired an agricultural holding or additional lands.

At the time of the examination of applications for building or cultivation loans, it must also be established that no price higher than that prescribed by the law has been paid for the holding or for the additional lands and that the economic position of the applicant is not compromised by debts contracted.

Holdings established by the help of the funds of the bank and transferred with right of possession to the landless population, and also the holdings the formation of which is facilitated by these funds, must be subject to the legislation in force on land settlement holdings.

The Land Settlement Fund loans are given on the surety of at least two persons who are shown to be solvent and who are approved by the Committee. If the loan exceeds 5000 marks, a mortgage must always be obtained on the property. The lower limit of the loans is 1000 marks. For the purchase of agricultural holdings and additional lands, loans of 60,000 marks at most are made, for the purchase of homesteads, loans, of 15,000 marks at most. For buildings on the agricultural holdings, loans of 20,000 marks at most are granted, and for additional lands, loans of 15,000 marks at most, not however more than 75 per cent. of the value of buildings, and for crops at most 75 per cent. of actual expenses without exceeding 15,000 marks.

On loans for the purchase of lands, given by the fund, the interest is in general, 4 per cent. per annum, and on loans for building or cultivation it is 5 per cent. per annum. The loans for the purchase of agricultural holdings and additional lands must be amortised at latest in 22 years and those for the purchase of a homestead in 15 years at most. The building loans must be repaid by amortisation in a period of 10 to 20 years and cultivation loans in a period of from 5 to 15 years.

Loans for purchase of additional pasturelands are granted on farmland where the area of the cultivated fields is at most 10 hectares, the maximum sum loaned being 6,000 marks. An additional 6,000 marks at most may be lent for formation of meadows on farmlands of the area stated. Exceptional loans are granted under certain restrictions up to the end of 1929, to independent tenants and to other small holders, for the payment of the part not yet paid of the price of the land or of the debt contracted for this purchase.

Out of the funds allotted by the Legislature for the land settlement work of the State, a sum of 2 millions of marks was in 1922 placed at the disposal of the Department of Land Settlement for improvement of housing accommodation of agricultural workers. During the years that followed, the Department also received fresh subsidies for this purpose, so that at the end of 1928 the total sum available was 21,143,000 Finnish marks. In accordance with the lines laid down

on 15 July 1922 by the Council of Ministers, loans are made from this fund through the communes to persons depending for their livelihood on farm work or subsidiary occupations or on manual or vocational occupations in connection with agriculture. The loans are granted for the construction of dwellings, consisting of two or three rooms that can be heated, on land belonging to the applicant or on State land or communal land the lease of which must run for at least 20 years. The land settlement committee of the commune deals with the allocation of these loans as well as of the land settlement funds, but these loans with the building plans must be submitted to the approval of the Department. The loans vary between 5,000 and 12,000 marks, but they must not exceed 75 per cent. of the value of the buildings. The interest is four and a half per cent. and the loan is amortised in 15 years. Out of the interest, the commune is empowered to use one per cent. to cover expenses, the remainder, three and a half per cent., may be distributed by the Department of Land Settlement under the form of building prizes of 500 to 1500 marks to those who have obtained the loans. Up to the end of 1928, the Department has granted in all 2,594 building loans.

In 1927, a law was passed relating to the fund to provide "homes for all", a fund from which loans for the objects already mentioned may also be allotted.

#### 7. — *The law on land settlement holdings.*

As the State and individuals have made sacrifices and will continue to make them in order to improve, by the help of land settlement, the position of the landless population, it is essential to see to it that what has been achieved may be maintained. For this reason it is not possible to leave quite apart from State supervision and control the holdings formed for the landless population. The law of 1918 on the expropriation of lands held on farming lease and the ordinance of the same year on small holdings, already contained provisions restricting the enjoyment of these holdings. These provisions have now been cancelled and are replaced by the law of 29 May on land settlement holdings.

Under this law fall all the holdings formed by expropriation in virtue of the law of 1918 in regard to the purchase of rented lands and of that of 1924 on fishing tenures, as well as holdings formed by the purchase, by voluntary agreement, of rented lands, and paid for in advance out of the public funds. The law applies also to holdings formed for land settlement purposes, by purchase or otherwise, on farms on State lands and the wooded lands of the State and on the farms on ecclesiastical lands. It applied also to holdings formed in virtue of the law on land settlement, and to holdings established either directly or indirectly by the State or the commune for the benefit of the landless population, or to those the establishment or purchase of which has been facilitated by State loans. The object of this law is to secure that these holdings remain in the hands of the landless population; it is also intended to prevent speculation and to keep the price of holdings in relation to their value and their yield capacity, so that, even if the land settlement holding changes hands, the new holder can make something out of it and even prosper in spite of the price which he has to pay. With this object first the State, and then the commune have the right, when a holding which was formerly a land settlement holding or a part of one is sold or changes owner, to repurchase it with priority at a price estimated in the manner prescribed by the law. In addition the permission of the land settlement committee must be asked for the leasing of a land settlement holding or of a part of one, and the committee may forbid the same person to own several land settlement holdings. Such a

holding can no longer be divided between owners without the consent of the committee. In addition if the holding has been formed in virtue of the law of 1918 on the expropriation of rented lands, the crops and the buildings must be maintained in good condition and insured against fire, otherwise the expropriation price paid in advance by the State may be revoked.

The law does not limit the right of the owner to sell timber belonging to the holding; sale of timber is only prohibited during the time that the agricultural holdings are subject to priority of purchase by the State or the commune. On the other hand, by the law of 28 April 1925, the utilisation of forests is restricted on agricultural holdings which were formerly land settlement holdings and are formed on the State forests and State lands or ecclesiastical lands or constituted in virtue of the land settlement law. In so far as such a holding is a pledge for the credit of the State, and in so far as it is a question of holdings formed in the State forests or in accordance with the land settlement law, on which the necessary dwelling houses and farm buildings have not been erected, nor have as much as two hectares of farmland been cleared and brought under cultivation, the timber cannot be sold if the probable consequence would be to interfere with the regular meeting of requirements of the holding in forest products or to render the credit of the State insecure. It is for this reason that the settler must give notice 30 days in advance to the local land settlement committee of any cuttings he intends to make and the committee may forbid the sale or felling of the timber.

The holding remains subject to the provisions of the law during 20 years beginning from the time of registration on the Land Register. A holding formed in the State forests or in virtue of the land settlement law is however only freed on the basis of a decision of the Department of Land Settlement as soon as there has been constructed on the homestead a dwelling house and outhouses and as soon as at least two hectares of farmland has been brought under cultivation.

### III. — THE RESULTS OF THE LAND SETTLEMENT WORK.

#### 1. *The conversion of rented lands into freehold.*

This undertaking is nearly completed. Up to the end of 1925 the farm leasing committees dealt with in all 90,296 purchasers of rented lands (1) including 80,252 feudal holdings situated on private property, 5,128 such holdings situated on lands on ecclesiastical property and 4,617 on those of State lands, as well as 299 fishing leases. In addition the application has been made for the purchase of 2,175 feudal holdings situated on the State forest lands. Thus at the end of 1925, the purchase of 92,471 holdings had been carried out or requested. This figure does not include rented lands which have been purchased without the agency of the farm leasing committees. An estimate of a little over 100,000 may be made of the number of tenures converted into freehold since 1918. At the end of 1928, the land survey officers had delimited in all 101,949 former holdings which had become independent. As has already been mentioned the farm leasing committees have to endeavour to secure that the persons concerned agree among themselves as to the purchase transaction. Satisfactory results have been attained, as nearly half of the purchase transactions have been settled by agreement.

(1) The number of tenants who became landowners from 1920 to 1927 was 96,587. Kyösti Haataja: Land Reform in Finland. *Bank of Finland*, No. 12, Helsingfors, December 1928.

Out of the distribution decisions relating to the holdings converted into freehold and allocated, up the end of 1927, up to the present time 66,508 have been examined. These distribution decisions related to 23,617 holdings and 24,411 homestead plots. The average area of the holdings converted into freehold is 18.5 hectares, including 4.7 hectares of cultivated lands, 13.3 hectares of land which is cultivable but not utilised and of wooded lands, and 0.5 hectares of non cultivable lands. The average area of the homestead plots is 0.76 hectare, including 0.35 hectare of cultivated lands, 0.39 ha. of lands cultivable but not utilised and of wooded lands and 0.02 ha. of non cultivable lands. The average price at which the holdings were purchased was 8,667 marks or 468 marks per hectare. For the homestead plots, the corresponding prices were 826 and 1,079 marks.

### 2. *The voluntary land settlement work of the State*

At the end of 1926, the land settlement fund amounted to 160 million marks later at the end of 1928, to 253.5 million marks, including 55 millions of borrowed money. At the end of 1926 there had been purchased with the resources of this fund 11,960 agricultural holdings, 6,746 homesteads and 5,216 additional lands of various types (1). Of these holdings 20,923 were bought by means of the land settlement banks, 439 by the communes, 267 by the co-operative societies for land purchase and 2,293 for the account of the State. The land settlement fund has granted 14,467 building loans and 5,255 cultivation loans. In this way the fund up to that date had provided 491,645 hectares of lands for settlement (2). The average size of the agricultural holdings constituted by the direct land settlement work of the State was 38.3 hectares, and that of the homesteads was 2.8 hectares; before 1920 the average price of the hectare with buildings and forests was 88 marks, and after 1920 it became 725 marks. The average area of the agricultural holdings purchased through the land settlement banks was 27.8 hectares and that of homesteads 2.3 hectares, up to 1 May 1924; after that date, the former have an average area of 24.5 ha. and the latter of 1.9 ha., the average area of additional lands being 8.7 ha. Before 1920 the purchase price was 107 marks per hectare, and 864 marks after that date.

The work of land settlement has thus increased by nearly 100,000 the number of independent holdings. If on the basis of the statistics of 1901, it is reckoned that each household may be counted as on an average five persons, it is seen that nearly half a million persons, or 15 per cent. of the population of Finland have benefited by the work of land settlement. In 1901, there were in Finland 110,629 independent agricultural holdings. In 1910, the households had 125,172 independent holdings of more than 0.5 hectare of farmland; in 1920, this number had become 182,373 and in 1930 it will probably approach 300,000.

The proportion between the different size groups of farm holdings in Finland appears from the figures of the 1920 statistics. The following table gives the number of holdings in 1920 of areas varying as shown:

(1) At the end of 1927, the respective figures were 13,419, 7,346 and 6,167 (*Statistical Yearbook of Finland, Helsingfors, 1928, p. 286*).

(2) Up to the end of 1927 this fund has supplied 533,026 hectares for the indicated purpose (*Ibidem*).

*All Rented Holdings.*

0.5-3 ha			3-10 ha			10-25 ha			25-50 ha			50-100			100 and upwards		
Independent	Rented	Communal	Independent	Rented	Communal	Independent	Rented	Communal	Independent	Rented	Communal	Independent	Rented	Communal	Independent	Rented	Communal
NUMBER																	
53,601	42,873	96,474	77,867	20,391	98,258	37,042	4,077	41,109	10,845	780	11,125	2,634	202	2,836	884	53	937
PERCENTAGE																	
29.4	62.7	38.5	42.7	29.8	39.2	20.3	6.0	16.4	5.7	1.1	4.4	1.4	0.3	1.1	0.5	0.1	0.4

These figures show clearly that Finland is a country of small holdings.

As regards the composition of the farming class, there are no statistics later than 1901, so that the figures given below are no longer as existent. This year the agricultural population which constituted 63.1 of the population of the whole country was distributed as follows by households :

Households of					
Landowners	Tenants of the Crown	Tenants	Hut occupiers	Farm labourers engaged by year	Job or seasonal labourers
94,484	8,715	48,943	57,364	17,813	181,105
32.5 %	3.0 %	16.8 %	19.8 %	5.9 %	22.0 %

In reply to the question as to whether the land settlement work has contributed to increase crop production and at the same time to make it more systematic, exact numerical data cannot be furnished. It may however be readily noted that agriculture has in the last few years made great progress on the holdings which have been purchased and that a most commendable interest and zeal has been shown by the new holders for the improvement of their property.

It is the custom in Finland for purposes of soil improvement to put clay or sand on the fields in the case of marshy lands and to put marsh soil on the hard soils. The utilisation of lime for soil improvement is somewhat rare.

These last years, no changes of any note have been made in the distribution of the fields among the different crops. The distribution in percentages for the years 1910, 1920 and 1923 is shown here :

Cereals	1910	1929	1926 (1)
Cereals . . . . .	41.3	38.3	38.2
Hay and green forage . . . . .	41.4	46.1	47.1
Potatoes and tubers . . . . .	4.6	4.1	4.2
Fallow . . . . .	12.5	10.0	9.6
Miscellaneous . . . . .	0.2	1.5	0.9
	100.0	100.0	100.0

(1) In 1927 the distribution was as follows : cereals 38.3, hay and green forage 47.6, potatoes and tubers 4.4, fallow 8.9, other crops 0.8 per cent. (*Ibidem*, pp. 80-81).

Over the whole of Finland, the area in hay has thus increased while the cultivation of cereals and the fallow land has diminished during the same time.

Cereal crops are grown in Finland solely for the requirements of the country itself. The proportion of the different cereals in the total area of the fields is here shown for 1910, 1920 and 1925.

	1910	1920	1925 (1)
Wheat . . . . .	0.2	0.5	0.7
Rye . . . . .	12.9	11.5	11.0
Barley . . . . .	5.9	5.8	5.1
Oats . . . . .	21.4	19.6	20.4
Meslin . . . . .	0.4	0.4	0.5
Peas . . . . .	0.5	0.5	0.5
Total . . . . .	41.3	38.3	38.2

The largest proportional increase is thus that of wheat. The area devoted to the cultivation of barley and rye has diminished, and that of oats and the other cereals remains the same.

The only industrial plants grown in Finland are the sugar beet, flax and hops. There is one factory for the utilisation of beet. The area under sugar beet is only about 1,000 hectares, but it is increasing yearly. The area under hops and flax expressed as a percentage of the total area under cultivation for 1910, 1920, and 1925, is as follows:

	1910	1920	1925 (2)
Hops . . . . .	0.08	0.3	0.3
Flax . . . . .	0.30		

The eight hours' day is in force in Finland. In agriculture, the working day is considerably longer than eight hours in summer and shorter in winter. On the peasant holdings where the work is done by the persons owning the land the working day is as a rule perceptibly longer. The Society for improvement of output from work, which has been active in Finland for a number of years, has done much to render work more effective in agriculture.

The manufacture of farm machinery in Finland is considerable and machines are even manufactured for export. The volume of this export is about 10,000,000 marks per annum. In particular there is an export of separators. Agricultural machinery is imported yearly to the value of about 30,000,000 marks, mainly reapers, seed-drills, harvesters and electric motor engines. The demand for ploughs, harrows, threshers, steam tractors and motor engines is covered by the home manufacture.

At the end of 1925 there were in Finland 575 dairies, including 455 co-operative dairies. In 1926 the output was 18,000,000 kilogrammes of butter and 3,600,000 kg. of cheese (3). After the products of the timber industry, butter

(1) In 1927 the corresponding figures were as follows: 0.8; 10.6; 5.0; 20.8; 0.5; and 0.6. (*Ibidem*).

(2) The percentage of flax and hemp taken together in 1927 was 0.2. There is no special return for hops (*Ibid.*).

(3) At the end of 1927, the number of dairies was 611, including 505 co-operative. The total production of butter in 1927 was 22,320,000 kg., that of the co-operative dairies was 20,975,000 kg. In the same year the cheese production was 4,189,000 kg., of which 2,826,000 kg. were produced by the co-operative dairies (*Ibid.* p. 86-87).



and cheese are the main articles of export from Finland, and in 1925 the value of the exports of butter and cheese was 555,000,000 marks. In that year, the value of the exports of agricultural products was 773,000,000 marks, or 13.9 of the value of the total exports (1).

Among the other industrial establishments which handle agricultural products, the following may be mentioned: a sugar factory utilising the products of an area of about 100 hectares in South-west Finland; a linen factory the annual output of which amounts to about 50,000,000 marks; while the value of the output of the flour mills is about 400,000,000 marks.

Loans for the erection of dwelling houses and farm buildings are made to the occupiers of new holdings from the land settlement banks. Up to the end of 1928, the total number of loans of this type made was 20,709, the average value being 7,685 marks. The land settlement banks also grant cultivation loans, 5,255 having been granted up to the end of 1926, the average amount of the loan being 3,642 marks.

### 3. *Agricultural credit.*

The following organisations provide agricultural credit in Finland: the Mortgage Company of Finland, the Savings Banks, the co-operative banks, insurance companies, and also certain funds and commercial banks.

At the end of 1928, the total amount granted in mortgage long term credit to farmers by the different financing organisations was as follows:

Savings banks . . . . .	475	millions of marks
Mortgage Company of Finland . . . . .	163.5	" "
Co-operative banks . . . . .	107	" "
Life Insurance Companies . . . . .	483	" "
Agricultural Land Bank, Ltd. . . . .	11.7	" "
" Kansallis-Osake-Pankki " Bank . . . . .	11.7	" "
Total . . . . .	1,250.0	millions of marks

The co-operative banks, the savings banks and the commercial banks provide credit for working capital for agriculture.

At the end of 1927, there were 1,399 co-operative banks and the Central Loan Fund of the co-operative banks had credits for a total of 531 million marks. The capital at the disposal of this Central Fund is for the most part derived from loans made to it by the State.

In addition to these credits, the State has granted to the agricultural population credits for other purposes, also, either directly or through the communes and the co-operative banks. The total of the credits granted by the State amounted at the end of 1926 to more than 350 million marks.

(1) In 1928, the value of the butter and cheese export was 490,844,000 marks. The butter export in 1927 was 15,076 and in 1928, 13,376 tons. The decrease was mainly due to the increase in the home consumption. Increased exports of butter are however reported for the first five months of 1929, the export being during that period 8,005 tons, as compared with 6,096 tons in the first period of 1928 (*Finnish Trade*, Nos. 4-5. Helsingfors April-May 1929, pp. 72-73).

#### 4. The productivity of agriculture.

The proportion of working capital in the total capital engaged in agriculture has increased since the world war. This is a result of the utilisation of machinery and of the efforts which have been made to improve the quality of the live stock, more especially of the cattle.

The much larger utilisation of fertilisers, a more effective cultivation and the introduction of improved seeds have noticeably increased the natural production of farming. The value of this production of course varies very much from one year to another, according to the prices.

During the accounting year 1925-26, the percentage of the profit capacity of agriculture in Finland was on an average 6.2 per cent., but on the basis of estimates made subsequently, it shows a tendency to fall so as to bring it below 5 per cent. for the year 1926-27 (1). As the capital invested in buildings and the working capital, as well as the total capital engaged in agriculture are proportionately greater for the small holders than for the medium or large holders, the percentage of profit capacity is as a rule lower with the small peasant farmers than with the large farmers. On the contrary the net cash return per unit of area increases regularly as the area diminishes.

The total production of agriculture in the strict sense is estimated at the present time at 6 milliards of marks, or about 40 per cent. of the social income of the whole country. The net profit of agriculture is at present about 900 million marks, or one twentieth of the total income of the whole of Finland. In 1925-26, on the holdings where accounting was carried out, the gross income was 2,631 marks per hectare, the costs of farming 2,132 marks per hectare, leaving a net profit of 499 marks per hectare (2). It should however be observed that more energy is expended on the cultivation of such holdings than on the others, on the average, in Finland.

The following are the figures for the different size groups :

Area of field	Per hectare of cultivated fields		
	Gross income marks	Farming cost marks	Net profit marks
Less than 10 hectares . . . . .	4,195	3,582	613
10-25 hectares . . . . .	2,864	2,444	420
25-50 hectares . . . . .	2,727	2,118	609
50-100 hectares . . . . .	2,388	1,914	474
over 100 " . . . . .	2,383	1,917	466

#### 5. Trade in agricultural products.

During the last few years the peasant farmers have sold on the market nearly 60 per cent. of their total production. In 1925, agricultural products have been exported for a value of 773 million marks, and in the same year cereals and their derivatives have been imported to a value of 965 million marks, as well as animal food stuffs, especially pork meats and preserved meats, with fish, to a value of

(1) In 1926-27 the percentage return on capital engaged was on an average 4.9 (*Statistical Yearbook of Finland, 1928, p. 90*).

(2) In 1926-27 the average gross income per hectare was 2,720 marks, the farming costs 2,284 marks, and the net income 436 marks per ha. (*Ibidem*).

110 million marks, fruits, etc. for 108 million marks, sugar for 367 million marks, in all, 1,442 million marks. In addition forage has been imported to the value of 249 million marks. In this same year the total value of the exports was 5,552 million marks, and the total imports 5,519 million marks (1). The central Union of co-operative dairies, "Valio", takes a leading position as regards the export of agricultural products. The Central Co-operative society "Hankkija" is a large undertaking which has a large proportion of the trade in farm requisites. There is a considerable diffusion of co-operative societies in the country districts.

The official testing station deals with the quality of the butter and cheese for export. For facilitating export, wharfs, warehouses and ice-breakers have been built.

#### 6. Prices of agricultural products and requisites.

For 1924-25 the index-number of agricultural products had been calculated at 1,166 and that of the farm requisites at 1,021 (2). The following are the average prices of the principal products and requisites in Finnish marks during the financial year 1926-1927:

Milk 10 kg. . . . .	15.2 marks	Soya beans 100 kg. . . . .	210.0 marks
Butter 100 kg. . . . .	294 "	Chili nitrate 100 kg. . . . .	275 "
Cheese 10 kg. . . . .	131 "	Norwegian nitrate 100kg. . . . .	195 "
Beef 10 kg. . . . .	75 "	Bone meal 100 kg. . . . .	108 "
Pork 10 kg. . . . .	127 "	Superphosphate 100 kg. . . . .	77 "
Rye 100 kg. . . . .	240 "	Basic slag 100 kg. . . . .	55 "
Barley 100 kg. . . . .	220 "	Potash salts 100 kg. . . . .	122 "
Oats 100 kg. . . . .	165 "	Cement barrel . . . . .	112 "
Potatoes 100 kg . . . . .	70 "	Bricks per 100 . . . . .	750 "
		Nails 10 kg. . . . .	38 "

(1) In 1927 the total value of the agricultural products exported was 735,777,000 marks and the same year that of the cereals and derivatives imported was 653,318,000 marks, this being the principal item of the imports. Foodstuffs of animal origin were imported to a value of 113,919,000 marks, and fruits, vegetables, etc. for 139,463,000 marks. The same year the value of the total exports was 6,286,507,000 marks and that of the imports was 6,385,881,000 marks. The timber export and export of worked timber represents in itself more than half the whole export and it amounts to 3,711,102,000 marks (*Ibidem*, pp. 120-121). The total of the exports for 1928 has somewhat diminished in comparison with 1927; the 1928 figure is 6,243,300,000 marks, while the imports have increased very considerably amounting to 8,011,800,000 marks. During the same period, the timber export fell to 3,481,300,000 marks, while the value of the cereal import rose to 993,300,000 marks; the import of forage and of seeds rose from 266,100,000 marks in 1927 to 432,900,000 marks in 1928, etc. (*Bank of Finland*, No. 1, January 1929).

(2) The index-number of the wholesale prices of agricultural products and manufactured products and of the prices of exported and imported products, has undergone during the years 1926-1927 the following variations (1913 = 100).

	1926	1927	1928
Animal products . . . . .	133	132	142
Plant products . . . . .	168	168	158
Textile products . . . . .	153	155	165
All products . . . . .	142	145	145
Products prepared and consumed in the country . . . . .	143	145	147
Imported products . . . . .	144	145	141
Exported products . . . . .	137	146	145

(*Bank of Finland*, No. 3, March 1929).

### 7. *The drift to the country districts.*

In the regions of the Carelian Isthmus bordering on the Russian frontier there is an excessive influx of population and an exaggerated splitting up of holdings. These conditions have been produced under the influence of the neighbourhood of St. Petersburg (Leningrad) with its millions of inhabitants, and the position has not been much improved since the independence of Finland.

In the work of land settlement it is endeavoured to find land for applicants in their native land. For the present there is no settlement by immigration. No emigration from the towns to the country districts has taken place as the result of the land settlement activity.

### 8. *Insurance in the country districts.*

There is in force in Finland a workers' insurance applying to all the workers who work at least 6 days per year. The number of insured persons is at present 60,000.

There is no hail insurance. Fire insurance is general although total of insurances is relatively low, especially in consequence of the inflation in the price of buildings. Live stock insurance is somewhat rare in Finland; only 1.8 per cent. of the cattle and 9 per cent. of the horses are insured.

### 9. *The agricultural balance sheet.*

A few estates only undertake regular book-keeping. The large estates, belonging to industrial establishments, to the State and to the communes, as well as the large private estates have of course adopted farm book-keeping. There are nearly 400 estates which keep accounts in such a method that the Department of Agriculture can make calculations as to the output of agriculture.

It should be noted that even small farming gives a profit in addition to the earnings of agricultural work. A statement has been made as to these profits on agriculture earlier in connection with the productivity.

On the balance sheet, account is taken on the side of expenditure not only of the inventory; but also of the cash expenses necessitated by the farming, the cost of boarding the farm hands, the labour earnings of the farmer and family, the forest products utilised in agriculture and the pasture products used in the forests. On the receipts side, the agricultural capital at the end of the year, the income in cash from the farming, the contributions in kind to the benefit of the other branches of the economy, such as food and housekeeping expenses, forest economy, subsidiary earnings and private economy.

In the money income of cultivators in Finland, agricultural returns constitute 70 per cent., forest returns 15 per cent. and subsidiary earnings 10 per cent., the remainder 5 per cent., coming from lodging, board and private sources. Out of the expenditure in money, 60 per cent. go to farming, 9 per cent. to board, 10 per cent. to taxes, interest and pensions, and about 15 per cent. to private expenditure. Expenditure for forest requirements and for subsidiary sources of income are about 3 to 4 per cent.

### 10. *Taxation of farmers.*

The direct taxes of the peasant farmers constitute about 4 per cent. of the money expenditure of the peasant farmers. There are no figures available showing the total of indirect taxes.

*II. The general development of land settlement work.*

The work of converting the rented lands into freeholds is on the whole well developed and it will probably be completed in a few years.

The formation of new holdings and the remainder of the land settlement work will probably be carried on more actively in the course of the next few years.

On the whole the work of land settlement has exercised a favourable influence on social conditions in the provinces. There is, however, no exact information on this subject.

## LATVIA

*A few words of preface may be added outlining the natural and economic conditions under which the agrarian reform has been effected in Latvia.*

*Situated on the North-east of Russia, Latvia consists of the southern part of the former Russian province of Livonia, the former Russian province of Courland, as well as a part of the former Russian Government of Vitebsk, the territory of Lettgal. It is bordered by Esthonia, the U. S. S. R., Lithuania and the Baltic Sea. The distribution of territorial area is as follows (in thousands of hectares): cultivable land 1,677 (25.5 per cent.), meadowland and pasturage 1,666 (25.3 per cent.), woods and forests 1,780 (27.1 per cent.) and other lands 1,456 (22.1 per cent.). While in the past the cereal crop was the main crop, for some time increasing attention has been given to stock breeding and this now supplies nearly half the income in the sphere of agriculture and dairying, the production of which amounts to more than 30 millions of gold francs per year. One-third only of the income comes from the cultivation of the fields.*

*According to the estimates of 1 January 1928, the population of Latvia was 1,833,189 persons, or a density of 28.6 per square kilometre. According to the census of 1925 nearly two-thirds of the inhabitants of Latvia belonged to the rural population, or 60.99 per cent., while 12.61 per cent. were engaged in industry, 49.1 per cent. of these being engaged in the industry of animal products, 6.13 per cent. in trade, 3.52 per cent. on communications and transports; 2.92 per cent. are intellectual workers; domestic servants are represented by 1.99 per cent.; there are 1.54 per cent. in the administration, 1.24 per cent. in the army and navy, and 9.6 in the other professions*

*As regards commercial treaties, Latvia follows a policy on the lines of the more favoured nation principles, but introducing a special clause known as the "Baltic and Russian clause" reserving privileges to the Baltic States (Finland, Esthonia and Lithuania) and to the U. S. S. R.*

*It may be added that Latvia is the first country of Europe which succeeded in stabilising its exchange after the war, and in attaining gold parity, the date of stabilisation being 12 November 1921.*

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### I. CAUSES OF THE AGRARIAN REFORM.

Before the agrarian reform, 48 per cent. of the present territory of Latvia forming an area of 6,267,400 hectares, or more than 3 million hectares, consisted of lands belonging to feudal lords; 10 per cent. of the area belonged to the State; 1.5 per cent. to the communes of the towns and one per cent. was the property of the parishes; 39.5 per cent. only, or 2,467,000 hectares, belonged to peasants. Thanks to such a distribution of the lands the number of persons living in the country and without land were reckoned at half a million. For these, since the large estates suffered from shortage of labour, the difficulty was not to earn their living but to obtain holdings which they could cultivate on their own account. A whole series of tendencies set up by economic and social difficulties or by the differences resulting from nationality or history between the inhabitants of the present Latvia,

were at work long before the war, and under the influence of the revolutionary happenings occurring in neighbouring countries, they brought about a reform which has completely modified the structure of Latvian agriculture. The causes leading to the agrarian reform must also be sought in the economic difficulties created by the war; the soil had been neglected and no soil improvement had been attempted; live stock and farm buildings had been in part destroyed. Many large estates had been deserted by their owners, either on account of the devastation which had come about or because the owners in question had taken part in a movement of enemies against the new State. All the abandoned estates, to the number of 629, as well as 16 estates belonging to parishes passed immediately under the management of the public authorities who thus had 800,000 hectares at their disposal. These large estates were at the time worked by the State, in order to procure food for the population.

The agrarian reform was inevitable also for political reasons. The large majority of persons deprived of lands might very easily have become involved in revolts after a Russian occupation. The people moreover were opposed to the nobles, the majority of whom were of foreign origin and by whom they had been oppressed for centuries.

The great estates were abandoned by their owners during the war. In the form of holdings let on share-tenancy, they were made available for agricultural workers who possessed the necessary implements; after the agrarian reform the workers to whom the farms newly formed had been assigned had the opportunity of farming lands of their own. At the beginning of the agrarian reform, all the feudal estates were farmed by the former labourers or by servants who had formerly been attached to the estates.

## II. LEGAL BASES OF THE AGRARIAN REFORM.

### I. *Fundamental principles of the Agrarian Legislation.*

The main object of the agrarian reform is to facilitate assignment of the lands to landless workers who will undertake to farm the lands they obtain. In view of this object a State land reserve has been constituted including (a) State lands, (b) lands of private persons and of parishes in which the farming units exceed 50 to 100 hectares. The industrial enterprises, or factories, taken in the narrowest sense, and lands belonging to charitable and scientific institutions, and meeting the immediate requirements of such institutions are considered inalienable. The lands mentioned under (b) are expropriated and their ownership passes to the State in accordance with the law, beginning from the day when it came into force. Farmlands belonging to towns pass to those who previously cultivated them on the same conditions as the lands incorporated in the land reserve. In exchange the towns receive lands the value and area of which is equal to that of the farmlands transferred. Buildings, forests and waters come under the land reserve, together with lands.

Exemption from alienation is granted to industrial establishments (factories, works, manufactories) which have not the function of transforming agricultural products of the country or of preparing requisites for the local agriculture. Also the following are inalienable: farming material of an estate belonging to an owner or tenant, whenever the owner or the tenant themselves guarantee the farming of the estate.

All engagements and contracts concluded as regards the farming, the sale and

letting of the alienated estates are considered as null and void, apart from exceptions specified in the law.

The expropriation of forests relates to all owners without distinction of nationality, religion and rank.

The lands of the rural fund of the State are to serve for the formation of new farms which may have an area of more than 22 hectares of cultivable lands.

Small farms already in existence and the area of which is less than 15 hectares which is regarded as the normal area, may be enlarged, so far as possible, up to the limit fixed for the newly formed holdings which are all of the type of 22 hectares.

In order to organise horticultural undertakings in accordance with the requirements of the country, a part of the lands are given to the State in fractions of 10 hectares; land may be given in fractions of two hectares at most to persons whose main occupation is not farming (artisans' holding). In addition lands are assigned to economic undertakings, to municipal institutions, or in accordance with social and scientific requirements in the proportion considered essential and in accordance with the purpose for which such lands are worked.

Every Latvian citizen without distinction of nationality or creed not possessing land or possessing less than the 15 hectares, fixed as the standard for the new holdings, and undertaking to farm the land assigned to him, has the right to receive a part of the State land reserve. No consolidated rural property on the lands of a feudal estate may be divided if it is of the nature of a local peasant farm and does not occupy more than 100 hectares. If the area is more than 100 hectares, the surplus is removed.

The lands of the State land reserve, on which are found very dense population grouped into villages, towns or parts of towns, may be left with the tenants to whom they were assigned by the former owners.

*2. Administrative bodies to which the work of carrying out the agrarian reform is entrusted.*

With a view to ensuring the agrarian reform, agricultural organisation committees are instituted in the rural communes, towns or villages and districts. The Central Committee has the duty of ascertaining and directing the utilisation, the division and the assignment of lands, taking into account the advice given or the resolutions passed by the committees of the rural communes (towns or villages) and by the district committees.

The communal land organisation committee consists of five members elected on the proportional vote by all the citizens of the communes who have the right of voting. Since all citizens take part in the elections without distinction of nationality or sex, provided they have the right to vote, the persons elected on to the communal committee may represent all the social classes — the large and small rural landowners, tenants, artisans, the intellectual classes, traders and workmen. The committees of the towns or of the villages consist also of five members elected on the proportional vote by the members of the Municipal Council, and in addition, of the surveyor of the area and a representative of the Ministry of Agriculture.

The District Committees consist: of four members of the District Council elected on the proportional vote and of two substitute members, — the representative of the Ministry of Agriculture, a representative of each of the Ministries of Justice, Finance and Industry, of the district surveyor. The towns of Riga, Jelgava and Liepaja send two representatives to the District Committee.



The Central Committee consists of six representatives of the Government, six members of the Saeima elected by it and of a chairman appointed by the Government represented by the Minister of Agriculture.

In view of the fact that the agrarian reform is being done by stages and by utilising the experience acquired, changes are being made in the nature and the composition of the Land organisation committees, not however of an essential character. In addition, the competence of the communal committee are transferred to the Communal Council and that of the town committees to the Municipal Council.

### *3. Classes of land subjected to reform.*

The law of the agrarian reform refers to the lands and to the large noble properties specially registered, to the lands and estates of the State as well as to lands belonging to the Church and to the municipalities.

The lands were alienated by the method of forced expropriation. All the feudal estates were seized, as well as the lands belonging to the Church and to the communes except for an area of land of 50 to 100 hectares which is left to the former owner of the expropriated lands, the 50 hectares left to the Church, and those communal lands which are essential to the present needs of the towns.

In accordance with the agrarian law the Land Office deals with all the State lands, the forests of the landed estate of the State, the waters and the lands which are non-cultivable. Places of importance from the historic and archaeological point of view, those of special natural beauty, those containing underground wealth cannot be divided but remain as State property under the control of the State. The forests belonging to the rural reserve of lands are worked under the supervision of the forestry department. Fishery rights are granted to private persons and to societies.

Easements or charges on lands incorporated into the rural reserve are abolished. There are also abolished easements on real property on account of the inconvenience in the execution of the agrarian reform; all other charges remain in force.

### *4. Formation of new holdings and enlargement of already existing holdings.*

According to the law of the agrarian reform the division of the State lands should be made in the first place in favour of the small holdings already existing but in view of the fact in the greater part of Latvia there were not many such holdings, the rural reserves were used for the formation of new holdings. The area of the estate on division is assigned as follows: to the newly formed holdings 81 per cent., for additions of land for the requirements of small holders 6 per cent. and otherwise, 13 per cent.

All the small agricultural holdings and in consequence all additions of lands to these holdings are considered as inheritable property.

Persons who took part in the struggles for the liberation of Latvia have the preference in the assignment of agricultural holdings. With a view to the promotion of industry, special education and capital is taken into consideration, but in view of the new holdings, farming material. New holdings are granted to persons from 18 to 65 years of age.

In accordance with the instruction on the distribution of lands, all applications for the possession of lands are classed into seven groups as follows:

- I. Applications made by Government and communal authorities,
- II. Applications made by small holdings for additions of land.

III. Applications made by small local holdings the rural ownership of which was incorporated into the reserve of rural lands or assigned to neighbouring holdings so as to enlarge these.

IV. Applications relating to holdings of agricultural type which have been for a long time farmed by the cultivators on the spot.

V. Applications relating to the requirements of small holdings already existing in view of restriping so as to constitute consolidated holdings.

VI. Applications relating to newly formed holdings the tenants of which have put their labour and their capital into the holdings for 10 years.

VII. All other applications made in view of the formation of new holdings.

The applications above indicated are classed for attention in the following groups :

Class I includes citizens of communes without land, who are: 1. holders of the knightly order of Lačplis, 2. members of families of those who fell in the Latvian armies during the war, 3. disabled men of the Latvian army.

Class II includes all the citizens mentioned in the first class if they are: 1. soldiers who have served in the Latvian army for six months or have taken part in the struggles for the liberation of Latvia; 2. members of families where the breadwinners were Latvian sharpshooters killed on the Northern front up to 1 November 1917; 3. families where the breadwinners were killed in the struggle against the Russian autocracy and for the liberation of Latvia in 1905 and 1906; 4. those who took part in the struggle for liberation during 1905-1906 who were sentenced or have been disabled in connection with the repression of revolt or whose lands have been devastated

Class III includes all the citizens of the communes who are landless as well as citizens both living in the communes and enumerated in Class II

Class IV includes citizens who are landless and have sufficient farm stock for farming.

Class V includes all the other citizens with no farm stock who have made applications for assignment of land.

The artisans of the country may have small holdings not exceeding two hectares on the same conditions as the holdings newly constituted.

Co-operative societies may also have lands assigned to them.

##### *5. Average extent of land left to the owner and assigned to the peasants.*

At the choice of the owner or in accordance with instructions given by the Government, there is left to the former owner either a single holding if it exceeds 50 hectares, or several holdings or parts of holdings up to a total area of from 50 to 100 hectares. The value of these inalienable parts of the survey is higher than that of the newly formed holdings. In the terms of the law, the owners of farming material receive an indemnity based on the real cost of this material on the market. All the mortgage debts on real and other property of the alienated estate pass to the State. Industrial establishments are left to the owners which are not intended for transformation of agricultural products or for the preparation of products used in the local agriculture.

In this way non-alienated lands up to 100 hectares and including buildings are left to the former owners and as inheritable property.

The average area of lands assigned to the rural land reserve for newly formed holdings on 1 January 1927 in hectares :

Regions	The average area of the new holdings in hectares
Vidzeme . . . . .	14.86
Kurzeme . . . . .	16.18
Zemgalē . . . . .	14.40
Latgale . . . . .	13.67
Latvia . . . . .	14.79

Taken altogether, the holdings newly constituted and enlarged are considered as normal.

6. *The prices paid by the State to the owners per hectare of lands expropriated or transferred, and the prices paid by the peasants to the State.*

The State is expected to pay the mortgage debts for alienated estates and leaves without compensation the remaining parts of the non-alienated property. No other compensation is payable to the former owners. To facilitate settlement of the newly formed holdings, the value of the lands assigned by the rural land reserve is fixed very low : for lands giving an average return 10 lats per hectare, for the lands giving a higher return 20 lats per hectare.

7. *The rights of the peasants to contract subsequent mortgages on their holdings.*

In general, the building materials obtained by the settlers are supplied by the State forests. In the terms of the law of 21 December 1920 on building credits, the new owner was only to pay one-third of the cost of these materials ; from 1922 onwards he was only expected to pay one-fifth, and sometimes nothing was asked from him. In order to pay for these building materials, the settlers could obtain loans on long term first granted directly by the State, then by the Land Bank of the State, founded in 1922. During the building period, the borrowers only pay one per cent. interest. The sums loaned however are not very large. A loan is not to exceed 2,250 lats for wooden houses and 4,500 lats for buildings constructed of fire-proof materials. For a farm of less than 15 hectares, the extreme limits of the loans are 150 and 300 lats per hectare ; for artisans, they are 600 and 1200 lats respectively. During the five first years no taxes will be payable on the new holdings.

As the Land Bank of the State collects annual payments made by the settlers in payment for the lands they have purchased, it is endeavouring as soon as the legal formalities have been accomplished for the definitive transfer of the lands to the purchaser, to convert the remainder of the sum due and the total of the different loans into one long term loan secured by a single mortgage. As a general rule, the mortgage varies from 2,500 to 3,000 lats or from 5,000 to 6,000 lats if the land is taken up with the buildings. The interest on these long term loans is 4 per cent. and the period within which repayment must be made is 41 years. Independently of the interest, the settler pays one per cent. for the administrative expenses, a rate which has been reduced since 1 January 1928 to 0.5 per cent. In view of the difficult situation of agriculture in consequence of poor harvests

in the last two years, the interest at 4 per cent. has been lowered to 2 per cent. of the four years to come.

If the owner of the newly constructed holdings does not meet his obligations in regard to repayment of his debts, his goods may be seized in accordance with the law of the Civil Code.

#### 8. Consolidation of holdings in the execution of the reform.

The work of agrarian reform as relates to the peasant lands in Latgale provides only for the transfer of lands split into parcels on the farming units. There are farms which include up to 80 parcels or strips. The transfer of the parcels of land in the farming units was carried out within the terms of the law passed on 2 October 1924 (Measures relating to land distribution).

The treatment of lands thus separated as well as of strips of land separate and belonging to the same owner, with the object of grouping them into a single plot so as to form consolidated holdings, is carried out on the initiative of the owner concerned. The State is also expected to take the initiative in this matter. The interchange of parcels is done, as a rule, on the State initiative and is carried out side by side with the land distribution work of the State from the rural land reserve.

If for the purpose of formation of consolidated holdings the re-grouping of the separate lands is requested by owners who desire to accomplish this work by the majority of votes and taking into consideration the area of lands belonging to them, provision is made for owners to arrange separately for consolidation apart from a majority of votes, when the authorities for land distribution give consent.

Technical operations relating to the consolidation of separate lands are executed by the Minister of Agriculture, but on the request of owners these operations may be carried out by sworn surveyors. The consolidation plans must be approved by the competent authorities, *i. e.*, the land distribution committees.

The expenses involved in the execution of consolidation operations are paid by the owners at the price of 3 lats per hectare, and the remainder of the expenditure, representing about 5 or 10 lats per hectare, is payable by the State.

The regrouping of each holding is equivalent to an improvement in the technical farming conditions of small holdings and the changes made have a legal and financial importance.

The consolidation of the parcels of land is often associated with a change of dwelling house, and for that reason there are few households desiring change of residence: for the most part they remain on the spot.

#### 9. Legal form of the transfer of property.

Owners of newly constituted holdings receive the lands as inheritable property. The right of ownership may be transferred to a third person in accordance with the law of the Civil Code and with the consent of the State. The owners have the right to lease their lands, either in part or as a whole.

It is forbidden by the agrarian reform legislation for a single owner to unite more than 50 hectares of land, and anyone desiring to unite parcels of a total area of 22 to 50 hectares must obtain a permit from the Government which is only given on the understanding that lands are not to be divided into parcels of less than 10 hectares. Persons owning a number of farms at the time at which the law came into force were expected to dispose of them within three years. They

had the right only to keep one holding without limit of area, or several holdings or parts of holdings up to 50 hectares in all. The same rule applies to any person who shall in the future inherit several holdings covering in all an area of more than 50 hectares.

#### 10. *Village grouping of peasants and consolidated farmlands.*

Before the agrarian reform, peasant holdings were relatively large in Livonia and in Courland, the average extent being 30 to 40 hectares; in Latgalia, on the other hand, it was only 8 or 9 hectares. There are historical reasons for this great difference. Latgalia has been more fully affected than the other parts of Latvia by Russian agricultural conditions. The *mir* system was predominant in that region: only one-third of the farms were consolidated, while 49,500 farms were composed of lands which remained the common property of the village. The cultivators of these lands lived in villages, while in other parts of Latvia the consolidated farm was the prevailing feature and villages were so to speak unknown as places of residence for farmers. The agrarian reform has not made much change in the character of peasant grouping.

#### 11. *Provisions for succession in the rural family.*

The provisions of the Civil Code relating to the right of inheritance of landed property are not changed fundamentally by the agrarian reform. In the case when, in consequence of inheritance, several farms the total area of which exceeds 50 hectares are united in the hands of the same owner, the latter is obliged to sell part of the property within three years from the day of succeeding to the possession of his inheritance. He may choose any part of the property up to a total area of 50 hectares.

### III. — RESULTS OF THE AGRARIAN REFORM.

#### I. *Distribution of Rural Ownership and Social Structure of the Rural Population.*

When the first part of the legislation on agrarian reform was adopted the State was already in possession of half the estates which were brought under expropriation. The total area of the lands which fell into the State reserve of agricultural lands is 3,680,000 hectares, 81 per cent. of which are manorial lands, 17 per cent. Crown lands and 2 per cent. parish lands. About 12,000 farming centres and farm tenancies depending on these have been expropriated. In 392 cases, the former owners have kept 100 hectares, and in 857 cases, only 50 hectares, making in all 85,000 hectares. In addition some 200,000 hectares of land have been ceded to Latvia in accordance with the peace treaties and agreements for frontier rectification, bringing the whole available extent of land up to 3,900,000 hectares or nearly. About 2,200,000 hectares consisting in forests and waste lands have remained in possession of the State, while 1,738,000 hectares have been judged suitable for distribution. On 1 January 1928, the number of hectares already assigned was 1,490,000 or 86 per cent. of the available lands. The following table gives the supplementary details on the origin of the expropriated lands:

Character of lands	Private estates	Crown lands	Parish lands	Total
	ha.	ha.	ha.	ha.
Arable lands	1,409,501	188,782	56,456	1,654,739
Forests	1,128,446	362,374	4,063	1,496,883
Waste lands	447,902	76,578	4,311	528,791
Total	2,985,849	627,734	66,830	3,680,413

From 1919 to 1922, lands were distributed to the extent of 925,000 hectares, or nearly two-thirds of the total area assigned up to 1 January 1928. In the course of the following years, the work has gone on somewhat less rapidly. The minimum was reached in 1925, in which year only 76,000 hectares were distributed, but in 1927 the area of lands assigned once more increased and the figure of 100,000 hectares was reached.

On 1 January 1928, the main results of the agrarian reform were established as follows:

Type of farms	Number	Total area
New farms . . . . .	64,259	961,503
Former farms rented . . . . .	6,780	238,690
Units formed for other purposes . . . . .	28,608	290,374
	99,647	1,490,567

The former farms rented only represent a fifteenth of the number of units assigned, but nearly one-sixth of their area.

The lands assigned to the farm holdings must not be separated from one another, but should be grouped in a single holding constituting an economic unit. It is only in special cases that it is permitted to have outlying lands in particular meadows. The object of the redistribution of the village lands is to constitute economic units. But, in view of the fact that before the division of the lands the villages possessed a certain number of common holdings in the form of outlying lands, particularly in meadows, it follows as a result that one-third of the holdings so constituted have outlying lands.

The majority of the former holdings are very extensive, the average area being 35 hectares. Two-thirds of the new holdings are from 15 to 22 hectares or even more; in other words the area is such as is considered essential if a farm is to maintain itself as an independent enterprise; one-third of the new holdings are however less than 15 hectares. On the outskirts of the towns and along the main roads, a number of small holdings have come into existence which are too small to ensure the existence of a family; the idea has been that the owners of these holdings could obtain a supplementary income from occasional occupations.

Although the former class of peasant farmers always form the backbone of Latvian agriculture, there is no doubt that the future development of the new holders of lands is of the utmost importance for the country.

With the carrying out of the agrarian reform, the social structure of the rural population of Latvia is considerably modified. The number of *independent farms* has increased in a remarkable way and the number of agricultural workers has diminished. Many of them have become owners of independent holdings constituted by themselves.

Before the war there were 2,500,000 inhabitants of the territory which now forms the Latvian State. In 1920, the population was not more than one and a half million, but in 1922 it exceeded 1,800,000 and in February 1927 it was 1,870,000. The number of persons dependent upon agriculture for their livelihood was 1,056,000 at the date of the agricultural census of 1923, and in 1925 it was about 1,082,000. The 1923 census showed the number of persons who had benefited by the agrarian reform as 119,000.

## 2. *Intensification of Cultivation and Scientific Management of Agricultural Work.*

Although the agrarian reform only dates back a few years, the new holdings have already in many respects reached the same level as the former holdings, thanks

to the efforts of a number of ex-service men and agricultural instructors who have taken up the new holdings and have applied scientific methods to the work of the farm. In this way the example of better cultivation has been set. The agrarian reform has greatly advanced modern arable cultivation in Latgale, a backward part of Latvia. With a view to intensification of crops and to a scientific organisation of work, the majority of small holdings of Latgale have been enlarged by the addition of supplementary lands.

The agrarian reform has brought about a complete disappearance of extensive farming, and it has more than doubled the number of small agricultural holdings; its primary object, to prevent the existence of holdings too small to ensure the maintenance of a family, has been to a large extent realised.

The percentage utilisation of arable lands before and after the reform is as follows:

Years	Area of sowing	Clover and forage crops	Fallow	Total extent of arable land
1903-13 . . . . .	61.22	15.00	23.78	100
1923 . . . . .	64.88	16.43	18.69	100
1927 . . . . .	64.88	18.68	16.44	100

Enquiries have recently been initiated into the methods of agricultural work employed, and a propaganda is being instituted for scientific management in work. Considering that in consequence of the agrarian reform the arable lands have been appropriated to new farms of less than 15 hectares and that as regards expenditure of energy and time, a more economic utilisation of labour is achieved on these holdings than was on the large parcelled out estates, it must be admitted that the execution of the agrarian reform has been the means of ensuring a more rational state of things.

Joint utilisation of farm machines has considerably increased, particularly in proportion to a corresponding increase in the earnings of agricultural workers. The nominal wages of farm labourers have risen since the war as a consequence of the decrease in the number of workers on the land, it being understood that the agrarian reform has consisted in a transformation of the former workers into owners of farms. In 1926, agricultural machines have been imported to the value of 6.3 millions of lats, a sum which represents 2.4 per cent. of the total of imports.

### 3. *Development of Industrial Agricultural Enterprises after the Agrarian Reform.*

#### *Mills:*

In 1921 . . . . .	655	undertakings	with	1921	workers
» 1922 . . . . .	622	»	»	1731	»
» 1923 . . . . .	634	»	»	1846	»
» 1924 . . . . .	741	»	»	2476	»
» 1925 . . . . .	758	»	»	2226	»

#### *Distilleries, etc.:*

In 1921 . . . . .	12	undertakings	with	262	workers
» 1922 . . . . .	34	»	»	637	»
» 1923 . . . . .	39	»	»	676	»
» 1924 . . . . .	47	»	»	703	»
» 1925 . . . . .	46	»	»	729	»

*Starch and syrup industries :*

In 1921 . . . . .	2	undertakings with	84	workers
» 1922 . . . . .	4	»	»	126
» 1923 . . . . .	11	»	»	117
» 1924 . . . . .	16	»	»	150
» 1925 . . . . .	24	»	»	196

*Breweries :*

In 1921 . . . . .	12	undertakings with	186	workers
» 1922 . . . . .	14	»	»	368
» 1923 . . . . .	21	»	»	620
» 1924 . . . . .	33	»	»	825
» 1925 . . . . .	31	»	»	681

*Dairies :*

In 1913 . . . . .	76	undertakings	In 1923 . . . . .	319	undertakings
» 1914 . . . . .	88	»	» 1924 . . . . .	367	»
» 1921 . . . . .	18	»	» 1926 . . . . .	422	»
» 1922 . . . . .	84	»	» 1927 . . . . .	449	»

*4. Land and Agricultural Credit.*

During the war Latvia was completely devastated, being either part of the front or a region of cover, according to the fluctuations in the actual fighting zone. Nearly 22 thousand farms were entirely destroyed. The extent of the areas sown had greatly diminished owing to the havoc wrought by the engines of war and by the construction of trenches ; the buildings had been wrecked or burnt to the ground. In 1920 an immense work of land settlement, the application of the agrarian reform, was undertaken. Mortgage credit was essential both for the repair of the former farms and for the establishment of new holdings. This credit was given by the State Land Bank founded in 1922. Up to the end of 1927 this Bank had lent 110 millions of lats to agricultural undertakings as well as to undertakings connected with agriculture. In the budget of the Ministry of Agriculture the allocations were merely for the technical work of execution of the agrarian reform.

Co-operative credit banks do not engage in mortgage credit operations nor do private credit banks.

The State Land Bank makes loans on mortgage terms and in the first place against three-fourths of the value of the real property. These loans are repayable within a period from 13 and a half years to 41 years. Repayment of loans takes place every six months in such a way as to maintain at a constant level the total capital by means of the interest and amortisation payments. Credit in mortgage notes at 4 per cent. and 6 per cent. is given. Under the form of mortgage notes loans at 2 per cent. are also granted by the State Land Department.

Mention should be made of the legal measures adopted and especially in respect of granting of credits to occupiers of lands on which the right of ownership is not yet regulated from the economic point of view ; these credits are given on the same terms as mortgage credits. Persons holding lands in regard to which the rights of ownership have not yet been regulated include the owners of newly constituted holdings, *i. e.*, those for which the deeds of confirmation have not yet been drawn up. In order to ensure credits to farm holdings of this type, a be-



ginning had been made by grants for a period of three years and on a personal footing against a signed document constituting the real estate as security for the debt. This procedure proved too complicated, and in order to facilitate the obtaining of credits, a law was enacted on 29 May 1925, in accordance with which loans were made under the form of bonds by the State Land Bank. According to the provisions of the former civil legislation of the Baltic countries, the rights of ownership relating to objects in regard to which legal contracts had been made bind the owner as well as his real and his personal property. The law of 29 May declares that claims on real property relate to mortgage notes only in connection with the State Land Bank, and for the purpose of securing advances to new owners. If any one surrenders his rights on property to another person, the latter assumes all the obligations incumbent on the property in question. By the institution of mortgage notes rules of a legal nature have been set up which without being precisely formulated as law involve the property in indebtedness from the economic standpoint.

If the system of mortgage credits is to be conformed to the requirements of the newly formed holdings, the following facts of an economic character must be noted: the fixing of the totals of the loans for the newly formed holdings and the conditions of repayment, as well as the fixing of the advances for the small agricultural holdings sold by the State Land Bank, the sum being fixed at 90 per cent. of the value represented by the property in question.

Since 1925-26 the State has placed an annual agricultural credit of ten millions of lats at the disposal of the State Land Bank. This Bank opens large long term credits to farmers. The Bank of Latvia which had made loans for farming requisites has in part liquidated these by transferring them to the State Land Bank. The smallholders have been very frequently obliged to incur indebtedness by signing notes which they have great difficulty in paying and which bear a high rate of interest. The State Land Bank has endeavoured to take over these liabilities. In the year 1928, nearly 10 millions of lats have been transformed into bank loans which are both better secured and less onerous for the small holder.

The new farm holdings have received no benefit from direct financial assistance; the benefit to the holders has been rather that of obtaining their lands at a minimum price. This price has been fixed at 10 lats per hectare for land of average quality and up to 20 lats per hectare of land of superior quality; forests and buildings are separately valued. However in 1924 the price of new lands on the market was on the average 36 lats per purvete (=0.37 hectare) and 65 lats if they were equipped with buildings; in 1927, the price of the new and the former buildings was practically fixed.

Ten per cent. only of the new cultivators have benefited by lands provided with farm buildings, the remainder have to put up their buildings themselves. At present nearly all the holdings are provided with dwelling houses, and it is the construction of shelter for the live stock that is more urgent. Eighty per cent. of the holdings possess stables and 30 per cent. have barns. In order to pay for building material the new cultivators have been able to obtain long term loans which have been granted directly by the State, and subsequently by the State Land Bank, founded in 1922. Long term loans have also been granted for the purchase of equipment and stock.

The new holdings obtain building materials supplied by the State forests. By the terms of the law of agrarian reform on building credits, the new owners had only to pay a third or one-fifth of the cost of these materials. For this purpose, an annual credit of 10 millions of lats has been allocated on the budget for the five year

period beginning in 1925-26. During the period of construction the borrowers pay on the loans obtained as already indicated only one per cent. of interest.

### 5. *Agricultural Production.*

The agrarian reform was effected immediately after the war at a time when the agriculture of Latvia had been to a great extent wiped out and when the greater part of the farms and buildings as well as the real and personal property had been destroyed. The credit resources had disappeared with the failure of Russian finances and a part of the population had been obliged to take refuge in Russia or had disappeared. It is therefore difficult to ascertain as a whole and with precision the changes which have taken place in agricultural production and are connected with the agrarian reform. It does however appear that the agrarian reform has greatly facilitated the intensive work on the lands to be worked as well as the increase in the production capacity of agriculture. The benefits of the agrarian reform will no doubt become evident in the future, after it has become an established fact.

Thanks to the rapid development of co-operative dairies, slaughter-houses and other co-operative undertakings, the quality of the agricultural products has been considerably improved. In the course of the last few years the co-operative movement has made immense progress, especially the movement in favour of co-operative societies for the joint utilisation of agricultural machinery and of societies for manufacture of dairy products. The new holdings established by the agrarian reform have an area each of less than 15 hectares. The disadvantages attending holdings of this type in comparison with the large estates may be avoided by co-operative methods.

The gross and net return in all Latvia has increased since 1924 by 15 to 40 per cent. as compared with the pre-war situation of the national economy.

### 6. *Trade in Agricultural Products.*

In view of the fact that large landed property has been completely abolished by the agrarian reform, apart from certain holdings of moderate extent which belong to the State, to the communes, to charitable or scientific institutions, nearly all marketable agricultural products come from the peasant farmer holdings. In view of the fact that the standard of welfare of the population was fairly high before the war, and as there was no suffering from insufficiency of products for consumption, the carrying out of the agrarian reform could not have any perceptible effect on the increase of agricultural products nor could it have unfavourably affected the export of these products. This export has very decidedly increased since the war.

It is impossible to institute a comparison between the ratio of agricultural export to the general exportation before and after the reform, owing to the fact that the customs policy is at present quite different from what it was before the war.

The co-operative societies play a very important part in the trade in agricultural products. The dairy industry, to the extent of 75 per cent., is organised by the co-operative societies; and 75 per cent. of the butter export is also in the hands of co-operative societies. The export of meat and animal products is almost entirely undertaken co-operatively. A similar important part is taken by these societies in the cereal trade.

7. *Prices of Agricultural Products.*

The average prices of the principal food stuffs and industrial products on the Riga market from 1924 to 1926 were as follows :

	Unit	1913 gold francs	Average prices		
			1924 gold francs	1925 gold francs	1926 gold francs
Oats . . . . .	100 kg.	14.59	20.10	24.37	20.82
Barley . . . . .	100 "	14.98	22.50	26.78	21.16
Eggs . . . . .	1,440 (box)	123.09	188.92	194.22	181.50
Butter of first quality . . . . .	100 kg.	252.67	416.68	444.38	382.71
Livonian flax . . . . .	1,000 "	830.80	2,858.00	2,420.00	1,818.00
Iron for working . . . . .	100 "	28.86	22.25	21.40	21.14
Iron rakes . . . . .	100 "	35.65	35.34	32.10	32.80
Oils, fats . . . . .	100 "	97.68	127.20	111.54	105.00
Superphosphate 18 %-20 % . . . . .	100 "	7.50	9.06	9.00	8.70
Kainit . . . . .	100 "	5.05	5.45	5.48	5.61
Potash salts . . . . .	100 "	12.53	11.91	11.73	12.53
Petroleum . . . . .	100 "	21.48	—	26.44	28.50
Naphtha . . . . .	100 "	11.88	—	24.16	22.00

8. *Rural Exodus.*

From the point of view of national economy, there is a surplus rural population in Latgale. In this part of the country not all the workers on the small holdings can find occupation in agricultural work on the spot, and for this reason they are obliged to look for work in the other parts of Latvia, as agricultural workers, artisans or as job workers. As from early times the agricultural workers of Latgale have sought occupations in the other parts of the country, the surplus rural population of Latgale does not exercise any perceptible influence on the level of rural merchantable commodities, nor on the increase of rents. Speaking generally the rural exodus has diminished with the agrarian reform. As regards the measures taken for effecting a return of the urban population to the land, it should be noted that a large element in the urban population, those who fought for the liberties of Latvia, have received new holdings which they are farming at the present time.

9. *Insurance.*

Fire insurance is compulsory, but live stock and hail insurance are not practised to any great extent. With the agrarian reform, social insurance has come into general use.

10. *The Peasant Balance Sheet.*

Before the agrarian reform, farm accountancy existed only in connection with the large feudal estates. Courses in accountancy for farmers were established by the central agricultural organisations. Some of those who had attended the courses used to keep accounts by the single entry method.

A farm accountancy bureau was organised on 1 May 1923 at the Central Agricultural Society, the system in use being that of double entry. The office undertook to keep the accounts for about 100 households.

According to data supplied by the Accountancy Office, capital employed in farming had given the following returns :

In 1923-24 . . . . .	3 per cent. (1)	In 1925-26 . . . . .	6 per cent.
" 1924-25 . . . . .	4.2 per cent.	" 1926-27 . . . . .	1.2 per cent. (1)

(1) Unfavourable weather made returns on capital low.

From the fact that farm accountancy is practised only on a small number of farms, it is at the present time impossible to ascertain particulars as to increase or fluctuation of returns on lands which are farmed on different systems. According to information supplied by the Farm Accountancy Office expenditure for farm requirements on the one hand and for the needs of the farmer's family on the other were distributed as follows:

In 1924-25, for farm requirements, 86.4 per cent.; for the needs of the farmer's family, 13.6 per cent.

In 1925-26, for farm requirements, 86.9 per cent.; for the needs of the farmer's family, 13.1 per cent.

Subsidiary home occupations are but little carried on by the farming population, and have little importance as regards income. Only a few farmers obtain additional returns from forestry.

Owing to the difficult situation of Latvian agriculture, in consequence of the poor harvests of the last two years, the taxation burdens have pressed heavily on the rural population.

## II. *General Development of the Agrarian Reform.*

The agrarian reform is proceeding in a satisfactory manner and at the present time it may be regarded as practically completed. The work of survey is finished, the dwelling houses and farm buildings have been erected, and the farm stock purchased. The reform has had no adverse influence upon the agricultural productivity. On the contrary, an appreciable increase of yield is to be noted.

The agrarian reform has been throughout carried out, in all its aspects, in complete accordance with the law and with the law on agrarian reform. The modifications subsequently made do not affect the essence of this reform, but merely involve certain small corrections of a technical character which have been introduced into the original text. The consolidation of parcels of land in the villages will continue for about two or three years, and the survey of lands assigned will last from 6 to 8 years.

## 12. *Moral and Social Results of the Reform.*

The agriculture of Latvia owes its development to the work of the agricultural societies and the co-operative organisations, and also, since the proclamation of Independence, to the agrarian reform, was recognised to be essential alike from the social standpoint as from the point of view of an improvement in the standard of life of the rural family. In this connection it is desirable to mention that 127,140 new farming units have been created by the agrarian reform and by the law on the construction of dwelling houses suitable for families of farm workers.

Social life in Latvia before the war has already been highly developed, although it was greatly hindered by the Russian laws: the peasants struggled against the process of Russification, founded societies, co-operative associations, credit associations, schools, etc. so that at the outbreak of the world war the people were ready for independence. At the present time now that all hindrances are removed and that great changes have come about as a result of the agrarian reform, the social movement is again becoming important in the country districts. There are a number of vocational schools (88) including 44 devoted to agriculture (four in 1920), as well as schools of household management and of horticulture, a school of bee-keeping and two technical schools. The University of Riga has a faculty of

agriculture with its section of sylviculture, laboratories, experiment stations and its model farms. Competent agricultural experts have been supplied to Latvia from this institution. Apart from those already mentioned, a number of private scholastic institutions are maintained by various organisations, *e. g.*, the Priekuli Institute of Agriculture, subsidised by the Latvian Central Farmers' Society. Generally speaking it may be said that the foundation of a large number of societies has been rendered practicable by the agrarian reform to such an extent that at the present time Latvia is covered with a network of societies of every type.

As regards the employment of leisure time by the rural population it may be noted that this is largely a question of after school instruction which undertakes to impart general culture and the arts among the younger generation. Thanks to the fund for education it has been possible to establish in the country libraries, reading rooms, choral and musical societies. There are in addition sport clubs, welfare societies, temperance societies, aid societies organised by women, etc.

In regard to the question of a greater attachment to the land, it is of interest to note the unshaken confidence which the Latvian people have in the work of the agrarian reform, as well as the steady purpose and sustained endeavour with which the inhabitants of the rural districts develop their associations and societies, which are a guarantee of prosperity and a better future.

Latvian farmers are greatly concerned that the new institutions established by the agrarian reform should be placed on a stable footing by legislation; it is of importance for the rural population that there should be every guarantee for the security of the State, the progress of culture and the true spirit of democracy by which a participation in the work of legislation is assured.

The agrarian reform in Latvia has undoubtedly been a very important factor in the establishment of a social understanding. It has done much to reduce the class conflicts and it is giving to the country a noticeable social stability. Under the former system of large estates, almost two-thirds of the rural population were landless workers. This fact bulked large in all radical propaganda. As small holders these same workers are now a conservative element.

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## LITHUANIA

*Situated on the north-west of Russia, Lithuania includes the former Russian province of Kovno, parts of the former Russian provinces of Suwalki and Vilna, as well as the territory of Memel. The countries adjacent are Latvia, Poland and Germany, and there is a short coast line on the-Baltic.*

*Out of a total of 5,566,000 hectares of territorial area, 2,636,000 hectares, or 47.3 per cent., of land areas consist of cultivable land. 1,407,000 hectares, or 25.3 per cent., of natural meadows and pasturages, 885,000 ha., or 15.9, of forests and 638,000 ha., or 11.5 per cent. of other lands. According to the estimate for the end of 1925, the population of Lithuania was 2,229,876 inhabitants, or a density of 40.1 per km<sup>2</sup>. According to the census of 17 September 1923, in which the territory of Kleipeda (Memel) was not included, out of a total population of 2,028,971 there was an urban population of 301,939, or 14.9 per cent. and a rural population of 1,726,037, or 85.1 per cent. At the same date, the population actually engaged in agriculture was 1,088,350 persons, including 1,021,453 or 93.85 per cent. engaged in agriculture properly so-called, 64,403 or 5.93 per cent. in cattle keeping, 1,947 or 0.18 per cent. in sylviculture, 274, or 0.02 per cent., in market gardening and finally 273, or 0.02 per cent. in the cultivation of fruit trees.*

## I. — CAUSES OF THE AGRARIAN REFORM.

At the time of the formation of the Lithuanian State, the Government of Lithuania found itself confronted with a series of questions of the first importance, among which were those having relation to the means of restoring the agriculture after the ruin of the war, the essentially agrarian character of the Lithuanian State giving these the first claim on the attention of the Government. The large farms, the owners of which had nearly all taken refuge in Russia, had considerably suffered during the war and the German occupation.

In 1918, about 35 per cent. of the cultivable lands on the large farms were lying fallow and for the most part what remained under cultivation was worked by the small tenants who had their own live stock. The medium sized or small farms undoubtedly suffered much less, as the owners had not abandoned them even during the actual fighting, and consequently it had been possible to protect them effectively against destruction. The owners of large estates on their return from Russia at the end of the war had nothing to live on themselves and could not contemplate any restoration of the destroyed farms, the less so that, owing to the diasastrous depreciation of the currency, no credit was obtainable for any phase of the economic life of the country. These land owners began to sell the lands, and to work the forests without however taking into account even the first requirements of sylviculture. Their lands were frequently purchased not by cultivators but by speculators, as the former had not sufficient capital to become land owners. Landless peasants or peasants with insufficient land were numerous. The Russian Government at the time of its rule had endeavoured, in pursuance of its object of making the lands Russian which bordered on the confines of the former empire, to expel the local population from the soil, so as to proceed with the colonisation of the Lithuanian regions by a foreign (Russian) population introduced in their place.\*

The impossibility of purchasing land and the absence of developed industries resulted in a very considerable emigration of the inhabitants of Lithuania, reaching such a point that before the war the number of Lithuanian emigrants to North America amounted to nearly 30,000 each year. During and after the war, for different reasons, emigration was almost totally suspended, and it was from this cause that the number of landless peasants or of those with insufficient land for their needs increased in so large degree. This class of farmers has become more numerous precisely from the fact that the farm workers on the estates were forced, after the decay of the large farms, to seek for other means of existence. The Lithuanian Government, in the first years of the revival of the independent Republic, found itself confronted with a radical agrarian reform which seemed to become the more urgently necessary as it became essential to oppose the propagation of extreme views which threatened the independence of the newly formed State. The application for lands on the part of the peasants who were either without land or had not enough to support existence could only be satisfied at the expense of the large landed estates which obviously could not be kept up in view of the situation.

The parcelling out of the large landed estates in addition was a necessity for economic reasons connected with the agricultural production. In Lithuania owing to the damp climate and the fact of its geographical position so far north, live stock breeding is more remunerative than cereal growing; but the medium sized and small farms outdo the large farms in the production of meat, milk, eggs and products which require special attention. In addition the medium sized and small farms of Lithuania produce large quantities of flax (seed and fibre) for export, whereas this production is insignificant on the large farms. On the other hand, the cereals produced by the large farms have to be exported, in view of the fact that the urban population of Lithuania is only 15 per cent. of the total population. The competition, however, of other countries where the natural and economic conditions for the growing of cereals were more favourable than in Lithuania, even before the war rendered the returns of the large farms less remunerative. The economic situation of the large rural property in Lithuania, before the war, was such that 90 per cent. of the lands of the estates were burdened with debts, the total of which amounted on an average to 60 per cent. of the actual value of the estates. Taking into account, on the other hand, the destruction of the large farms in the course of the war, it is evident that the large landed property had inevitably to give way to small and medium-sized property. The object of the agrarian reform in Lithuania was accordingly to accelerate this procedure and to ensure its taking some form on the whole acceptable. Further, in order to encourage the development of the small and medium-sized farm it was essential to get rid of certain survivals of the former regime: and this is why the law on the agrarian reform also deals with the abolition of easements and of common pastures and the splitting up of the village lands into small independent holdings.

The object of the agrarian reform in Lithuania is thus twofold: 1. the assignment of lands to small landowners and to cultivators who were landless, and 2. the subdivision of the village lands into small independent holdings. From the point of view of agricultural production the second element in the agrarian reform is of very great importance, as tending to remove from the small and medium-sized farm the most serious cause of the low intensity of production. Moreover it should be noted that this subdivision affects 8400 villages with a total number of 150,000 landowners and an aggregate area of 1,600,000 hectares.

## II. — LEGAL BASES OF THE AGRARIAN REFORM.

In accordance with the preamble of the Law on the agrarian reform passed on 14 November 1922, the objects of the reform were as follows : 1. to supply land to small land owners and to landless cultivators ; 2. to create conditions favourable to the development of agriculture and principally to the small and medium-sized rural holdings, and 3. to nationalise those forms of real property the working and upkeep of which can be better administered by the State than by private landowners.

The administrative organs for the execution of the agrarian reform are : the local committees (of the commune or district), the heads of the lands organisation of the district and the Central Land Office. The communal committee for agrarian reform consists of four members elected by the *Taryba* of the commune (the highest body in the municipality) and a chairman appointed by the Agrarian Reform Committee of the district. The communal committee carries out all the instructions given by the District Committee and by the head of the land organisation : it distributes, for example, the manure from the subdivided estate to the purchasers of the land, it arranges for the provisional assignment between the tenants, pending the subdivision proper, of lands under State management, it obtains and supplies to the District Agrarian Reform Committee information in regard to large estates which are being farmed without proper care and which should for that reason be parcelled out, apart from the pre-arranged scheme (7 and 8 of the Law) ; it makes a valuation under the presidency of a representative of the head of the Land organisation (*tvarkytojas*) of the trees on the lots for distribution, also of the buildings, the areas sown, etc. ; further, two members of the communal committee take part in the meetings of the District Committee, when the question is one of the alienation of estates lying within the limits of their communes, or one of the distribution of the land from expropriated estates.

All the work of a technical and administrative kind is done on the spot by the head of the District Land organisation (*tvarkytojas*) who is appointed by the Central Land Office. Every year a certain number of surveyors carry out in accordance with his instructions, a survey of the landed estates which are to be parcelled out, draw up on the spot the plans for parcelling out these estates into small lots and for carrying this distribution into effect ; they also execute the work of subdividing the village lands into small independent holdings and the works preliminary to the survey of the agricultural lands for the following year.

Side by side with the *tvarkytojas* two committees are active : the District Agrarian Reform Committee and the District Land Organisation Committee. The first consists of a chairman (the *tvarkytojas*) and members appointed by the District *Taryba* (the supreme body of the municipality). Its duties include : the expropriation of landed property for distribution, the distribution of the lands of these estates between Lithuanian citizens who have expressed a desire to take up land, the assignment of the loans granted by the State among the recipients of the plots of land, etc. The District Land Commission, consisting of a chairman (who must be a magistrate appointed by the District Court), of the *tvarkytojas*, of a representative of the *Valdyba* of the commune to which the land in question belongs, deals with the confirmation of schemes for parcelling the village lands into small independent holdings, the abolition of easements, hearing of complaints relating to the execution of the works in question, the ratification of schemes for making new roads and diversion of old roads, etc.

The Central Land Office is composed of its chief and two members : the Director of the Department of Agrarian Reform and that of the Department of Land



Organisation, all three appointed by the Ministry of Agriculture. The Central Land Office draws up the general plan of the work to be carried out in the course of the following year as regards the parcelling of the landed estates and the general agrarian organisation, ratifies the schemes of the District Agrarian Reform Committees as regards the expropriation of the landed estates and the distribution of their lands, as well as the assignment of the loans made to the recipients of plots; further, the Office hears complaints brought against the decisions of the committees relating to the questions referred to above. The offices of the heads of the district land organisation are directly under the Department for Agrarian Reform, which exercises a general supervision over their work, while the whole of the technical staff are under the same Department.

In close connection with this Department there is a Central Committee of Agrarian Organisation which confirms, in the second instance, the decisions of the District Land Organisation Committees already mentioned. This Central Committee consists of the following members: the president of the Kaunas District Court, a permanent member of the same Court, the Head of the Land Office, the Director of the Department of Agrarian Organisation and the President of the Administrative Council of the Chamber of Agriculture. From the decisions of the Central Committee an appeal may be made to the Supreme Court of the Republic. At the Central Office an accountancy department keeps up to date the accounts of the expropriated estates which are being administered by the State, as well as those passing into the hands of those benefiting by the expropriation. In addition, the same Department prepares the budget statement for the execution of the agrarian reform, distributes the loans made, appoints the employees of the Office, etc.

The Minister of Agriculture is the supreme administrative authority for the application of the agrarian reform.

The municipal councillors of the commune and district nominate the members of the communal and district agrarian reform committees, the election being carried out by all the inhabitants of the country in accordance with a law on "self-government" elections in force for the whole of the Republic. It is due to this arrangement that on the councils and on the committees mentioned there is so satisfactory a representation of all classes of the population. Before taking a decision relating to petitions addressed to it, the agrarian reform committee hears in public the verbal statements of the persons concerned.

Lands coming under the agrarian reform are of the following classes: (a) lands which are the property of the State; (b) entailed estates; (c) estates administered under a feudal title; (d) estates known as under *biens d'instructions* (estates confiscated by the Russian Government and sold to be converted into Russian property, in accordance with the special instructions issued by the Government); (e) estates of the former Bank of the Russian Peasants and also of the former Bank of the Russian Nobility; (f) lands which are the property of monasteries and other ecclesiastical foundations; (g) lands belonging to private owners, the extent of which exceeds the limit fixed by law, acquired by purchase, donation or bequest. On all lands coming under the agrarian reform a forced expropriation has been carried out, and for this purpose the following order has been observed: lands belonging to the State, entailed estates, estates *d'instructions*, feudal estates, lands bought (by the Russian Government) on especially favourable terms, lands belonging to the ecclesiastical institutions and lands of private owners. The lands of the six first classes were expropriated at one and the same time, while the lands of private owners were taken for the purposes of agrarian reform only subsequently, after taking account of

their farming condition, that is to say, the large rural estates which had been neglected were taken first, while the properly farmed estates have not yet come under expropriation and are being administered temporarily by their owners. The State forests are not touched by the agrarian reform, nor the lands belonging to the urban municipalities; these lands are farmed in accordance with the measures adopted by the executive bodies of the municipalities of these towns. On estates expropriated the easements and the ancient pasturage rights were done away with in the first instance, in accordance with the law relating to that point.

From the expropriated lands new holdings were constituted and the former holdings enlarged. The numerical ratio between the new holdings and the enlarged holdings is approximately 3 : 2. The plots of land were distributed in the first place to the cultivators who had very little land but whose fields were adjacent to the parcelled out estate, and the remaining area of the estate was allotted among the other applicants as indicated above. This preference given to the small holders of land is based on reasons of an economic kind, for the owners of the small holdings who own buildings and live stock are better able to cultivate the land assigned to them and to farm it to advantage without having recourse to State aid. In fact the installation on their plots of the labourers who formerly worked on the estate now parcelled out, as well as the settlement of landless ex-service men is much more difficult than that of the small holders, that is unless the State supplies assistance in the form of credits.

Plots of land are assigned to small holders whose fields as being situated in a village the land of which had already undergone parcelling into small independent holdings were conveniently near the parcelled out estate; as regards villages where the lands have not yet been parcelled, the lots are only assigned in the cases where the land of such villages is conveniently adjacent to the parcelled out estate. In the first case the plot of land assigned to the small holder is fitted on to his former holding, in the second case the village is parcelled into small independent holdings and the parcels of each cultivator are grouped into one lot of a single tenant, so as to make possible a more scientific cultivation.

The right of benefiting by the agrarian reform is not accorded to Lithuanian citizens who have been sentenced by the courts to loss of civil rights, either whole or partial, and certain other classes of criminals are also excluded. Land is distributed to persons possessing a right to allotment in the following order of precedence:

(a) farmers or their direct heirs, whose lands were expropriated in 1861 and were joined to the large landed estates or were confiscated by the former Russian Government after the revolt of 1863; (b) owners of small holdings whose fields are adjacent to the parcelled estate; (c) farm workers of the parcelled estate and the small tenants; (d) ex-service men who had volunteered for service in the Lithuanian army to defend the independence of Lithuania, men disabled in the war and the families of those who fell or who died of wounds; (e) any other ex-service men or peasants who are either completely landless or not adequately provided with it, rural artisans, workmen or employees from the towns, etc.

Village artisans (blacksmiths, wheelwrights, etc.) in cases where their occupation is not enough to ensure a livelihood, have received a plot of land on a title equivalent to that of landless cultivators and small landowners but the unit of allotment is lower, from one-half to two hectares. In addition to private persons plots of land have been assigned to: schools of agriculture, primary schools, model farms, and for purposes of intensive farming, to agricultural organisations, co-operative societies, etc.

Farm workers (farm servants) thrown out of work by the fact of the par-

celling of the estates have received lots of land : as regards aged farm hands who are past work the Ministry of Agriculture has granted them pensions, the total amount of which is fixed by law.

The area left to the owners is 80 hectares. The owner has the right of selecting this land and he can utilise or dispose of it as he may wish (apart from any State control). Beginning from 1927 estates of an area less than 150 hectares were not parcelled at all and estates of from 150 to 200 hectares were only parcelled to a limited extent and only as regards the area exceeding 150 hectares. Hence the limit of 150 hectares (below which there is no parcelling) has come to be established definitely. A bill amending the law on agrarian reform, recently drafted by the Ministry of Agriculture, provides that estates of an area less than 150 hectares cannot be parcelled ; in this way the legislation contemplates the 150 hectares limit in place of the 80 hectare limit. It may be noted that in addition to this reserve which is at the disposal of the landowners apart from any State control, areas of land (from 50 to 100 hectares) are leased for long periods and on favourable terms to large landowners who have the wish and the power to establish farms known as " production " farms, *i. e.* farms the object of which is the production of selected seeds and the breeding of pure breeds of live stock, such as are required for the small farm but which it is not in a position to undertake to produce itself. The owners in question are expected to sell each year to the peasants a certain quantity of selected seeds or animals of pure breeds. The sale prices of these products are not controlled but are fixed by market conditions.

Within the limits of the villages, the landless peasants receive from 8 to 20 hectares ; in the suburban zones this proportion is reduced by 30 to 60 per cent. In the exceptional cases in which the parcelled land is not sufficient to make it possible to supply all the farm workers of the parcelled estate with land, the law allows the distribution of small lots of 0.5 to 2 hectares. For the enlarged farm holdings a maximum area of 20 hectares has been fixed ; the minimum limit has not been decided, the land being apportioned in accordance with the amount of the reserve of land available. Since the work capacity of the family of persons benefiting is not a constant quantity, but varies from time to time and sometimes very rapidly, this factor is taken into account in the apportionment of lands only in a very general way, priority being given in the matter of acquiring lots of land and the largest lots being assigned to the largest families ; this distinction is not however one of capital importance.

The budgetary expenditure actually undertaken by the State for the execution of the agrarian reform amounted to the following sums (in *litas*): in 1922, 2,687,881 *litas*; 6,303,925 in 1924; 8,135,121 in 1925; 9,053,924 in 1926; 8,084,565 in 1927.

If the landowner does not own more than 200 hectares the land expropriated in a quantity less than 150 hectares is paid at the rate of the average market price. The owners of more than 200 hectares are compensated at the rate fixed by the Government. The compensation is covered by land bonds with interest at 5 per cent., issued under Treasury guarantee and negotiable with State institutions. The Treasury can amortise these at the face value of issue but only within the 36 years following the effective taking possession of the land by the State. The law relating to the compensation due to the land owners of estates expropriated is not drafted ; and accordingly the exact price per hectare to be paid by the State to owners of land expropriated for purposes of reform has not up to the present been fixed. Persons who have received land must pay to the State the purchase price of the

lands within 36 years; the annual instalments are payable starting from the 13th year following on the date of acceptance of the title to the land; the amount of the annual instalment due per hectare varies from 0.50 to 7 *litas* according to the fertility of the lands and their state of cultivation as well as according to the advantages of position.

The buildings on the lands expropriated by the State are also expropriated; but there is no expropriation of live stock or industrial plant, etc. In the event of buildings situated on expropriated lands being of good quality, the total of the indemnity for the land in question is increased correspondingly.

Settlers having received the definitive title to their lands have no right, till after the lapse of 10 years from the date of the transfer of the land, without the consent of the Central Office, to surrender the land, to lease it, or mortgage it, etc. so long as they have not paid the purchase price and repaid the loans. In the event of nonfulfilment of obligation the peasants' holdings may be sequestered; in this case the State enjoys right of priority over the other creditors.

The parcelling of the village lands into small independent holdings is the central feature of the land reform. The new law on agrarian organisation, which repeals the former Russian law on similar lines, can be used for carrying the agrarian reform into effect in so far as it deals with the apportionment of expropriated lands to landless peasants and to small holders. In the greater number of cases the re-parcelling or consolidation of the holdings is proceeded with on the initiative of the persons concerned, but in the event of its being necessary to do away with the boundary marks between two villages as the result of the re-parcelling of the lands of one of them, the lands of the second village may be re-parcelled even without the consent of the owners on the authorisation of the Minister of Agriculture. The consolidation of the holdings of a village becomes obligatory for the whole village in the event of at least one-third of the landowners of the village being agreed to effect the re-parcelling. This third is reckoned according to the number of persons concerned without taking into account the total area of the lands. The re-parcelling is carried out by the same body which undertakes the execution of the agrarian reform (the Land Organisation Department). The cost of re-parcelling of one hectare amounts to about 18 *litas*; the State receives from those persons interested in the re-parcelling operations a tax of a total of 3 *litas* per ha. The lands belonging to expropriated estates are sub-divided and re-parcelled at the expense of the State. This tax which falls on those interested on the re-parcelling of their lands being very small, State aid under the form of credit is not necessary, and the peasants have no difficulty in paying the sums due. The re-parcelling of the lands is in the majority of cases identical with the subdivision of the village lands into small independent holdings; at the time of this re-parcelling the majority of the inhabitants of the villages are obliged to transport the buildings of the former farm on to the new grouped holding.

For the area of the land finally re-parcelled the respective documents are prepared and preserved with all the material relating thereto in the archives of the Department of Land Organisation. The boundaries of the new holdings are fixed definitely on the spot by the survey limits. In the event of these limits disappearing or where there is a dispute between the owners the boundaries are established by decision of the court or by the land organisation committees, in accordance with the surveying data entered in the archives of the Department.

The peasants whose lands have been grouped receive the title of full ownership, without any limitation and can make use of these as they wish; in the case

of persons who have received land from the land reserve the restrictions mentioned above are applicable.

The lands of peasants living in the villages are parcelled into small independent holdings, and each landowner receives the land in a single lot. In virtue of the laws in force a minimum extent of 8 hectares of the peasant property must remain indivisible. Every Lithuanian citizen has the right to acquire an extent of land not exceeding 150 hectares.

After the death of the head of the family the property remains the property of all the heirs. This succession takes effect in accordance with the laws in force. The heirs may divide the holding between themselves, either in accordance with a private understanding or on the decision of a magistrate, but in this case the arrangement above mentioned must not be set aside. Either one of the heirs or several of them may become owners by compensating the others, either in cash or in kind, for the value, corresponding to the share which ought to come to them.

### III. — RESULTS OF THE AGRARIAN REFORM.

Before the reform 3200 large landowners (approximate figures) owning more than 80 hectares held an area of land (not including forests) of 775,000 hectares; the area in the hands of large landowners holding on an average more than 500 hectares amounted to 350,000 ha. Up to 1 January 1928 a total area of 430,000 hectares has been expropriated for the purposes of the agrarian reform; in this way the area at present in the hands of the large landowners amounts to 345,000 hectares; on the other hand, an area of 72,000 hectares has been, up to 1 January 1928, distributed to 20,000 small holders; the number of holdings not exceeding 10 hectares amounted before the reform to 67,000 or to 31.3 per cent. of the aggregate of the agricultural holdings. In addition, 30,000 lots of land of a total area of 300,000 hectares have been up to the present distributed to landless peasants (1). At the present time the number of peasant holdings is approximately 245,000.

After the carrying out of the re-parcelling of the lands and of the parcelling out of the estates, the lands of a peasant farm are grouped into a single lot; in exceptional cases parcels of meadows and of woods belonging to the farm are separated and placed in isolated lots. The predominant form is that of an area of 15 to 30 hectares. The greater part of the tenants and of the farm workers after receiving the full title of ownership of the lots of land become independent farmers.

The execution of the agrarian reform has not yet been accomplished and it is not possible to give at the present time a definitive reply to the following question: Out of those persons connected with farming, how many in absolute figures and in percentage have benefited by the agrarian reform? According to information which has been collected with a view to the carrying into effect of the agrarian reform, the

(1) This agrarian reform resembles at certain points the Russian pre-war agrarian reform, which was the work of Minister Stolypin. It was a question of the abolition of the traditional form of utilising the lands in common: the Russian agrarian institution of the *mir* still persisted in many parts of Lithuania. The law on the agrarian reform has modified this state of things in anticipation of the parcelling out of estates and their apportionment between their co-owners. Up to 1 January 1928, a distribution had been effected of 1,510 village lands belonging to 31,680 persons; these lands now form 40,963 estates of a total area of 427,917 hectares. See: *Die Agrarumwälzungen in den Staaten Osteuropas. Osteuropäische Landwirtschaftszeitung*, No. 1, August 1924, Königsberg, p. 17 and *Industrial and Labour Information*, International Labour Office, No. 11, Geneva, 10 December 1928.

number of persons who have declared themselves desirous of receiving grants of land amounted to nearly 100,000, including 60,000 landless cultivators and 40,000 small holders; up to the present time it has not been possible to satisfy more than half these applications.

With the parcelling out of the village lands into small independent holdings, the abolition of boundary furrows (*derayures*), isolated plots (*enclavements*) and the removal of easements and common pasturage rights, the conditions which formerly hindered the intensification of agriculture disappeared gradually. In addition, with the parcelling of the large estates and the increase in the number of medium-sized and small farm holdings, stock breeding tends to become more important and the area under forage crops and root crops tends to increase; in this way conditions favourable for a more scientific system of rotation come about. On the other hand, the development of stock breeding increases the quantity of farm manure which can be employed for the cultivation of the fields; as regards chemical fertilisers, there is a considerable increase in their utilisation from year to year, as may be judged from the following figures: the quantity of chemical fertilisers imported amounted (in thousands of metric tons) to: 23.4 in 1923, 52.4 in 1924, 67.2 in 1925, 61.9 in 1926 and 81.3 in 1927.

Drainage by means of open ditches of the excessively wet lands, belonging for the most part to peasants whose lands were already re-parcelled, is going on fairly rapidly, in spite of the deficiency in credit: in 1924 drainage was carried out over 2,980 hectares, in 1925 over 5,270, in 1926 over 8,960 and in 1927 over 14,550 hectares.

Comparing the areas sown in the different crops before the reform with the areas after the reform, the respective data for the years 1919-1921 cannot be taken into consideration, in view of the abnormal conditions at that time of Lithuanian agriculture, as the result of the war and the German occupation. As regards the pre-war time, the distribution of the cultivable areas in Lithuania may be illustrated by the following figures (in thousands of hectares): areas sown in rye amounted to 552.4; in wheat to 81.7; in barley to 183.2; in oats to 317.2; in peas to 57.0; in flax to 55.2; in potatoes to 119.1; for the remaining crops no figures are available. The respective figures for the five-years average (1923-1927), leaving out of count the territory of Memel, where the law on agrarian reform has not been applied, are: rye 504.1, wheat 100.8, barley 191.1, oats 320.3, peas 66.0, flax 70.0, potatoes 143.3 (1).

The above figures make it possible to ascertain that the area sown in cereals mainly intended for the food supply of the nation has decreased whereas the area in flax and potatoes has increased. There appears to have been an extension of the areas under forage plants and root crops; in 1927 the area sown in clover and other forage plants (386 thousand hectares) decreased as compared with 1926, but it had increased by 8.2 per cent. in comparison with 1925 and by 16.9 per cent. as compared with the five year average 1920-24.

With the growth of the number of small holdings and the development of stock breeding a prolongation of the season of agricultural activity has been noticeable. There is however no sign of any scientific organisation of farm work.

With the coming into force of the agrarian reform, the use of large machines (reapers, steam threshers, etc.) has diminished, while the use of small machines (winnowing machines, etc.) and of implements has increased. The farm machines

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(1) In 1928 the area sown in flax was 96,000 ha. *International Crop Report and Agricultural Statistics*, International Institute of Agriculture. Rome No. 11, November 1928, pp. 387-388.

of a less complicated kind, such as threshers driven by horse power, winnowing machines, etc. are made in the country, while steam or petrol threshers, reapers, harvesters, etc. are imported. The figures for the import value of farm machines, expressed in thousand of *litas* and in percentages of the total importation are: in 1923, 3,108 (2 %); in 1924, 3,195 (1.55 %); in 1925, 2,361 (1.1 %); in 1926, 3,456 (1.6 %); in 1927, 3,615 (1.36 %).

As regards agricultural industries, there is a noticeable increase in the utilisation of the raw materials of the country, such as milk, meat, fibre, flax, fruit.

With the object of equipping the new holdings with buildings, the State places at their disposal the buildings of the parcelled estates; in addition it makes grants to the owners of the newly formed holdings of the timber at tariff prices, the payment to be made by instalments. For the purchase of live or dead stock, cash loans are made by the State. Up to the 1 January 1928 the total of the advances made by the State to the owners of the newly formed holdings amounted to: in seeds and in cash for the purchase of seeds (in *litas*) 3,554,814, in timber 9,065,903, in ready money for the construction of buildings 2,960,737, in cash for the purchase of live stock 12,691,192, in sown areas, buildings and trees (already on the lots for assignment) 8,594,801.

The sources of agricultural credit are: the Agrarian Bank of the State and the popular banks (private banks do not give credit to farmers) (1). The Agrarian Bank was founded by the Government (in 1924) on the lines of a limited company with a foundation capital of 30,000,000 *litas*. The popular banks are co-operative credit societies closely linked with their respective central banks. Their borrowed capital or working capital reserve consists of sums received from the Agrarian Bank (through their central banks) and of deposits. The Agrarian Bank grants loans to farmers against a mortgage pledge; the duration of the loans is usually from 3 to 5 years; the rate of interest, including the commission, amounts to 6 per cent. per annum, and if the actual expenses are added to this the rate amounts to 7 or 8 per cent. As the Agrarian Bank is not in any position to meet the credit needs of all the farmers of the country, the farmers make application for loans to the popular banks. These latter grant loans as a rule against pledges: the period for which the loans are granted varies from 3 to 9 months. When these banks grant loans on sums in deposit, they charge their members 18 to 20 per cent. interest; if sums received from the Agrarian Bank are loaned (through the central banks) then the rate of interest amounts to 10 to 12 per cent. per annum (2).

The State directly makes loans in cash and in kind to the holders of the new farm holdings. After having received the full title to ownership in the lands assigned to them the farmers can obtain loans from the Agrarian Bank and in exceptional cases also from the popular banks.

The average yields of the most important crops have diminished since the

(1) Up to 1922 the national economy was greatly affected by the constant depreciation of the German currency which circulated in Lithuania. From September 1922 a stable currency was introduced (1 *lita* =  $\frac{1}{10}$  dollar). The immediate consequence of this however has been difficulties on the money market, and loss of capital which has gradually decreased with the consolidation of the national economy (See: BRENNISEN, Dr.: Der Geld- und Kapital-Markt der baltischen Staaten. *Bank-Archiv*, No. 14, Berlin 15 April 1929).

(2) One of the most important problems of present day economic life is the conversion of short term mortgages at high interest, especially in agriculture, into long term easily negotiable loans. As it is usually the State which by these means finds credit for farmers, the work of effecting this conversion becomes noticeably easier. (*Ibidem*).

war. If however account is taken of the fact that with the development of stock breeding the quantity of farm manure utilised for cultivation is increasing, that the application of chemical fertilisers and the use of improved seeds is more extended, that the increasing cultivation of root crops and of leguminous crops is enriching the fertility of the soil, it is not assuming too much to suppose that in the future, especially when the difficulties of the time of transition in the execution of the agrarian reform have been overcome crop production will increase. As regards stock breeding products, the live stock of Lithuania, after having been much reduced in the course of the war, recovered and was equivalent in 1923, in numbers at least, to the pre-war head. With a view to breed improvement, the stock breeding societies have been formed and are active in Lithuania. The average yield of cows under test amounted: in 1924 to 73.6 kg. of butter fat, in 1925 to 82.1 kg., in 1926 to 82.2 kg. and in 1927 to 74.5 kg.; the maximum yield of cows under test was: in 1924, 162.2 kg. of butter fat; in 1925, 199.1 kg.; in 1926, 270.2 kg., and in 1927, 311.1 kg.

The more careful cultivation of the soil, the heavier manuring, the increasing use of selected seeds, the expansion of the activity of flax seed drying and fibre handling installations, the more scientific feeding of dairy stock, the extension of the activity of co-operative dairies, equipped with modern machines, the control of the export of flax and of butter have had as result the improvement in the quality of agricultural products.

Co-operative farming is not practised in Lithuania, and there is nothing to report in this direction.

In addition to the proportion (80 ha.) which cannot be touched and which the owner of the estate to be expropriated has the right to select himself, all the farm stock (live or dead) is also left to him. The owners of the parcelled out estates sold a part of the stock which had suffered considerable damage in the course of the war and from the after effects of the war in Lithuania and only kept for their own requirements the best part. At the present time the actual amount of stock per hectare on the part of the land remaining in possession of the original owner is greater than before the division of the estate. Now that these owners possess only a reduced area of land they make efforts to get the best value of each hectare of the land that remains to them; farming conditions — or in other words the increased amount of stock, live or dead, — are favourable to this. In this way the yield per hectare obtained from the part of the estate that remained with the original owner has considerably increased.

Official statistics on the return from agriculture and its relation to the national wealth are not available. With regard to calculations of a private kind, the results may be quoted of the calculations made in respect of this point by Prof. M. A. Ruka, assistant professor at the University of Kaunas (see: the monthly periodical "Lietuvos Ukis", Nos. 3-5, 1926). The gross return from agriculture (not reckoning forests) during the period 1923-25 amounted on the average yearly to 782.5 millions of *litas*; the yearly gross return of the whole national economy amounted for the same period to 1,266.9 million of *litas* per annum; accordingly the gross agricultural return is nearly 61.7 per cent. of the aggregate return of the national economy.

As no accountancy data are available we are not in a position to give an exact answer to the question: What proportion of the agricultural products is at present sold on the market by the peasant farm? In general terms it may be said that the peasant farm (up to 15 hectares in area) supplies to the market in the first place poultry and pig keeping products, a limited quantity of dairy



products (through the agency of the co-operative dairies) and a considerable quantity of flax seed and flax fibre; the farms of the average size of from 15 to 40 hectares supply to the market, in addition to the pig and poultry products, those of cattle keeping and a small quantity of cereals. According to approximate calculations of an unofficial kind these two classes of the peasant farm supply the market, taken together, with about 85 per cent. of the products of pig and poultry keeping and a nearly corresponding quantity of flax seed and flax fibre.

The statistics of the foreign pre-war trade of Lithuania are not available, as Lithuania was at that time a province of the former Russian Empire; the respective data for the period 1919 to 1922 are not comparable with those of the following period, in view of the abnormal political economic and financial position of the Lithuanian State during the period indicated. It is however possible to ascertain that the export of cereals — the cereal harvests being a very uncertain factor in Lithuania on account of the unfavourable weather conditions — fell off after the war, a fact which is partly explained by an increase in the consumption by the peasant classes and a decrease in the production of cereals owing to the parcelling out of the large estates. The export of linseed and of flax fibre and in particular of dairy products tends to increase (1). The growing export of butter is illustrated by the following figures: in 1923 the export of butter from Lithuania amounted to 1,610 quintals; in 1924 to 5,239; in 1925 to 9,323; in 1926 to 17,468; and in 1927 to 20,513 quintals. The total export of agricultural products (wheat being produced only for the internal requirements) amounted yearly during the period 1924 to 1926 to 170 million *litas* nearly, or 67 per cent. of the aggregate of all exports.

In proportion to the development of the agricultural co-operative movement, the importance of the co-operative societies in the domain of trade in agricultural products, a trade which before the war was entirely in the hands of dealers, is increasing from year to year; as regards the export of these products particularly, a considerable proportion of the dairy products export and of the meat export is undertaken by the co-operative societies, while that of flaxseed and flax fibre, eggs and live animals remains in the hands of the dealers.

For railing of dairy products and meat to a foreign destination, cold storage trucks increasingly are utilised by exporters: in the port of Klaipeda (Memel) the construction of a large slaughterhouse for pigs with modern cold storage equipment has been undertaken in the course of last year, the refrigerating plant being used for the purposes of export of butter as well as of meat. In addition in order to open up a more convenient route between Great Lithuania and the territory of Klaipeda, the construction of a railway line Siauliai-Klaipeda has been begun, and one section (the Amaliai-Telsiai) is already completed. Mention should also be made of a reduction in rates for the transport of agricultural products on the railways running to the port of Klaipeda and to the elevators. Finally considerable attention is being paid by the State to the construction of new main roads, especially such as converge on the railway stations, and the rural communes make it their business to provide for upkeep.

Two elevators were constructed in 1923-24, the one at Kaunas having a capacity of 4,200 metric tons, the other at Siauliai having a capacity of 3,000 tons.

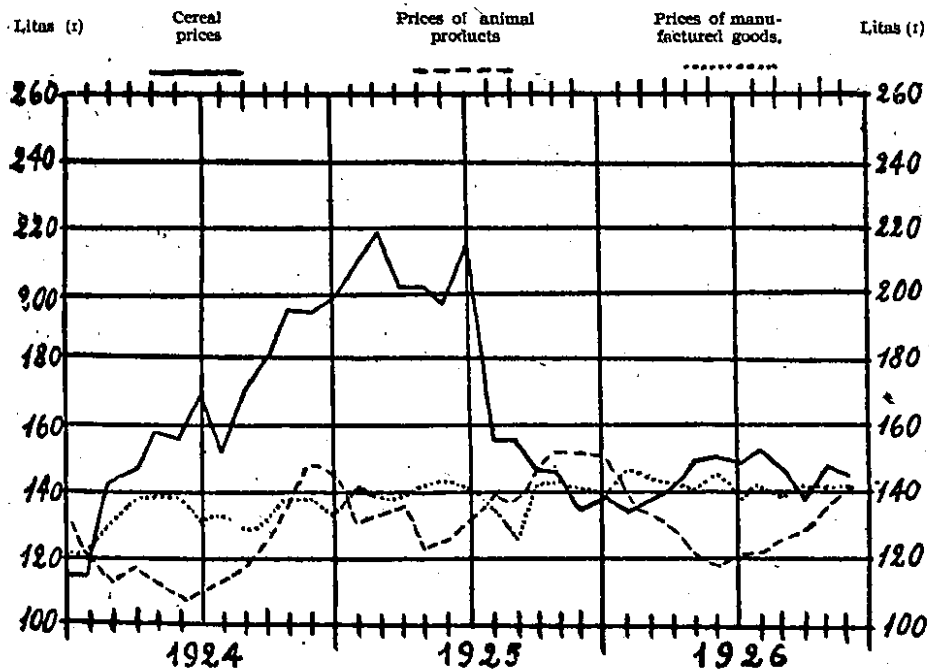
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(1) The export of linseed amounted in 1924 to 186,372 quintals and in 1927 to 250,190 quintals, that of flax fibre in the same years to 140,271 and 240,047 quintals, Lithuania thus coming, on the list of European countries which are exporters of flax, after France, the Netherlands and the U. S. S. R. (See: *International Yearbook of Agricultural Statistics*, International Institute of Agriculture, Rome, 1928, pp. 334-335 and 382-383).

The prices of agricultural products during the period 1919-1922 are not comparable with those of the following period, in view of the fact that during the period in question the currency then in circulation (the "ost-mark" introduced by the German authority) underwent fluctuations following the exchange variations of the German Mark; moreover, the freedom to trade in agricultural products was limited by requisitions for the purposes of supplies to the army and by prohibition of export. According to the calculations made by Prof. M. A. Rimka, assistant professor of the University of Kaunas (see the fortnightly periodical "Zemes Ukis" No. 1, 1927) the annual course of the price curves, taking the whole of Lithuania, during the years 1924-26 is illustrated by the diagram subjoined for the three groups of products; the first group includes the most important products of the soil, the second the most important animal products, and the third six industrial items (among which however machines and farm implements have not been considered owing to the relative statistics not being available). It must be remarked that it is the index-numbers for the groups in question which appear in the diagrams (average prices for 1913 = 100).

*Prices of cereals, of animal products, and of manufactured goods from 1924 to 1926.*

(1913 prices = 100)



(r) 1 Lita = 1 gold fr.

In certain regions of the country there is a surplus of rural population in the country districts, but during the season of field work the farm labourers pass from the regions in question to those where there is a scarcity of labour. It is for this reason that the consequences of the surplus mentioned do not make themselves felt from the point of view of the national economy, and in particular do not affect rents, and as a matter of fact there is almost no renting of farms in Lithuania. In

the conditions prevailing in Lithuania, and in view of the slight development of industry in the country and of the absence of large towns, emigration takes the place of the urban drift. As mentioned at the beginning of this memorandum the number of emigrants from Lithuania before the war was about 30,000 yearly. The result of the agrarian reform has been to strengthen small and medium-sized property and to reduce emigration. Nothing can be affirmed in regard to a return of the urban population to the land as a consequence of the agrarian reform.

The sick insurance provided for by the Law of Sick Insurance (Official Journal No. 227, 1926), is optional in the case of agricultural workers. Fire insurance is now to a large extent practised in the country, while hail insurance and live stock insurance is only very rarely practised. It may be added that this year the State Insurance Institute has organised live stock insurance.

The previous year steps were taken to organise farm accountancy in Lithuania by the institution of a Central Bureau of Farm Accountancy at the Kaunas Chamber of Agriculture.

As is shown by experience in the collection of the agricultural land tax, the amount of which varies from 1.50 to 9 *litas* per hectare, a sum amounting to nearly 99 per cent. of the sum assessed is actually paid yearly into the State Treasury.

Since the preliminary work for the carrying into effect of the agrarian reform has been undertaken and put through in a satisfactory manner, the execution of the work of the reform itself is going on fairly rapidly and the reform is on the whole taking shape along fairly favourable lines. Apart from small changes which have been made necessary by the requirements of life and by the practical carrying into effect of the reform, no important amendment has been made in the fundamental legislation.

The work of subdividing the village lands into small independent holdings will be effected, according to the probabilities, in from 8 to 10 years. As regards the parcelling of the large estates, it is believed that it will be accomplished in from one to two years, seeing that the area to be parcelled has diminished as a result of the extension of the proportion that cannot be touched, which is now 150 hectares.

As a result of the execution of the agrarian reform the majority of the cultivators who were completely landless and the majority of the agricultural workers whose circumstances were deplorable, form at the present time an independent element from the economic point of view; and as this goes on, a more active participation in the political life of the country is observed as well as in the work of the raising of the general standard of civilised life. As regards the improvement of the standard of living of the rural family, the economic conditions of the owners of new farms and of the farms which have been enlarged are already at the present time better than they were before the reform; a still more considerable progress is to be anticipated in this respect, for the future when the difficulties have been overcome which surround the first steps in the equipment of the farm holdings (construction of buildings, purchase of live stock, etc.).

It may be affirmed that the class of holders of small and medium-sized farms the ranks of which have been filled up, thanks to the agrarian reform, by a worker element alike capable and attached to the soil, is an important factor in the social stability of the national economy.

## POLAND

## I. — CAUSES OF THE AGRARIAN REFORM.

The population of Poland has increased on the average by 94 per cent. (1) during the period extending from 1860 to 1910, with the result that there is a surplus agricultural population in nearly all provinces. The number of persons whose occupation is agriculture is 75 per square kilometre in the southern voivodes, 46 in the western, and 28 in the eastern voivodes (2), these last as a rule having unfavourable climatic conditions, poor lands and a considerable proportion of forests and waste land. The corresponding figures are for France 31, for Germany 33, and 34 for Denmark (6). On an average, according to the general census of 1921 (4), two-thirds of the population of Poland are engaged in agriculture, or 64.3 per cent., whereas this percentage is 30 per cent. in Denmark, and 27 per cent. in Germany, according to the census of 1907 (5). The surplus population of Poland is a phenomenon connected with the backward industrial development of the country (in 1921 only 14.9 per cent. (6) of the population were engaged in industry, mining and various trades), with defects in the farming system (easements, enclaves), and with the low level of agricultural production. This last is in itself the result of the state of things already described, as well as of the unfavourable credit conditions which render extremely difficult all attempt at intensive farming and land improvements.

On the other hand, in the XVIIIth century, the loss of the independence of Poland, the passing of the country under the domination of three different States as well as the failure of the countries partitioning Poland to give attention to the development of agriculture, have resulted in an extremely low level of rural prosperity, and, in consequence, in a somewhat marked condition of social tension (see the work of Prof. W. Staniewicz "Sur le programme agraire et son exécution en Pologne". Warsaw, 1928, pages 171 and following).

The events of the war also contributed to the same result. Military operations were carried on over the territory of Poland, from 1914 nearly to the end of 1920. During this period, the division of landed property was practically completely checked, land improvement became impossible, while reparcelling, abolition of easements, exchange of lands and division of agricultural communities were suspended.

By the end of the war, there was disorganisation of the railways, decay in industry and urban life, while the emigration to the United States of America (7), which had previously reached a yearly figure of approximately 250,000, and the seasonal migration of farm labour into Germany, Sweden and Denmark, which had brought this figure up to 800,000 yearly, were both seriously checked.

(1) Dr. A. Rosé. *Le problème agraire en Pologne.*

(2) Calculation made by the Ministry of Agrarian Reforms on the basis of the general census of 1921.

(3) Dr. A. Rosé. *Le problème agraire en Pologne.*

(4) General Census of 1921.

(5) and (6) Dr. BUZEK. *Le programme économique de la République.*

(7) Dr. BUZEK. *Le programme économique de la République.*

In the absence of, or with only inadequate supplies of, chemical fertilisers, farm machinery and live stock, the productivity of the soil was lessened to a disastrous extent. As is shown by the general census of 1921, Poland possessed, out of a total of three and a quarter millions of farms, more than two millions of farms of an extent of less than five hectares, that is to say, an area insufficient for an independent farming unit. The area of these farms was rather less than 15 per cent. of the total area of the rural holdings. In these conditions, the rural population desired to satisfy its land hunger, and the result was the agrarian reforms decreed by the laws of 15 July 1920, 17 December 1920 and 25 December 1925.

## II. — LEGAL BASES OF THE AGRARIAN REFORM.

Poland has no agrarian code, on which to base reconstruction of the agrarian system, although one is now in process of preparation. At the present time there is in force a series of agrarian laws for the execution of the reform, the most important of which is that of 28 December 1925 (*Law Gazette of the Polish Republic*, 1926, No. 1, text 1). By this law which is of the nature of a general enactment, the bases of the subsequent agrarian legislation have been laid, the method of proceeding to the projected reforms being defined in detail; and a whole series of executive measures have already been enacted.

It was intended by means of a reconstruction of the agrarian system in the sense in which it was understood by the law of 28 December 1925, to establish farms on sound lines suitable for production on a considerable scale, of varied size and type, and based on the principle of private property. For this purpose the law provided for the formation of new holdings as well as for the enlargement of the smaller, or dwarf, existing holdings; and it also ensured to centres of predominantly agricultural and horticultural cultivation the necessary lands.

The following is the procedure for parcelling of lands: the Council of Ministers fixes the quota, that is to say, the total quantity of land on which parcelling is to be effected annually, *viz.*, a quota of 200,000 hectares for each of the successive ten years counting from 1926. The next step is for the Council of Ministers to establish, on the proposal of the Minister of Agrarian Reforms, the parcelling scheme, or a tabulated scheme of all the lands, which, within the limits of this quota, have to be parcelled in the different districts (*arrondissements*) of Poland. When the quota for parcelling in any one year has not been dealt with unofficially in that year, then the Council of Ministers establishes within the limits of the scheme a detailed list, or list giving the names of the estates intended for expropriation, assigning to the owner in each case a definite time in which to proceed to the unofficial parcelling of the lands included on the list.

The agrarian reform includes besides: consolidation of holdings and the abolition of easements, the splitting up of the agricultural communities and the regulation of the use in common of their lands, at the same time as the grant of lands to tenants on long lease, or the so-called "free men" and to feudal tenants, the protection of the small rural tenants, matters relating to land settlement by ex-service men, etc. The fundamental enactments forming the bases of these reforms are: the law of 31 July 1923 on the consolidation of lands, a law which was amended several times and which has at the present time full force in the form published in the *Law Gazette of the Polish Republic*, 1927, No. 92, text 883, the laws of 7 May, 1920 and of 10 January 1922. These laws were afterwards replaced by the decrees of the President of the Republic having the force of law and dated 1 February 1927 on abolition of servitudes, which were published in the *Law Gazette of the Polish Republic* 1927,

No. 10, texts 74 and 75; by the law of 20 June 1924 having for object the concession of lands to former feudal tenants, former "free men", and to the tenants on long lease in the Eastern voivodes, this law appearing in the *Law Gazette* 1924, No. 63, text 617; by the law of 31 July 1924 on the protection of small tenant farmers (*Law Gazette*, 1924, No. 75, text 741), which was first introduced by the law of 3 July 1919 (*Law Gazette*, No. 57, text 345) and had full force up to 1 October 1920; also by the law of 17 December 1920, relating to the grants of lands to soldiers of the Polish Army (*Law Gazette*, 1921, No. 4, text 18), and further by a series of laws and ordinances, either enacted by the Polish authorities, or originating during the period of division of lands.

The principle of the law on consolidation of land holdings is that the initiative for any consolidating action must be taken by the population itself, on the proposal of interested parties owning at least 25 hectares of lands requiring consolidation and situated in the administrative area indicated, although the actual consolidation is carried out by the Land Offices, in the same way as in the case of the consolidation scheme being drawn up by these Offices. The possibility is anticipated of forcibly incorporating in the area for consolidation lands in respect of which the owners have not given support to the consolidation scheme. Consolidation may be officially effected in the course of the execution of other agrarian regulating measures, as for instance, at the time of the establishment of a scientific forestry working on the territory.

The abolition of servitudes is also based on the principle of the private initiative of interested parties, of superintendence by the Land Offices, and of a amicable arrangement between the parties; however abolition of servitudes may be effected officially in the course of the execution of other agrarian regulating measures imposed on the lands already indicated, and official action is also taken in respect of such servitudes as shall not have been abolished by agreement up to 1 January 1930.

The law of 20 June 1924 on the granting of lands makes it possible for persons, who for a series of years, or even of generations, have had the use of such lands, to present themselves for the purpose of obtaining the grant of the lands, but only, however, when an amicable agreement approved by the authorities has been prescribed as the form for regulating these questions. In the case in which such agreement is not established the grant may be proceeded with officially.

Execution of the agrarian reform is the work of special administrative bodies, the powers of which are fixed by the law of 11 August 1923 on the functions of the Minister of Agrarian Reforms and on the organisation of Land Committees and Land Offices (*Law Gazette of the Polish Republic*, No. 90, text 706), amended by the ordinance of the President of the Republic dated 15 July (*Law Gazette*, No. 68, text 598). Such execution is entrusted to the Minister of Agrarian Reforms, to which are subordinated as executive bodies the regional Land Offices, and to them in turn the district land offices. At the regional Land Offices the regional Land Committees function as bodies for making regulations and giving advice; appeal may be made from the decisions of the regional Land Committees to the Central Land Committee, functioning at the Ministry. Special estimates committees function at the regional Land Offices, for the purposes of giving opinions on the value of expropriated estates and to carry out similar duties in connection with estimates.

While consolidation is in progress and at the time of abolition of servitudes, special estimates committees, consisting of experts with a surveyor as chairman, or as the case may be the Land Commissioner, are formed and are known as special committees for estimation of values servitude. These committees prepare schemes

for abolition of servitudes which are submitted to the regional Land Committee for approval.

In addition, for questions relating to land grants, there are attached to the district Land Offices special committees for the assignment of lands. Appeal may be made against the decisions of these committees to the regional Land Committees. District land grant committees deal with questions in connection with the land settlement of ex-service men, and appeal may be made from these to the Appeal Committee for questions relating to land settlement of ex-service men.

The rural population is represented on these committees in the following manner:

(a) Central Land Committee (art. 5 of the law of 11 August 1923 *Law Gazette of the Polish Republic*, No. 90, text 706). The Minister of Agrarian Reforms is ex-officio the chairman of the Central Land Committee, the vice-chairman of the same Committee acting as deputy; in addition the following are members: a judge of the Appeal Court, appointed by the Minister of Justice, a delegate of the Minister of the Interior, with higher legal qualifications, a delegate of the Minister of Agriculture, who must possess an advanced knowledge of agricultural subjects, a delegate of the Minister of Agrarian Reforms, as well as two representatives of small holders, a representative of farm workers not possessing land, a representative of large estates, all appointed by the Diet on the proposal of the Agrarian Committee of the Diet.

(b) Regional Land Committee (art. 14 of the law of 11 August 1923, *Law Gazette of the Polish Republic*, No. 90, text 706).

The chairman of the regional Land Office in his capacity as president of the voivode, or as an official of the voivode, a district magistrate, an official appointed by one of the offices attached to the Ministry of Agriculture, an official appointed by the regional Land Office, as well as two representatives of small holders, two representatives of farm workers not possessing land, one representative of large estates, appointed by the Minister of Agrarian Reforms from among the candidates presented by social and vocational organisations.

(c) Committees for deciding on the quality and value of lands (art. 28 of the law of 28 December 1925 and 5 of the decree of the Minister of Agrarian Reforms dated 27 June 1927. (*Law Gazette of the Polish Republic*, No. 70, text 616).

These committees consist of one representative in each case of the Ministers of Agrarian Reforms, of Finance and of Agriculture, and of sworn experts appointed, one by the representatives of large estates, one by those of the small holdings; and one by the landless farm workers.

(d) The Estimates Committee prescribed by the law of 31 July 1923 on consolidation of holdings consists of a surveyor, who may be the Land Commissioner, acting as chairman, and of experts appointed by the Consolidation Councils, which are elected by those concerned in the consolidation operations, in other words by the interested section of the population from among the persons concerned.

(e) The Committee for estimation of servitudes, as prescribed by the Decree of the President of the Republic dated 11 February 1927 (*Law Gazette of the Polish Republic* No. 10, texts 74 and 75) is composed as follows: chairman, the Land Commissioner; members, one representative of each of the parties, appointed by these parties from among the persons concerned.

(f) The Land Assignment Committee (art. 7 of the law of 20 June 1924, *Law Gazette of the Polish Republic* No. 68, text 671) has as chairman the Land Commissioner; as members: a magistrate, a representative of the *Starostie* Office, a representative of the large estates, a representative of small tenant-farmers.

(g) District Committees for land grants (art. 7 and 8 of the law of 17 December 1920 relating to the transfer to the State of land property (*Law Gazette of the Polish Republic*, 1921, No. 4' and the law of 16 August 1923, *Law Gazette*, No. 92, text 725).

Chairman, the Land Commissioner ; members, the representatives of the Ministers of Agriculture, of Justice and of War, as well as two representatives of the farmers of the locality, one of small holdings and one of large estates, with right to speak but not to vote.

In accordance with the law of 28 December 1925, the following lands have been brought under the agrarian reform : the lands situated outside the administrative areas of the towns, with the exception of forests, with area exceeding 30 or in some cases 50 hectares ; sheets of water and pools liable to become dried up of more than 3 hectares in extent ; in some cases other waters used for pisciculture or for industry and of more than 20 hectares in extent :

(a) State lands ;

(b) lands known as " mortmain " lands belonging to ecclesiastics, churches, etc. in accordance with the agreement made with the Holy See (*Law Gazette of the Polish Republic*, No. 47, text 324) ;

(c) real property in land belonging to non-Catholic religious bodies and communities ;

(d) lands belonging to foundations and other public institutions with the exception of the lands of self-governing institutions, provided that the State shall have ensured the accomplishment of the objects proposed by such scientific foundations or institutions ;

(e) private lands and those belonging to self-governing institutions with the exception of orchards, high roads and lands with buildings except for such as are indicated as excluded in (a) and (b) of the first part of art. 4 of the law of 28 December 1925 on the execution of the agrarian reform. By these clauses lands excluded from expropriation are : in suburban and industrial districts lands of which the area is not more than 60 hectares ; property situated in the rest of the territory of Poland, up to 180 hectares ; in the East of Poland, however, in the case of persons whose forefathers brought the land under cultivation on the territories of the Republic before 1 January 1864, the limit is 300 hectares. As provided in article 5 of the law above mentioned, exception must be also made in the case of lands required for maintaining at a suitable level both the cultivation and the land improvements of farms on which seed production or stock breeding are carried on exclusively, farms which in the region in question are distinguished by the intensity of their production, as well as farms of a highly industrialised type. The total area of lands to be so excluded on the grounds enumerated is not to exceed 550,000 hectares (art. 5 of the law relating to the execution of the agrarian reform) ;

(f) the lands which have been parcelled without reference to the laws ;

(g) lands leased without authority in separate lots for a period exceeding 6 years ;

(h) landed property acquired under certain conditions established by the former partitioning States with special prejudice to the Polish population ;

(i) real property acquired by deputies and senators during the exercise of their mandate, in contravention of art. 22 of the Constitution ;

(j) real property of absentees, which falls under the wardship of the State, if the absence of the owners dates from before 1 January 1922.

The law of 28 December 1925 relating to the execution of the agrarian reform is founded on the principle of voluntary parcelling of lands constituting private property



and on that of the parcelling of State lands and public institutions, as also of private estates purchased or acquired by amicable arrangement for the purpose of parcelling by the Ministry of Agrarian Reforms. Expropriation may however be applied.

In accordance with art. 12 of the law relating to the execution of the agrarian reform, the Council of Ministers, on the proposal of the Minister of Agrarian Reforms, establishes the parcelling scheme which fixes for the different districts the quantity of land which is to be subjected to parcelling. If the parcelling of these areas is carried out voluntarily then compulsory expropriation need not take place.

In view of the fact however that on the whole lands have been voluntarily parcelled, in accordance with the parcelling schemes and with the detailed lists relating to the schemes, and that relatively few owners have not taken cognisance of the detailed lists published, there has been no necessity for compulsory expropriation except as regards a very limited area.

In accordance with the last sentence of the first part of art. 19 of the law on the execution of the agrarian reform, in regard to the application of this reform to private estates, a certain order was observed in drawing up the lists referred to, and especially the larger estates were placed before the smaller ones. The decree of the President of the Republic of 13 January 1928 has repealed this provision.

The parcelling scheme for the year 1927 (Decree of the Council of Ministers of 13 January 1926, *Law Gazette of the Polish Republic*, No. 7, text 42) covers the lands of the State and of the State Agricultural Bank for an area of 80,000 hectares and private lands for an area of 120,000 ha.; the parcelling scheme for 1928 (Decree of the Council of Ministers of 5 January 1927, *Law Gazette of the Polish Republic*, 1927, No. 6, text 34) covers State lands and lands of the State Agricultural Bank for an area of 100,500 hectares and private lands for an area of 99,500 ha.; finally the parcelling scheme for 1929 (Decree of the Council of Ministers of 13 February 1928, *Law Gazette of the Polish Republic*, 1928, No. 15, text 115), taking into consideration the decrease in the State land reserve, covers only an area of 40,000 hectares of State lands and of the State Agricultural Bank, and 160,000 hectares of private lands.

The Land Offices may, moreover, in accordance with art. 15 of the law relating to the execution of the agrarian reform, submit to compulsory parcelling such private lands as shall be essential for the enlargement of the very small village holdings which are to be consolidated.

With the exception of lands which are the property of urban communes and are situated within the administrative areas of the towns, all public lands are subject to the agrarian reform. In this reform measure no provision is made for assigning these lands to any particular purpose. Lands utilised in common are in principle liable to be divided between the members of the group holding them, or are set aside for local objects of public utility.

Servitudes existing on expropriated lands, as occurs in former Russian Poland only, are abolished either by an amicable agreement or by compulsion.

In accordance with the provision of part 3 of art. 18 of the law of 28 December 1925 relating to the execution of the agrarian reform, as well as with the provisions of art. 30, first part, para. c of the Decree of the President of the Republic, dated 1 February, 1927, relating to abolition of servitudes, the regional Land Office takes part *ex-officio* in abolition of servitudes affecting landed estates which, according to the parcelling scheme of the year in question, are liable to expropriation. In this way all that can be subjected to expropriation is that part of the estate affected by servitudes, which shall be left over after there has been carved out the portion compensating for the servitudes that have been abolished, independently

of the exceptions indicated in art. 4 and 5 of the law of 28 December 1925 (*Law Gazette of the Polish Republic*, 1927, No. 8, text 66). However if the compensating portion for the servitudes on agricultural lands has not been carved out of the landed property before decision of expropriation of the estate has been pronounced, the regional Land Office will deduct from the total expropriation sum the value of the servitudes which are a charge on the estate in question, after taking into consideration the opinion of the committee of Land Classification and Valuation. The value of servitudes is established in accordance with principles applied in the course of abolition of servitudes by compulsion on the lines of the Decrees above indicated of 1 February 1927 (art. 27, part 5 of the law of 28 December 1925 and of paragraph 48 of the Decree of the Minister of Agrarian Reform, of 7 December 1926). In other words, the value is established by agreement, if an amicable arrangement has been made by the parties as to the conditions of abolition of servitudes, or on the basis of a formal valuation report, either by the capitalisation of the annual value of the legal profits resulting from the servitudes, a value established on the basis of average current prices in the region in question for the period of the two past years, or by the determination of the value of the compensation calculated according to the rules prescribed in the decrees already mentioned of 1 February 1927.

In the course of the first years of the post-war agrarian reform, a fairly considerable proportion of the parcelled lands was set aside to constitute the new farm holdings, and a relatively less important area was devoted to the enlargement of the very small holdings. The adoption of such a proportion was due partly to inadequate knowledge of the real quantity of land available for utilisation for the purposes of agrarian reform, and partly to agitation on the part of the poorer classes of agricultural workers for holdings of their own. As time went on, more accurate knowledge was gained and calm was reestablished and as the statistical data show, the proportion of lands intended for enlarging excessively small holdings has considerably increased. The results of this state of affairs is made clear by the following table:

*Percentage of parcelled lands intended for*

1919 . . . . .	61.4	23.9	14.7
1920 . . . . .	51.3	33.4	15.3
1921 . . . . .	56.3	28.2	15.5
1922 . . . . .	58.0	27.0	15.0
1923 . . . . .	54.0	34.0	12.0
1924 . . . . .	45.3	40.8	13.9
1925 . . . . .	50.2	38.2	11.6
1926 . . . . .	47.2	41.1	11.7

The enlargement of holdings in Poland takes place in connection with the extremely small (or dwarf) holdings, *i. e.*, holdings on which the amount of land is inadequate, and which are the private property of their holders, and it is contemplated to transform these holdings into farm lots suitable for a scientific production, still remaining the private property of their holders. There is no necessity to alter this method of holding for that never changes.

Purchasers of lots may be persons of Polish origin the main occupation of whom is agricultural or horticultural production, or persons who have shown that they

have the necessary theoretical qualifications to manage properly an independent holding.

Educational preparation is not indispensable for an applicant for lands, provided there is a small capital either in ready money, live stock or implements. Persons wishing to obtain land resulting from parcelling carried out by the State have only to pay very small sums on account, not more than from 5 to 10 per cent. of the valuation price, and for the balance, a long term credit is allowed. Those who desire to obtain land resulting from private parcelling may apply to the State Bank of Agriculture for credits the total of which may reach two-thirds of the valuation price as fixed by the Bank. On the other hand it is essential for such persons to prove that they possess a theoretical and practical knowledge of agriculture. Persons who have been sentenced by the courts for desertion, and persons who have served sentences of two years or over for offences against the State, forfeit the right to acquire lands.

At the time of the parcelling the group of persons to receive the first consideration as purchasers are the farm servants who have been deprived of their occupation. Subsequently the parcelled lands have to be mainly devoted to the enlargement of the very small holdings, next to the enlargement of other small holdings, and to the formation of holdings for landless persons. Among persons however possessing similar occupational and economic qualifications and belonging to any one of the groups of purchasers, applications must be taken in the following order of priority:

- (a) tenant farmers and persons employed on the property which is being parcelled;
- (b) ex-service men of good record and disabled men of the Polish Army as well those who belonged to any of the Polish volunteer corps;
- (c) families, that is to say, the widows and orphans of men of the Polish Army or belonging to the various Polish volunteer corps;
- (d) students who have passed the final examinations of the schools of agriculture and horticulture;
- (e) Polish emigrants who have been obliged to leave foreign countries for political reasons.

Rural artisans have obtained and continue to obtain lands during the progress of parcelling, but their lots may not exceed 2 hectares in extent.

Under art. 52 of the law of 28 December 1925 it is provided that purchases of agricultural and horticultural holdings may be made by co-operative societies members of which conform to the conditions required of purchasers of holdings of the kind. The area of holdings assigned to co-operative societies may not exceed the limits fixed for holdings formed for individuals.

As regards protection of persons permanently dependent in connection with expropriated lands, the following provisions have been made:

(a) Tenancy agreements relating to lands subjected to parcelling are dissolved on 1 April, independently of the period fixed in the agreement, if the landlord has served notice on the tenant at least one year before the above date.

If in the tenancy agreement it is stipulated that compensation is due to the tenant in the case in which the agreement be dissolved before the expiration of the lease, such conditions must be complied with. If however the agreement does not provide for compensation, the tenant has a claim to repayment of cultivation and sowing costs for work carried out in the course of the last year of the tenancy, but only in the case of his not having been expected, in accordance with the conditions

of the agreement, to carry out such operations during the last year preceding the expiration of the agreed period of tenancy. In addition the tenant has a claim to compensation for work which has been of benefit to the farm the value of which has not been amortised, as well as for the loss of profit he has incurred owing to not having had the advantage of the full term of the tenancy. The final transfer to the landlord of the area in respect of which the agreement has been dissolved must take place on the day of the dissolution of the agreement. The tenant has however the right to use the farm dwelling house and such farm buildings as are essential to the preservation of his stock etc. for three months counting from the day of the dissolution of the agreement.

(b) Interests of farm workers who have lost their employment in consequence of the parcelling of private lands, whether the operation has been carried out by the owners or by the Land Offices, are ensured in the first place by the priority accorded them for the purchase of the parcelled lands (art. 45 and 65 of the law on the execution of the agrarian reform, on specially favourable credit conditions (art. 72-74 of the same law). Farm workers who have worked with the present owner of the farm estate which is being parcelled or on the farm estate for more than 10 years, have, in the case of their refusal to purchase parcels, the right to obtain compensation from the owner of the lands so parcelled. The amount of this compensation depends on the number of years of service. Workers who have been employed for a period of from 10 to 25 years have the right to obtain 500 zloty, those who have been employed more than 25 years have a claim to compensation consisting either of a quota corresponding to ten times the value of the yearly instalments granted, in accordance with the laws or with local usage, to pensioned-off workers, or, in default of such provision, of a quota corresponding to yearly allowances in kind, multiplied by 2 ½, such quota corresponding to the value of 100 to 130 quintals of rye or nearly.

The following table shows the average area of the independent holdings formed in the course of parcelling, as well as that of the enlarged holdings, in the different districts of the Land Offices for the period from 1919 to 1926 inclusive :

On the territory of the regional Land Office of	Area of an independent farm holding	Area of an enlarged farm holding
	ha.	ha.
Warsaw . . . . .	10.2	4.4
Piotrków . . . . .	7.9	2.6
Kielce . . . . .	6.1	2.0
Lublin . . . . .	8.7	2.9
Białystok . . . . .	10.4	3.1
Wilno . . . . .	15.6	2.9
Grodno . . . . .	11.0	2.3
Brzesc (Brest-Litovsk) . . . . .	14.9	4.0
Luck . . . . .	9.0	2.2
Katowice . . . . .	8.9	1.6
Lwów . . . . .	6.8	1.4
Cracow . . . . .	8.9	1.4
Katowice . . . . .	4.4	2.1
Poznań (Posen) . . . . .	12.3	2.8
Grudziadz (Graudenz) . . . . .	13.3	4.0
Average area in hectares . . . . .	9.4	2.3

There is no regular area fixed in advance for enlarged or newly formed holdings. The area of these is determined in accordance with the natural and economic conditions of the land in question, as well as in accordance with the number and qualifications of the purchasers.

In the law, however, it is provided that the enlarged holdings, as well as those that have been recently formed, may not exceed 20 hectares, This figure is increased to 35 hectares in the eastern voivodes, the voivode of Bialystok and of Pomerania and in the mountain districts. Horticultural and market garden holdings may not exceed 5 hectares, while the limit for parcels of rural artisans, is 2 hectares, and for parcels for employees, etc. in the vicinity of towns and industrial centres is one hectare. In determining the area of agricultural holdings both newly formed and enlarged, consideration must be taken of the fact that the farm holdings formed should be in the given circumstances self-sufficing and suitable for intensive production, and also adequate for the maintenance of an average family of five persons of varying ages and sex and for supplying them with occupation.

The area of the holdings formed depends on :

- (a) the quality of the soil and the type of the farm holding ;
- (b) the general economic conditions of the region, such as the degree of industrialisation, the density of the population, the distance from market outlets, *i. e.* from towns and other important population centres, distance from railway stations, the state of the means of communication, etc. ;
- (c) the possibility of finding occupation and subsidiary work on the spot or on the neighbourhood ;
- (d) the individual capacities, vocational education, the number of the family and the economic resources of the different applicants for land purchase.

At the time of fixing the area of additional parcels, assigned for purposes of enlargement of existing farm holdings, there is also taken into consideration :

- (a) the area of the existing farm holdings which are to be enlarged ;
- (b) the area which will be added to the holding, whether as a consequence of the abolition of servitudes or in consequence of the regulation of the utilisation of lands held in common.

The area adjudged to the purchasers of parcelled lands depends, *inter alia*, on the work capacity of their families.

As regards the funds earmarked for the execution of the agrarian reform, the budget of the Ministry of Agrarian Reforms for the year 1927 includes the following headings :

Ordinary expenditure . . . . .	31,624,942 zloty
including :	
administration expenses . . . . .	7,580,392 zloty
expenses of parcelling and land settlement, incl. credit assistance . . . . .	12,448,050 "
operations of getting land into order . . . . .	11,596,500 "
Extraordinary expenditure (parcelling and land settlement) . . . . .	4,865,200 "
Total (1)* . . . . .	36,490,142 zloty
Ordinary receipts . . . . .	1,513,025 "

(1) On 27 October 1927 the Council of Minister decreed a further credit of 2,967,000 zloty.

When the sums expended for the objects contemplated by the agrarian reform are examined, the sums expended on what is known as the working fund of the agrarian reform have to be taken into consideration. This fund has been in existence since 1922 and is based on a piece of financial legislation. From this fund the work of parcelling is paid, lands are bought, and farms are improved. In this way the expenditure on the execution of the agrarian reform was met as much out of the budget as from this fund, and the sums coming from these two sources determine the real expenditure incurred for such purposes. The assets of this fund consist in State lands, transferred to the Ministry of Agrarian Reform, or purchased by this Ministry, as well as all the dues resulting from the parcelling of State lands. This fund is earmarked for the perpetual creation of a land reserve and for the improvement of farm holdings. Once the business of parcelling is over, the credit side of the fund will be earmarked for the restoration of agriculture. The sums received as interest on the value of lands transferred to the agrarian reform operations will be placed each year on the credit side of the State Treasury account. The account of the sums estimated on the working fund for the years 1927-28 appears as follows :

Expenditure . . . . .	17,288,600 zloty
Receipts . . . . .	20,528,800 »

Also closely linked with the cause of agrarian reform are the grants of the State Agricultural Bank, which have special importance in connection with long term credit facilities, amortisable, against pledge of real property, in bonds issued by the Bank at 8 per cent., as well with loans in cash at short term. The State Agricultural Bank held at the beginning of the year 1927 a foundation capital of 25,000,000 zloty ; in the course of the budget year 1927-28 an increase of foundation capital of 50,000,000 zloty was obtained, the total thus reached being 75,000,000 zloty. In the first quarter of 1928, the foundation capital stood at 100,000,000 zloty.

The compensation granted for landed property subjected to expropriation is to be paid, partly in ready money, partly in 5 per cent. State Land Revenue bonds at their nominal value, partly in these same bonds, reckoned at the official price fixed every year by the Minister of Agrarian Reforms; in consultation with the Ministers of Finance and of Agriculture, this price however not falling below 70 per cent. of the nominal value of the bond. For the year 1927-28, the official price of the revenue bonds is fixed at 76 per cent. of the nominal value. The ratio of the part of the compensation paid in ready money to the part paid in land revenue bonds at nominal value, or as the case may be at a price less than this value, depends on the total area of the landed property belonging to the owner of the expropriated estates, and the greater is this area, the greater also is proportionally the part of the compensation paid in State Land revenue bonds at a price less than the nominal value ; on the other hand when the lands are of smaller extent the owners receive in ready money a proportional part larger than the compensation according to the following table :

Area	Part payable in ready money	Part payable in bonds at nominal value	Part payable in bonds at a price not less than 70 per cent.
	%	%	%
less than 1000 ha . . . . .	50	50	—
1000-1500 » . . . . .	45	45	10
1500-2000 » . . . . .	40	40	20
2000-2500 » . . . . .	35	35	30
2500-3000 » . . . . .	30	30	40
3000-4000 » . . . . .	25	25	50
over 4000 » . . . . .	20	20	60

The Land Revenue is gradually amortised, and the purchasers of the lots formed on the areas which have been subjected to expropriation discharge their obligations, but the amortisation which is effected by means of half-yearly payments will not extend beyond a period of 41 years. The compensation granted for estates ownership of which has been transferred to the State in virtue of art. 2 of the law of 17 December 1920 will be paid according to the principles indicated already, modified so far that the part of this indemnity payable in cash will be liquidated in loan bonds of the State Treasury bearing 5 per cent. of interest per annum. It is to be repaid by the State Treasury in 10 annual instalments including the interest belonging to the part not repaid of the loan bonds. The interest payments falling due for the period to be reckoned from the day on which the State takes over a landed estate, and up to 31 March 1928, are to be also paid in loan bonds.

The expropriation price of an estate is fixed on the basis of an estimate of the property, including the buildings, plantations, etc.; this valuation is made on the spot, and is based on special valuation instructions.

For the purpose of carrying out the valuation of landed property, expropriated in accordance with the objects of the agrarian reform, a Decree of the Minister of Agrarian Reforms, issued after consultation with the Minister of Finances and the Minister of Agriculture, divides the whole of Poland into five economic regions. This decree established in each economic region eight classes of arable lands, five classes of grasslands and 4 of pasture lands, according to the quality of the respective lands, fixing the price per hectare of the lands in each class.

Special increases and decreases in the price of lands, expressed in percentages, are prescribed, according to the distance from stations, or from centres of population of greater or less density, and according to the intensity of the cultivation on the arable lands, this intensity being expressed by the percentage of the area covered by crops of certain root crops or vegetables, for example, beetroot, potatoes, onions, cabbage, carrots. Forests of any size subjected to expropriation are valued on the basis of their yield value in accordance with local prices, while small forests, up to 5 hectares and in some cases up to 10 hectares, are valued on the basis of capitalisation of the value of the plantations, in the case of stands more than 20 years old on capitalisation of the value as timber. The land itself under forest is however valued separately as cultivable land, taking off 50 per cent. from the valuation price. The valuation price of sheets of water is fixed in a manner similar to that which is employed for arable lands, Poland being divided for this purpose into two economic regions. In each of these regions provision is made for seven classes, and the valuation of the waters is increased or decreased according to the character of the basin or catchment area and the degree to which the supplementary quantity of the water is assured. The valuation of the buildings is fixed on the basis of the main principles of insurance, obligatory for the General Mutual Insurance Institution.

The following table rates of prices, paid for arable lands expropriated without taking count of the increases or decreases mentioned above :

Economic Region	Price of one hectare in gold francs in the land class							
	I	II	III	IV	V	VI	VII	VIII
1 . . . . .	1005	805	670	500	250	100	50	12.5
2 . . . . .	880	690	575	420	215	90	45	11
3 . . . . .	710	570	475	355	175	70	35	9
4 . . . . .	550	440	365	275	140	55	25	6
5 . . . . .	350	280	235	175	90	35	15	3.5

(1) In view of the modification of the monetary system which took place in Poland in October-November 1927, these prices should be multiplied by 1.72 to obtain the present value in zloty.

If however the valuation price of the property subjected to expropriation, calculated on the basis of the prices of units of the different types of cultivation by applying the increases or decreases as prescribed in the rules for valuations, falls too far short of the current price, or of the average value of the yield of the property expropriated, the indemnity granted for the property in question may be increased or diminished by about 50 per cent.

The average price is taken as *i. e.*, the price, appearing in the purchase and sale deeds of similar properties, purchased on the open market and not by way of parcelling, in the same country and the same economic region in the course of the year preceding that of the expropriation.

The yield value is taken to be the average annual profit, obtained from the property expropriated, in the course of the two last years preceding the carrying out of the expropriation, this profit being multiplied by 20. The expropriation price cannot be less than the value as legally established which serves as the basis for the income tax assessed on the landed property or on its expropriated part, not counting debts and other charges. The expropriation price cannot be less than the part not repaid of the loans granted by the long term credit institutions such as the State Agricultural Bank, the Bank of National Economy, as well as other institutions of long term credit, the valuation rules of which are approved by the Ministry of Finances.

The prices paid by the purchasers of lots, resulting from the parcelling effected by the State, are based on the real economic value of these lots. This real economic value is taken to be the arithmetic mean between the yield value of the property expropriated and its current price. If however the yield value of the different properties exceeds their current price, the selling value is recognised as the real economic value. The instruction of the Minister of Agrarian Reforms of 26 April 1928 contains the more precise details, relating to the fixing of the sale prices of lots of land at the time of the parcelling of State lands or of the lands of the State Agricultural Bank. (*Law Gazette of Poland*, 1928, No. 5, text 97).

Soldier settlers obtained land in virtue of a special enactment free, or at an equivalent price at a value of 10, 15 to 35 zloty per hectare, a sum payable by annual instalments in cash for a period of 30 years.

All types of real property found on expropriated lands are subject to expropriation, buildings used as dwelling houses as well as farm buildings and the other parts of industrial undertakings which constitute real property, and found on the estate in question. The owners have however the right to reserve for themselves lands built on. The basis of the calculation of the compensation is similar to that applied at the time of the expropriation of lands to the estimation of the properties expropriated. Live stock as well as dead stock and all movable property are not subject to expropriation.

In addition to the part of the purchase price for which the State Bank has given purchasers credit, purchasers of lots resulting from the parcelling obtain, under mortgage guarantee, investment loans coming from State funds, or from the funds of the State Agricultural Bank. The lots acquired may not be burdened with further loans in favour of third parties without the consent of the Land Offices, so long as the loans, coming from the State funds or from the funds of the State Agricultural Bank, and acting as a charge on these lots, shall not have been fully repaid.

In case of insolvency, the farm holdings resulting from the parcelling are subject to the general provisions which govern distraint. Distraint for loans granted on the State funds and on the funds of the State Agricultural Bank may also take



place by administrative order, just as distraint for repayments to the Treasury not subject to dispute.

In accordance with the provisions of (c) of art. 15 of the law of 31 July 1923 on consolidation of lands, the official operations of consolidation take place, *inter alia*, in the case of parcelling of private estates or those belonging to the State, as well as in the cases of economic necessity, ascertained at the time of the carrying out of regulating procedure, such as, *e. g.*, liquidation of servitudes, division of lands used in common, etc.

Independently of the law on agrarian reform, there is a special law on consolidation, that of 31 July 1923 on consolidation of lands, amended by Decree of the President of the Republic of 3 September 1927 (*Law Gazette of Poland*, No. 92, text 833).

In accordance with the provisions of art. 15 of the law of 31 July 1923 on consolidation of lands, consolidation is undertaken on the proposal of the parties concerned or officially by State initiative. Official action of the kind may be taken in the case in which a village has been destroyed by fire, at the time of simultaneous liquidation of servitudes or on the occasion of other regulating procedure, at the time of consolidation of the lands of other villages, or of the carrying out of land improvements as well as the parcelling of neighbouring estates.

In accordance with the provisions of art. 15 of the law of 31 July 1923, an operation of consolidation is undertaken on the proposal of the land owners; in the case of persons holding in common at least 35 hectares of lands which are dispersed or which are of great length in proportion to their breadth, situated in the area of a single administrative unit, and in the administrative units the area of which is less than 200 hectares, on the proposal of the owners or holders of at least one-tenth of the total area in question.

In consequence, an operation of consolidation is undertaken on the basis of an application, as contemplated in the measures, made in respect to a minimum area of lands by one or more of the owners or holders of such lands.

The office in charge of the execution of operations of consolidation is the same as that placed in charge of the carrying out of the agrarian reform, namely the Ministry of Agrarian Reforms (law of 11 August 1923 on the functions of the Minister of Agrarian Reforms and on the organisation of Land Offices and of Land Committees (*Law Gazette of Poland*, No. 90, text 706)).

The Land Offices collect for the technical operations of consolidation taxes (1) yielding not more than the actual costs incurred by the Offices, such costs to be determined by Decree of the Minister of Agrarian Reforms. The actual costs of consolidation per hectare amounted to nearly 30 zloty for 1927; nearly 20 zloty per hectare was collected from the parties concerned on an average. A wide measure of exemption either partial or total from consolidation charges is granted alike to individuals who are concerned in the consolidation and also to whole villages, communes and districts; on the average, 40 per cent. of the costs incurred for the technical execution of the consolidation operations by the Land Offices is found by the parties concerned.

In the law of 31 July provision is made for credit facilities for persons affected by consolidation operations so as to enable them to purchase lands for enlargement of their farm holdings, to carry out minor improvements and to transport as required. In the course of 1926, assistance was given to such persons to a total of 3,450,000 zloty, and in the course of 1927, of 3,890,000 zloty. The expenses of the technical

(1) Inspection and procedure costs are at the charges of the State.

work of consolidation are met by the Land Offices. Repayment of such expenditure, so far as exemptions from such charge have not been made, is spread over three annual equal instalments, and the first annual instalment is paid to the State Agricultural Bank in the course of the year which follows the that in which the decision of the regional Land Committee, approving the consolidation scheme, became valid. When those concerned in the consolidation bear the expenses of it, they are by the law exempted for the land tax for a period of 2 years.

On an average nearly 20 per cent. of those affected by the consolidation are moved with their buildings on to the new lots formed in the course of the consolidation ; such movings are more frequent in the Eastern voivodes than in the others (1).

The frequent occurrence of enclaves is due mainly to division of holdings. On the territory which was formerly Russian, where consolidation is almost exclusively carried on, there is in existence a restriction in respect of divisibility of farm holdings. Such measures however have proved inadequate for ensuring the permanency of the consolidation operations already executed. On this subject a bill is being drafted by the Minister of Agrarian Reforms. There are no special measures relating to consolidations carried out.

The deed of transfer of the title of ownership may be of two kinds : (a) for parcelling operations carried out by the Land Offices, the transfer of the title of ownership takes place in virtue of a decision of the regional Land Office (art. 61 of the law relating to the execution of the agrarian reform) which is of the nature of a public legal order ;

(b) for parcelling operations carried out by private persons, the deed of transfer is drawn on the basis of the general principles of purchase and sale agreements as prescribed by the civil legislation in force, but the owner is expected before proceeding to the parcelling to obtain from the regional Land Office approval of the scheme of parcelling, making a declaration as to the parcels, the identity of the new purchasers and the prices of the land ;

(c) for parcelling effected by the State Agricultural Bank the deed of transfer is drawn on the basis of the general principles of purchase and sale agreements, prescribed by the civil legislation in force but without the requirement that the owners of the parcelled lands must obtain approval of the scheme from the regional Land Office.

Owners of lands acquired in virtue of the law of 28 December 1925 relating to the execution of the agrarian reform have not the right to let these lands until the loans made from the State funds or from the State Agricultural Bank and forming a charge on the lands have been completely amortised (art. 54 of the law).

On principle the dwellings are not grouped into village but dispersed over the lots. Exceptionally, in so far as the buildings of the previous farms can be used on the spot by the purchasers, or where considerable difficulties exist in the supply of water to the farms, the dwellings are grouped in villages.

Measures intended to prevent division and alienation of farm holdings should be divided into two groups :

A. — Measures existing before the agrarian reform was brought into force :

On the territory of the former Congress Kingdom of Poland : the law of 11 June 1891 on the land organisation of the peasant farmers, published in Volume IX of the Collection of the Laws of the Russian Empire ; on the territory formerly Prussian : German laws the principal ones being : (a) the *Ansiedlungsgesetze* of 26 April

(1) A long term credit at low interest is granted from the State funds to cover the cost of moving of buildings.

1886 and of 20 April 1898 ; (b) *Gesetz über Rentengüter* of 27 June 1890 ; (c) *Gesetz betreffend die Beförderung der Errichtung von Rentengütern* of 7 July 1891 ; (d) *Gesetz betreffend das Anerbenrecht bei Renten und Ansiedlungsgütern* of 8 June 1896 and the Decree of the Commissariat of the Supreme Peoples' Council of 25 June 1919 (*Journal Officiel*, No. 27, text 85) and finally the Decree of the Council of Ministers of 1 September 1919 (*Law Gazette of Poland*, No. 77, text 428) to be given force by the provisional Councils on the territory of the former Congress Kingdom of Poland and on the territory formerly Austrian, this Decree having been extended to the territories incorporated in virtue of the agreement relating to the preliminary peace and armistice, signed at Riga on 12 October 1920 (*Law Gazette of the Polish Republic*, No. 16, text 153, 1924).

In the law of 11 June 1891 on the land organisation of peasant farmers (Volume IX of the Collection of the Laws for the Russian Empire) it is laid down that, at the time of the alienation of the holdings and lands belonging to the peasants, and at the time of the preparation of other title deeds relating to these lands, except when it is a question of tenancy, the lands belonging to the peasants may be divided into portions on the following conditions : 1. that the area of lands remaining attached to the holding of the owner should be not less than 3.36 hectares; 2. that each of the portions formed by the division carried out on the lands contains either by itself or after being joined to the adjacent lands which belong to the person in favour of which the transfer of property has been made, an area not less than that above mentioned. All deeds and agreements concluded in contravention of the above measures are regarded as null and void.

The law on indivisible succession of farms granted to settlers with obligation to pay an annual rent corresponding to the interest and to the amortisation of the sum fixed as purchase price (1) and on the succession to farm holdings resulting from the land settlement legislation of 8 June 1896 (*Anerbengesetz*), contains provisions on the basis of which a mortgage must be registered, and it must be noted therein that the farm holding in question has been formed in the course of land settlement, and after the decease of the owner can only pass as a whole and to a certain class of heirs (either collaterals or descendants). A mortgage of this kind is entered in the Register on the basis of an appropriate clause in the contract.

The law of 7 July 1891 the object of which is to encourage the formation of " farms with obligation ", taken together with the law of 27 June 1890, on the farms with obligation, introduces a type of farm holding, those which were sold to the purchasers by the Land Settlement Committee, under conditions of the contract, which contains a series of limitations of the right of the owner to do as he pleases with the holding he has acquired. *Inter alia*, the sales agreements contained as restriction that the farms with obligation cannot be divided nor sold either in whole or in part without authorisation from the Land Settlement. This restriction has been introduced by the Land Settlement Committee for reasons of a political kind, but it may be taken advantage of for economic ends, and the more so as these farms with obligation constitute a type of independent holding, of an area of from 10 to 20 hectares. Limitations relating to the transfer of the right of ownership to farms with obligation are equally in force in the event of the death of the owner.

By the provisional Decree of the Council of Ministers of 1 September 1919, it is established that the agreements relating to the transfer of the title of ownership of all real property, with the exception of property belonging to peasants, require for

(1) These farms will be referred to subsequently as " farms with obligation ".

validity the previous authorisation of the State authorities. Such authorisation is refused when the transfer of the title makes impossible for delays the application of the principles of the agrarian reform.

B. — In the provisions enacted after the agrarian reform had been brought into force, and contained in art. 54 of the law of 28 December 1925 relating to the execution of the reform, it is established that the lands purchased in virtue of the law cannot be divided, alienated nor pledged, without the authorisation of the Land Offices, so long as the loans, made out of the State funds or those of the State Agricultural Bank which are a charge on these lands, have not been completely repaid.

C. — Measures which should be enacted for the purpose of stabilising the agrarian structure lately brought into existence. Such measures will in part relate to the question of the indivisibility and the alienation of the farming units enterprises (*chantiers*), formed in virtue of the law of 28 December 1926 relating to the execution of the agrarian reform on the whole territory of the Republic and in the course of the consolidation.

If the purchase and sale agreement to be concluded involves the decrease of the land fund earmarked for agrarian reform on the whole territory of the Republic the Land Offices have the right to refuse the approval of the agreement. For the same reason the maximum of the area of the new or enlarged holdings was fixed by the law at 20 to 30 hectares.

Succession in the rural families on the territory of the Republic of Poland is regulated by laws originating in the legislation of the former partitioning countries; hence on the different territories of the State, the prescribed measures vary as follows:

(a) on the territory of the former Congress Kingdom of Poland succession among the peasant farmers is regulated by chapter IV of the law on the land organisation of peasant farmers (Collection of the Laws of the Russian Empire, Vol. IX).

(b) On the territory of Eastern Poland it is customary law which is obligatory for the peasants; there are too in certain cases the provisions of the general civil law, such as the "ukase" of 9 November 1906, later replaced by the law of 14 June 1910, which grants to members of corporate communities the power of acquiring the title to hereditary ownership of lands of which they have the use and which form part of the community.

(c) On the territory where Prussian legislation has force, the *Anerberecht* and the law on farms with obligation (*Gesetz betreffend die Beförderung der Errichtung von Rentengütern*) of 7 July 1891 (*Gesetzsammlung*, page 279).

(d) On the former Austrian territories, the law in force on the subject is the Galician law on farms with obligation dated 17 February 1905, establishing that for the division or the partial alienation of a farm with obligation before the loan in bonds has been repaid, the authorisation of the National Commission for farms with obligation is required. Loans were granted for period of from 52 to 56 years.

The legislation of the territories formerly Prussian and Austrian does not contain any prescriptions other than those already examined limiting the divisibility of rural lands.

### III. — RESULTS OF THE AGRARIAN REFORM.

#### (a) *Distribution of rural property and social structure of the rural population.*

The number of the rural holdings in 1921 was as shown in the following table:

Size of the holdings	Number of the holdings	Area in ha. apart from lands owned by rural communities	Total area in %	Area of arable lands in ha., apart from lands owned by rural communities.
Total . . . . .	3,261,903	30,340,669	100 %	14,439,817
under 0,5 ha. . . . .	333,859	98,931	31.8	58,061
from 0,5 to 1 ha. . . . .	271,980	208,444		153,797
1  "  2  " . . . . .	502,913	768,235		509,114
2  "  3  " . . . . .	379,437	962,122		675,165
3  "  4  " . . . . .	345,790	1,222,152		816,623
4  "  5  " . . . . .	276,624	1,248,286	810,797	
5  "  10  " . . . . .	733,256	5,156,848	2,237,591	
10  "  20  " . . . . .	311,529	4,190,220	13.8	2,561,247
20  "  50  " . . . . .	76,436	2,141,374	9.6	1,236,491
50  "  100  " . . . . .	11,163	754,880		423,049
over 100 ha. . . . .	18,916	13,589,177	44.8	3,392,382

(1) General Census of 1921.

The general census of 1921 does not cover the lands of Upper Silesia nor of three districts of the territory of Vilno.

In the period from the beginning of 1921 to the end of 1926, 732,797 hectares were parcelled for the purposes proposed in the agrarian reform, and in addition, nearly 112,000 hectares have been granted for land settlement by ex-service men.

Parcelling operations have been carried out equally on the estates of the State and on those belonging to private persons, these latter having been parcelled by their owners without State intervention.

The estates belonging to the State have been for the most part completely parcelled out. The so-called "exclusions" amounting to an area of nearly 60,000 hectares in the course of this period are already accounted for in this figure of 732,800 hectares. On the contrary, private estates were for the most part only partially broken up and often on separate occasions.

Speaking generally, it is the estates and holdings of a certain size, more than 100 or even more than 180 hectares, in accordance with the later legal limit, which have been parcelled. Among the estates belonging to the State there are also very small units, measuring only a few ares. In view of the fact that the proportion of the area of these estates to the total area of the parcelled estates belonging to the State is very small, it may safely be assumed that the area of the holdings of over 100 hectares has undergone from 1922 to the end of 1926 a decrease of nearly 750,000 hectares. If to this figure is added nearly 80,000 hectares ceded mainly by large holdings as liquidation of servitudes, the total reduction will be nearly 830,000 hectares. The census of large property which was taken at the beginning of 1921 showed that private property of more than 50 ha. let in parcels amounted to 309,000 ha. while about 23,000 ha. of church property was so let. On the other hand, the census of rural holdings taken in the month of September of the same year showed that 220,000 hectares of rented and 90,000 hectares of land granted to farm servants but without servitude charges consisted of holdings of less than five hectares; out of 100 tenants of parcels,

54.7 were renting less than one hectare and 37.2 were renting from one to five hectares.

Undoubtedly, areas which have been parcelled by the large estates contained a part of lands rented in parcels, or lands belonging to the farm workers and such part was in the course of the census of September 1921 incorporated with the small holdings. If a suitable correction is made of the percentage of reduction of the holdings of more than 100 hectares, also in the case in which the total area of the rented parcels has been split up, the diminution of the area of the holdings of over 100 hectares will be expressed as 830,000 hectares less 309,000 hectares (a very small quantity only of church estates having been subjected to parcelling), that is to say 521,000 hectares, or a decrease of nearly 4 per cent. of the total area of holdings of over 100 hectares. On the other hand, service lands, or lands assigned to farm workers and to rural artisans to form part of their payment, are not to be deducted, as it is impossible for all rented lands and all service lands to have been subjected to parcelling at one and the same time.

If it is taken into consideration that it was agricultural land that was in the first instance subjected to the parcelling, which was applied to arable lands as well as to grasslands and pasturelands, and that the equivalent fixed in the course of the abolition of servitudes was mainly assigned on lands of this class, the diminution in agricultural land of the holdings of over 100 hectares must be admitted to be 10 per cent. in relation to the 5 1/2 million hectares of agricultural land on holdings of more than 100 hectares in total area.

In the course of the period of 5 years from 1922 up to the end of 1926 the area parcelled has been distributed as follows :

	Number	Area ha.	Average area reckoned in ha.
New holdings . . . . .	38,978	376,475	0.7
Enlarged holdings . . . . .	120,603	268,417	2.2
Special holdings . . . . .	1,668	17,108	10.3
Residential colonies for officials, workmen, etc. . . . .	19,714	16,124	0.9
Soldiers' farm holdings . . . . .	6,000	112,000	18.6

In the majority of cases the enlarged holdings were assigned to owners of holdings of less than from 5 to 6 hectares. The enlargement by an average of 2.2 hectares of each of the holdings of this group has increased by 250,000 hectares at least the holdings of less than 10 hectares. The group of holdings of less than 10 hectares has acquired an additional 350,000 hectares nearly, in the form of new holdings, which only in certain parts of Poland and in special conditions have to be more than 10 hectares, while another 10,000 hectares represents the special (1) holdings of the same size group (some of the special holdings being more than 23 hectares) and the area representing the parcels assigned to workmen and employees brings up the total additional area to nearly 630,000 hectares. Adding 20,000 hectares representing the area assigned to soldier settlements, which on good land cannot be more than 10 hectares, and another 30,000 hectares representing the group known as the "exclusions", there is obtained as the total figure for the increased

(1) Special holdings include "centres" and the areas suitable for special branches of production, e. g., fish ponds, peat bogs, mills, etc.

area of the less than 10 hectare group of holdings 680,000 hectares approximately; and when a correction has been introduced similar to that calculated for the large estates proportionate to the area rented, the figure obtained is 680,000 hectares *less* 309,000 hectares, or 371,000 hectares.

Areas which have been assigned to holdings in liquidation of servitudes and as sharing out of lands utilised in common do not enter into this calculation. No data are available for determining the extent of the holdings, which have been enlarged by means of these regulating operations. In the course of the five year period from 1922 to 1926, however, taking all cases, 28,030 holdings have gained 88,751 hectares by liquidation of servitudes and of these probably nearly 70,000 hectares are attached to holdings of a total area of less than 10 hectares.

To summarise the foregoing, these are the principal changes which have occurred in the distribution of rural property up to the end of 1926. There has been a diminution of the total area representing holdings of more than 100 hectares, such area amounting to probably 520,000 hectares at least, or 4 per cent. of the total area of these holdings, which form nearly 10 per cent. of the area of agricultural land.

In the course of the same period, the holdings of under 10 hectares have increased by at least 440,000 hectares (*viz.* 371,000 *plus* 70,000 hectares); consequently the total area of the holdings of from 10 to 100 hectares could be modified only within the limits of about 80,000 hectares (520,000 *less* 440,000 hectares). The holdings of from 10 to 20 hectares, representing 13.8 per cent. of the total area, may be to a certain degree affected by these changes; next to a less considerable degree the holdings from 20 to 50 hectares which represent 7.1 per cent. of the total area, and then in cases quite exceptional the holdings of from 10 to 100 hectares which represent hardly 2.5 per cent. of the total area.

To maintain exactness there should still be placed on the side of the losses of large property and of the gains of small property 12,819 hectares which were parcelled by the State Agricultural Bank up to the end of 1926, 38 per cent. of which was earmarked for independent holdings, 21 per cent. for enlarged holdings, 17 per cent. for former farm servants and 24 per cent. for other objects, special holdings, industries, agricultural centres, etc.

A consolidating policy has great importance for small holdings as the production of consolidated lands is usually doubled; as a result of this policy, 629,321 hectares have been consolidated since 1918 up to the end of 1927. An equally important increase of production follows on the liquidation of servitudes, such increase being noted merely on the lands from which these charges have been removed but also on the areas assigned by way of equivalent. This equivalent assigned up to the end of 1927 amounts to 174,376 hectares. In addition sharing out up to an area of 11,374 hectares has been effected in the case of lands held in common.

In accordance with these calculations, it would seem that the number of 3,115,394 holdings of less than 20 hectares in total area as returned in the census of 1921 must have shown an increase at the end of 1926 by the addition of from 20,000 to 30,000 new holdings, nearly five thousand soldiers' settlements and from 1000 to 1200 special holdings. Subtracting 333,000 holdings of less than 0.5 hectares, as with such dimensions the dwelling house practically dominates the parcel, the figure obtained for holdings of rural type of from 0.5 to 20 hectares is approximately 2,800,000. With these may be classed 76,000 holdings of the type of large peasant holding of from 20 to 50 hectares. On the other hand the 11,000 holdings of 50 to 100 hectares must be recognised as belonging for the most part to the type of holdings known as large farms. In the above calculation, account

is not taken of the increase which has taken place since 1921 in the number of holdings, as the result of the division of large rural holdings into smaller ones; for such division the authorisation of the Land Offices, in accordance with the Decree of the Council of Ministers of 1 September 1919, is not required (*Official Journal of the General Land Office*, No. 1) in the case of rural property, and the limits of these divisions are determined only by the provisions stated in Part II of this article. (See *Review*, May 1930).

Before the consolidation, peasant holdings generally consisted of different types of cropping, such as arable land, grassland pastures, gardens, forest land, etc., not forming separate units. In accordance with the provision of art. 6 of the law of 31 July 1923 on the consolidation of lands each one of these concerned in the consolidation obtained, on the territory subjected to it, in exchange for the lots which he had held up to that time, a new lot of equivalent value, and of a kind as nearly as possible resembling the type of the main part of the parcels which he formerly possessed. In consequence, the greater number of the holdings consist of as many lots as there exist kinds of principal types of cropping in the consolidated village, and according to the provisions in force, only in exceptional cases may the different croppings be allowed on at most two lots. At the present time no statistics are available making it possible to determine the average number of the isolated lots included in the peasant holdings after the carrying out of the consolidation operations.

Without taking account of the parcelling effected by the State Agricultural Bank, and leaving aside the problem of soldier settlement, the results of the parcelling effected in the course of the years are shown in the table on page 206.

In this table there may be noted a tendency to the artificial preponderance of the area occupied by the new holdings, the average areas of which fluctuate between 9.3 hectares in cases in which independent holdings have been formed, such holdings representing 52.5 per cent. of the parcelled area, and 14.4 hectares in the case of the special holdings which represent 2.9 per cent. of the parcelled area, while the average area is 17.4 hectares for the remaining holdings, purchased to constitute State property or sold to independent institutions of a social character, such holdings representing 8.6 per cent. of the area which has been parcelled.

Generally speaking in the existing conditions of Polish agriculture all these holdings belong to the group of average peasant holdings.

In noting the development of holdings of this type, it will be seen that the proportion to the whole of the areas used for the formation of new independent holdings shows a reduction in the course of the period from 1919 to 1926, dropping from 61.4 per cent. in 1919 to 47.2 per cent. in 1926. There is also a reduction in the proportion of the area occupied by the special holdings.

On the other hand, the relative reduction of the area occupied by holdings of these groups makes larger the area of the group of enlarged holdings, 23.9 per cent. of the whole area subjected to parcelling being devoted to enlargement of holdings in 1919, while in 1926 the proportion was 41.1 per cent. of the whole.

In connection with the above-mentioned tendencies of development it should be noted:

(a) that the increase in the number of the new holdings of average size, originating in the parcelling of larger holdings, is much slower;

(b) that there is a much stronger tendency towards enlargement of the very small existing holdings up to size of average holdings, by means of the allocation of supplementary lands to these holdings.



Years	Independent holdings				Enlarged holdings				Special holdings			Residential colonies for workmen, officials, etc.		
	Number	Area in ha.	% of the area parcelled used for independent holdings	Average area of holdings in ha.	Number	Area in ha.	% of area parcelled used for enlarged holdings	Average area of holdings	Number	Area in ha.	Average area	Number	Area in ha.	Average area
1919	1,026	8,736	61.4	8.5	1,845	8,405	23.9	2.6	14	115	8.2	178	239	1.3
1920	4,441	38,096	51.3	8.5	9,499	24,836	33.4	2.6	74	3,232	43.6	1,072	1,604	1.5
1921	12,784	113,249	56.3	8.3	20,961	66,700	28.2	2.7	263	8,691	33.0	2,252	3,713	1.6
1922	9,591	108,561	53.0	11.8	19,474	60,654	27.0	2.6	296	4,092	13.2	2,084	3,175	1.5
1923	7,590	72,213	54.0	9.5	21,330	45,681	34.0	2.1	166	3,776	22.7	1,961	2,846	1.4
1924	5,441	49,298	45.8	9.0	20,332	44,777	40.8	2.2	828	3,523	4.2	2,812	2,984	1.0
1925	5,047	50,805	50.2	10.0	18,502	38,180	38.2	2.1	187	2,092	11.1	7,672	2,890	0.3
1926	11,309	95,538	47.2	8.4	40,965	83,245	41.1	2.0	191	3,625	18.9	4,185	4,229	1.0
Period 1919-1926	57,179	536,558	52.5	9.3	152,408	347,358	33.9	2.3	2,019	29,146	14.4	22,216	21,680	1.0
										(1)			(2)	

(Apart from soldier settlement and from the parcelling effected by the State Agricultural Bank).

(1) that is to say, 2.9 % of the area consolidated.

(2) that is to say, 2.7 % of the area consolidated.

(3) In the period 1919-1926 there were reserved for the State and for independent institutions of a social character 37,579 hectares, or 8.6 per cent. of the area parcelled, the average size of the parcel so reserved being 17.4 hectares.

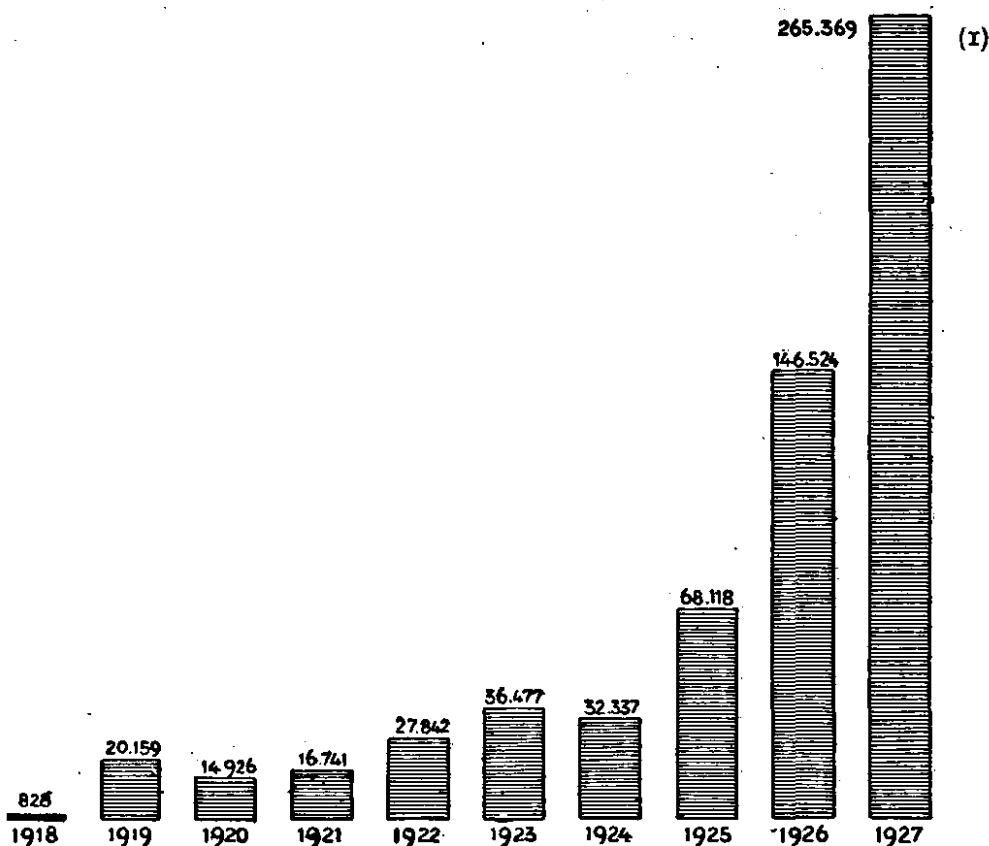
It should be noted that under the conditions of Polish agriculture the enlargement of a small holding to the size of an average holding is not merely a question of the direct increasing of the area of the plot, but also in the majority of cases involves consolidation the effect of which is to double the production of lands so treated.

The following areas have been consolidated in the course of the different years (see graph A).

Years	Area consolidated
1918 . . . . .	828
1919 . . . . .	20,159
1920 . . . . .	14,926
1921 . . . . .	16,741
1922 . . . . .	27,842
1923 . . . . .	36,417
1924 . . . . .	32,337
1925 . . . . .	68,118
1926 . . . . .	146,524
1927 . . . . .	265,369

In the course of the first quarter of 1928, according to provisional reports, 52,497 hectares have been consolidated, while the corresponding figure for the first quarter of 1927 was 32,122 hectares.

GRAPH A. — CONSOLIDATED AREA DURING YEARS 1928 to 1927, IN HECTARES.



(1) Provisional figures.

The table which has just been given is not modified by the parcelling policy carried out over an area of 12,819 hectares up to the end of 1926 by the State Agricultural Bank which employs similar methods.

Under the policy of soldier settlement 136,201 hectares have been parcelled up to the end of 1927, and it may be noted that in view of the agricultural conditions of the eastern borders of Poland the average size (17.6 ha.) of the holdings formed in pursuance of this policy brings them into the category of average peasant holdings.

The area of 1,022,000 hectares which in the course of the period 1919 to 1926 has been parcelled by the Land Offices, apart from soldier settlement and the parcelling effected by the State Agricultural Bank, has been distributed among the different classes of purchasers as shown in the table on page 208.

This table compared with the two tables preceding and with the one that follows indicates the existence of an increasing tendency to render independent the holdings already existing by allotting to them a sufficient quantity of land. The table of the average sizes of the newly formed holdings (see Part I. Legal Bases

*Number of Purchasers.*

Year	Total of numbers	Landless	Owing an insufficient quantity of land	Enlarging their holdings	Not previously farmers	Total
		%	%	%	%	
1919 . . . . .	2,563	35.8	54.1	8.3	1.8	100
1920 . . . . .	15,077	26.2	65.3	6.5	2.0	100
1921 . . . . .	36,198	32.9	58.9	6.2	2.0	100
1922 . . . . .	31,445	28.4	58.8	8.8	4.0	100
1923 . . . . .	31,047	25.0	63.9	8.0	3.1	100
1924 . . . . .	29,402	19.7	62.6	11.2	6.5	100
1925 . . . . .	26,164	20.4	65.4	7.4	6.8	100
1926 . . . . .	56,739	19.3	66.8	7.0	6.9	100
	223,635	24.3	63.1	7.8	4.8	100

of the Agrarian Reform) shows that this type of holding coincides with the independent holdings, as their average measurement, from 9 to 10 hectares, adequately ensures their independence in the conditions existing for Polish agriculture.

In the course of the period up to the end of 1926, the requirements of 9,228 farm workers and of 20,966 tenant farmers, were satisfied. The former class must be reckoned as agriculturists who become independent.

As further consequences of this situation an increase is noted of persons who have an insufficient quantity of land, and a decrease in the numbers of landless persons and of those who have a sufficient quantity, and whose requirements have been met. A certain increase in the number of non-agriculturists whose needs were met must be attributed to the relative enlargement of the areas set aside for workmen's or employees' colonies in the course of 1924 and 1925, during which period the percentage of these areas was increased in proportion to the total of the parcelling up to 2.7 per cent. in 1924 and up to 2.9 per cent. in 1925. The average sizes of these lots were in 1924 one hectare and in 1925, 0.3 hectare.

Some data in respect of the persons who have benefited by the agrarian reform follow :

Year	Landless persons		Persons having an insufficiency of land		Persons enlarging their independent holdings		Not previously agriculturists		Total
	Total	%	Total	%	Total	%	Total	%	
1919 . . . . .	918	35.8	1,386	54.1	214	8.3	45	1.8	2,563
1920 . . . . .	3,952	26.2	9,848	55.3	982	6.5	295	2.0	15,077
1921 . . . . .	11,907	32.9	21,331	58.9	2,255	6.2	705	2.0	36,198
1922 . . . . .	8,933	28.4	18,501	58.8	2,757	8.8	1,257	4.0	31,445
1923 . . . . .	7,763	25.0	19,849	63.9	2,468	8.0	967	3.1	31,047
1924 . . . . .	5,789	19.7	18,408	62.6	3,285	11.2	1,920	6.5	29,402
1925 . . . . .	5,344	20.4	17,086	65.4	1,946	7.4	1,785	6.8	26,164
1926 . . . . .	10,927	19.3	37,949	66.8	3,961	7.0	3,902	6.9	56,739
in the course of the period 1919-1926 . . . . .	55,553	24.3	144,348	63.1	17,368	7.8	10,876	4.8	223,635

As is shown by the table, persons who have benefited by the agrarian reform up to the end of 1926 are distributed as follows: 144,348 persons, whose holdings were inadequate in extent, 17,868 agriculturists who enlarged their independent

holdings, and 55,533 purchasers who were entirely without land of their own. The total is thus 217,000 persons who were previously engaged in agriculture who benefited by the agrarian reform.

The census of 1921 shows 16,854,736 persons connected with agriculture.

In relation to this number, the percentage of those who benefited by the agrarian reform up to the end of 1926 is 1.25 reckoning by individuals and from 4 to 5 per cent. if families are taken into consideration.

In the calculation above no account is taken of the parcelling effected by the State Agricultural Bank, nor of what is known as soldier settlement, by means of which nearly 7600 settlers were placed on the land up to the end of 1926.

In principle the lots formed in the course of parcelling are handed over without buildings to the purchasers and only buildings already existing on the parcelled estates are adjudged to them.

In addition purchasers obtain credits for the purposes of construction of farms and for the purchase of live or dead stock. In virtue of special laws, soldier settlers who own lots on the bases of free grants obtain assistance in building material and in cash. In general holdings formed in the course of parcelling are brought under cultivation with the assistance of the funds of the settler himself. In regard to the purchase of live stock, the owners of lots benefit not only by special land settlement credits for the purposes of investments, but also by stock raising credits, granted by the State to all agriculturists.

#### (b) Land and Agricultural Credit.

Long term mortgage credit, which is of the first importance for the development and maintenance of agriculture up to a certain level, was almost completely destroyed in Poland in the course of the war, and in view of the absence of available capital and the high rate of interest, the restoration of this type of credit during the last few years has been too slow to do more than meet a small proportion of the requirements of agriculture.

The following six principal credit institutions grant long term mortgage loans for agricultural purposes: the State Agricultural Bank, the Bank of National Economy, the Warsaw Mortgage Credit Company, the Poznań Mortgage Credit Company, the Lwów Mortgage Credit Company, and the Mortgage Bank of Vilno.

The table following gives the number and the amount of the mortgage loans granted in the course of the years 1925, 1926 and 1927.

	1925		1926		1927	
	Loans made	Amount in 1000 gold fr.	Loans made	Amount in thousand gold fr.	Loans made	Amount in 1000 gold fr.
State Agricultural Bank . . . . .	30	108	2,125	4,410	9,589	24,165
Bank of National Economy . . . . .	1	30	56	3,234	—	14,500
Warsaw Mortgage Credit Society . . . . .	804	13,935	76	1,269	—	25,656
Poznań Mortgage Credit Society . . . . .	189	8,037	97	5,900	—	7,765
Lwów Mortgage Credit Society . . . . .	547	6,411	58	1,038	173	9,896
Mortgage Bank of Vilno . . . . .	84	834	1	5	54	893
Total . . . . .	1,636	29,406	2,413	15,856	(1)	82,954

(1) Data relating to the number of the loans not available.

It will be noted that in the course of the year 1926 the number of loans made increased and that at the same time their total amount in gold francs declined.

The former phenomenon is explained by the development of the credit policy of the State Agricultural Bank in connection with the increase in the parcelling of private lands in the course of 1926. The decline in the amount of the loans made is the result of the economic crisis which occurred in the course of the second half of 1925 consequent on the fall in the zloty, and the nominal value of the mortgages remained at the same level (80 per cent.) although the actual value, if it is taken into account that the mortgage notes are expressed in gold zloty, becomes much less. At the same time, on the Exchange the 8 per cent. mortgage notes of the State Agricultural Bank and of the Bank of National Economy rose from 92 to 93 per cent. of their gold value, the issuing activity of these Banks gradually increased, and in 1927 loans were made for a total of 82,954,000 gold francs, that is, for nearly six times more than in 1926.

The development of the operations of the State Agricultural Bank is illustrated by the following table:

	1926				1927				1928
	millions of zloty								
	quarter				quarter				quarter
	I	II	III	IV	I	II	III	IV	I
<i>Assets</i>									
Bills discounted . . . . .	15.4	16.7	21.6	17.2	20.9	27.7	32.1	34.4	36.2
Loans on short term . . . . .	19.0	25.7	36.2	29.8	39.1	60.2	91.1	91.3	93.7
Mortgage loans . . . . .	0.4	0.6	2.0	4.5	7.9	13.9	18.2	41.4	59.7
Borrowers from funds administered . . . . .	30.5	34.9	43.4	51.4	58.0	67.0	77.8	86.3	103.9
<i>Liabilities</i>									
Investment of Treasury . . . . .	25.8	25.1	23.7	22.5	20.9	13.7	74.6	63.5	63.5
Deposits . . . . .	2.6	4.7	9.0	7.4	16.6	31.6	34.3	32.7	24.5
Total . . . . .	108.3	122.1	144.7	155.6	201.7	261.3	332.3	600.9	463.9

The above table indicates the totals of certain headings of the account at the end of the month of each quarter.

The rate of interest on the mortgage notes of the long term credit institutions was, before the world war, from 4 to 4 and a half per cent. per annum. At the present time the greater part of the mortgage notes are issued at 8 per cent. with the exception of the mortgage notes of the Poznań Mortgage Credit which are at 6 per cent. In the course of the first quarter of 1928 the rate of interest of the mortgage notes of the State Agricultural Bank and of the Bank of National Economy has been reduced to 7 per cent.

Following on the decline in values in 1925-26, the rate of real interest on mortgage loans was from 11 to 15 per cent. without reckoning amortisation and the "grosz" of the administration tax; at the present time, in consequence of a rise which has taken place, the rate is less than 10 per cent.

The amortisation periods for loans differ in the different institutions. For private banks, they do not usually exceed 15 to 16 years and a half. The period differs for the loans made by the different State Banks; the State Agricultural Bank grants loans for 10, 20 and 30 years, according to the requirements of the borrower, the Bank of National Economy fixes it at 13 ½, 20 and 35 years. The supplement known as "grosz" for the administration varies from ½ per cent. at the Bank of National Economy up to 1 per cent. at the State Agricultural Bank. As well as credit in mortgage notes, there is a long term credit granted usually on the State funds for objects relating to the reconstruction of the agrarian system;

for improvements, encouragement of stock breeding and the dairy industry. The rate of interest on these credits is much less than that of the credit in mortgage notes and amounts to 4 to 5 per cent. In the course of 1926, the figure for the loans made out of the funds of the Ministry of Agrarian Reforms reached 11,973,700 zloty, for loans made out of the funds of the Ministry of Agriculture for purposes of stock breeding and of the dairy industry, 2,314,000 zloty, and 4,475,200 zloty for improvements. Out of the funds of the Ministry of Public Works 7,203,600 zloty have been allocated for purposes of reconstruction. In the course of 1927, the loans made out of the funds of the Ministry of Agrarian Reforms have amounted to 12,720,794 zloty, out of the funds of the Ministry of Agriculture for the purposes of stock breeding and the dairy industry 4,669,911 zloty, and for improvements, 8,451,690 zloty; in addition, out of the funds of the Ministry of Public Works, 8,192,065 zloty.

The figures above mentioned show that the credits granted out of the State funds in 1926, amounting to nearly 26,000,000 zloty in all, were much larger than the credits in mortgage notes which amounted to 15,800,000 zloty. During the year 1927 this situation underwent a change and the credits in mortgage notes (82,954,000 gold francs) exceeded by more than four times the credits given out of State funds which amounted to 34,034,450 zloty or nearly 20,000,000 gold francs although these latter credits amounted to over 8,000,000 zloty more than in 1926.

Short term credits are chiefly given by the State Banks: by the State Agricultural Bank to small and average holdings, by the Bank of National Economy to large estates. In addition considerable sums are lent by the Post Office Savings Bank and by the Bank of Poland. The part of the district Savings Banks (popular banks) and of the co-operative credit societies in the organisation of long term credit is reduced in general to the rôle of intermediary between the institutions mentioned above and the small farmers.

The situation as regards the indebtedness of agriculture in short term loans on the guarantee of bills of exchange was on 1 January 1927 and on 1 January 1928 as follows, in thousands of zloty (see also Graph. B.)

	January 1927	January 1928
State Agricultural Bank . . . . .	52,555	124,822
Bank of National Economy . . . . .	14,740	33,476
Bank of Poland directly . . . . .	7,258	10,200
Bank of Poland through other banks . . . . .	3,129	500
Post Office Savings Bank (1) . . . . .	5,262	2,582 (1)

The above table shows that the most important assistance is that given by the State Agricultural Bank which secures working capital to agriculture mainly through the agency of the central and local co-operative organisations. Credits for the co-operative societies formed on 1 January 1927, 50.1 per cent. of the total amount of the indebtedness, and on 1 January 1928, 52.2 per cent. The State Agricultural Bank grants in addition to agriculture credits by the intermediary of the district

(1) The Post Office Savings Bank ceased in 1927 to make loans directly to farmers; it merely grants them to co-operative organisations.

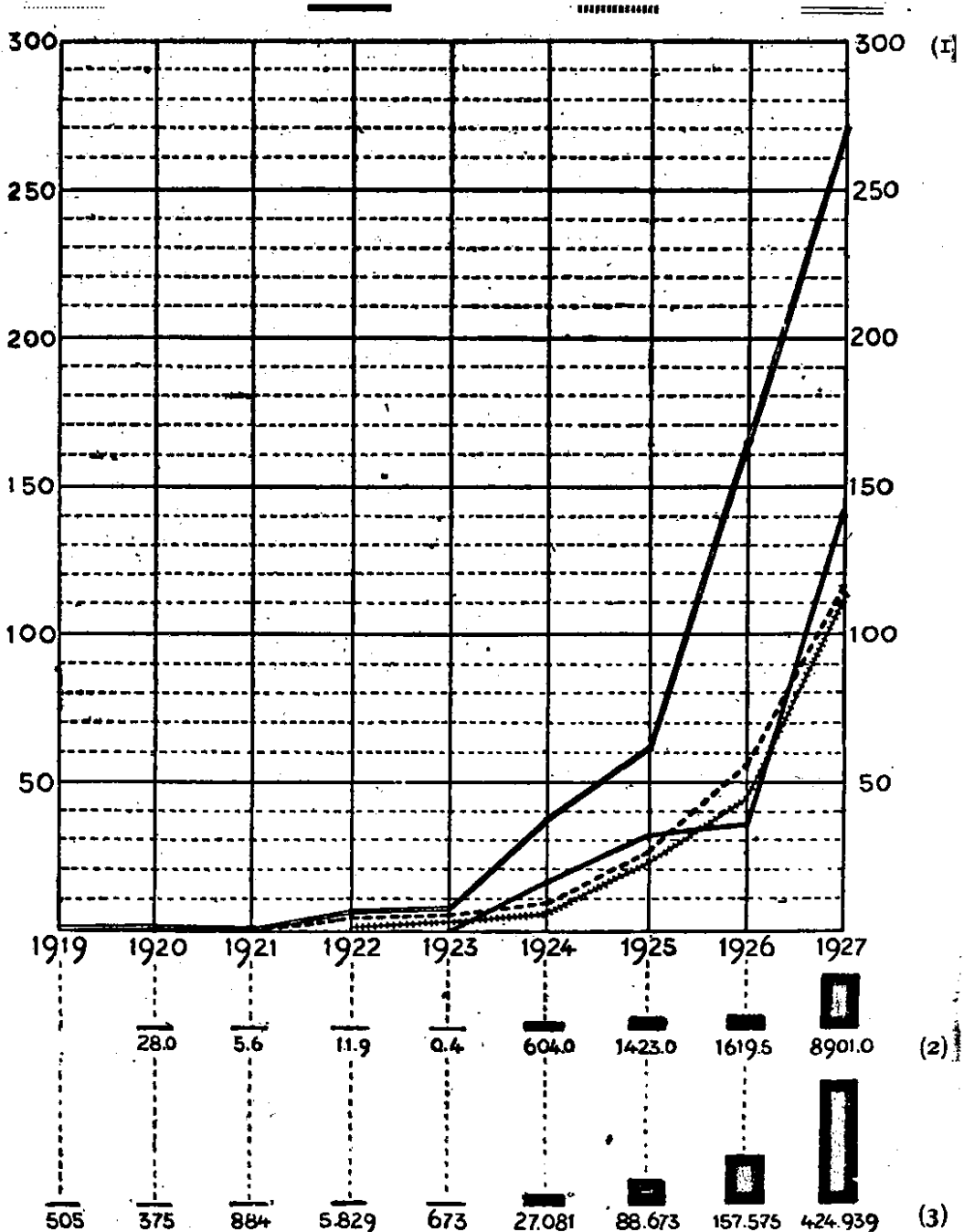
GRAPH B. — STATE AGRICULTURAL BANK. LOANS MADE AND WORKING CAPITAL OBTAINED.

*Short term credits:*  
Discount of bills  
Loans secured by bills  
and other documents

*Long term credits:*  
Loans on mortgage  
security  
Borrowers from  
admini-tered funds

Treasury Investment

Deposits



(1) Millions of stoty. — (2) Foundation capital of the Bank in thousands of dollars. — (3) Balance shown by the State Agricultural Bank.

communal credit and loan banks. The credits for the communal banks formed on 1 January 1927, 12.5 per cent. and on 1 January 1928, 18.5 per cent. of the total amount of the indebtedness. Nearly 18 per cent. of the indebtedness in short term credits consisted at the beginning of 1927 of loans granted to enterprises of agricultural commerce and of agricultural industry, while the percentage on 1 January 1928 was 16.7. Independently of the loans made for the general requirements of farmers, the State Agricultural Bank has assigned credits, out of the funds administered by the Ministry of Agriculture, to special objects and in particular to stock breeding undertakings and to co-operative dairies, for advances of seeds, for chemical fertilisers, improvements and for pisciculture.

The period within which loans must be repaid differs in the different institutions, and varies from three months to one year. The Bank of Poland and the Bank of National Economy give credits of three months and six months at most; the State Agricultural Bank grants loans for from six months to one year but in many cases extension is granted beyond these periods.

The rate of interest on these loans was from 18 to 20 per cent. in 1925 and fell to 12 per cent. in 1927. It may be of value to quote statistics relating to other short term credit institutions, which will undoubtedly take a more important part in the future than at present in the function of supplying working capital to agriculture. Thus on 1 January 1927 the following institutions were engaged in this way in Poland:

1. 2,304 co-operative credit societies, owning 38,102,000 zloty in deposits;
2. 198 popular banks including 97 urban banks and 101 district banks. The district banks granted in 1926 loans for a total amount of 23,420,000 zloty;
3. 237 communal credit banks on the territory formerly Russian; the capital declared of these was 1,015,000 zloty and the paid up capital was 759,000 zloty; in the course of 1926, they made loans for a total amount of 2,927,700 zloty.

The above statistics relate to the year 1926. It should be noted that in the course of 1927, for which year statistics are not yet available, the activity as well as the number of these institutions considerably increased.

In accordance with the statistics of the Union of Polish Agricultural Organisations quoted by M. A. Poplawski in a report submitted to the conference at the Economic Committee of Ministers in November 1926, the general indebtedness of large estates in Poland was valued for the owners of large farms (more than 50 hectares) at nearly 111 zloty per hectare, half in long term credit on terms more or less advantageous, half in short term credits on terms which were often exorbitant.

Taking into consideration that the average price of the land was at the time nearly 800 zloty per hectare, the general indebtedness of the owners of the large farms did not exceed from 12 to 15 per cent. of the value of the land (1).

Mortgage long term credit cannot be applied as investment credit for new holdings formed in the course of parcelling, in the first place because it is too dear, and in the second because frequently mortgages of real property arising out of parcelling are not in order.

With a view to ensuring to holdings newly formed a more advantageous credit, a special credit has been established for settlers. Out of this fund loans in

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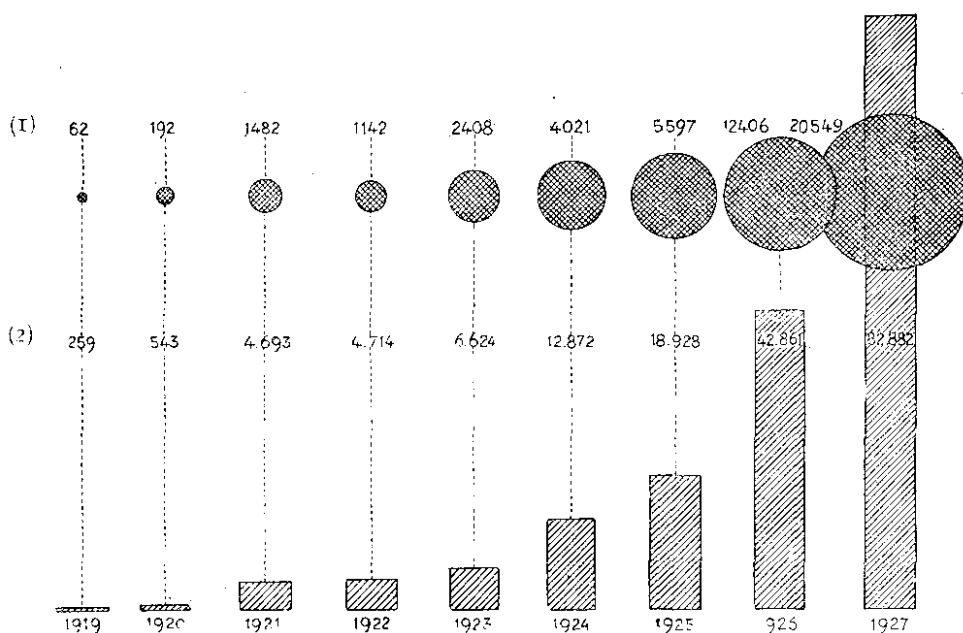
(1) Agricultural Economy by Dr. Ernest Laur, translated and adapted to the requirements of Polish farmers by Dr. Witold Staniewicz, professor at the Lwów Polytechnic School, Minister of Agrarian Reform, pages 111, 112, 116 and 117.



cash have been made for the purchase of lands arising out of the private parcelling operations but only as supplementary to the mortgage loans made by the State Agricultural Bank, as well as loans for investments at 4 per cent. repayable within period of from 5 to 15 years.

In order to make it possible for owners of holdings who cannot at the time supply a mortgage guarantee, to profit by the credits, temporary credits are largely employed, which are made either from the funds of the State Agricultural Bank or from the special credit funds.

GRAPH C. — AREA ASSIGNED IN THE COURSE OF THE LIQUIDATION OF SERVITUDES DURING THE YEARS 1919 TO 1927.



(1) Number of holdings dealt with. -- (2) Area obtained as equivalent in hectares.

### c) *General Development of the Agrarian Reform.*

A very strong desire for land had been felt by the rural population and as soon as the restored Polish State came into existence, the demand was insistent for the satisfaction of this need. The simplest form was to divide up the large estates among those of the rural population, who were inadequately provided with land or completely without land. As the result, the period was marked by the appearance of an agrarian reform in its most simple form, based on the parcelling of the State lands as well as of the private estates, carried out either directly by the owners, or with the assistance of authorised institutions. No attempt to encourage an economic level higher than that of existing holdings or of those newly formed was as yet made by means of a consolidation, carried out according to plan, and combined with enlargement of holdings, liquidation of servitudes, partition of lands held in common and exchange of lands, nor any to ensure a certain security from

further division of the holdings, nor to confer on the whole agrarian structure a stability which might render likely the influx of social capital under the form of mortgage credit, or credit for the increased consumption of artificial fertilisers, concentrated stockfeeds, etc.

The situation is made clear by the table following (See also graphs A, C, D):

*Parcelling, in hectares.*

Year	Carried out by the State	Soldier settlement	Private	Carried out by the State Agric. Bank	Total	Area consolidated ha.	Area allotted in the course of abolition of servitudes
1919 . . . . .	8,175	—	6,034	—	14,209	29,159	259
1920 . . . . .	23,066	—	51,195	—	74,261	14,926	543
1921 . . . . .	71,285	23,006	129,760	—	224,060	16,741	4,693
1922 . . . . .	63,188	34,647	128,803	—	221,638	27,812	1,714
1923 . . . . .	47,979	30,016	85,516	—	163,511	36,477	6,624
1924 . . . . .	42,943	23,915	65,785	—	132,643	32,337	12,872
1925 . . . . .	36,085	15,044	65,191	5,078	121,398	68,118	18,928

During this period the area of the consolidated holdings consisted of less than one third of the area of the newly formed holdings including the area used to enlarge the holdings that existed previously, and the abolition of servitudes went on slowly and not in proportion to requirements.

The efforts of the agents directing the agrarian reform have been concentrated on establishing between the different types of operation a relation making it possible to proceed to parcelling and to carry out at the same time: 1. consolidation, 2. abolition of servitudes and other charges, 3. land improvements and, 4. the application of financial aid or aid in kind so as to enable the holdings thus reorganised to make at least the first step towards the intensification of agricultural production.

The results of the agrarian reform during the course of the last period of two years from 1926 to 1928, may be shown as follows:

*Parcelling in hectares.*

Year 1st quarter	Executed by the State	Soldier settlement	Private	Executed by the State Agricultural Bank	Total	Area consolidated in ha.	Area allotted in the course of abolition of servitudes ha.
1926 . . . . .	68,323	8,240	133,984	7,741	218,288	116,524	42,861
1927 . . . . .	67,932	1,336	164,649	5,074	238,985	265,369	82,882
1928 . . . . .	4,828	—	56,047	545	61,420	52,497	21,066

These latest results of the agrarian reform show that:

1. The area of the annual parcelling exceeds the provisions of the law of 28 December 1925 relating to the execution of the agrarian reform, that law providing for 200,000 hectares yearly.

2. The parcelling effected by the State directly is decreasing in proportion to the parcelling executed by private persons under State supervision.

3. The liquidation of servitudes is going on briskly, and is an important factor in the increase of production, as in consequence of abolition of servitudes, the level of cultivation of lands freed, as well as of the areas obtained in exchange, is considerably raised.

4. There is a striking impetus given to consolidation policy which takes on a quite special importance in view of the fact that in the course of parcelling special pressure is exerted to allot to the very small holdings under consolidation the lands required. The production of lands consolidated is almost doubled by the process.

The above results seem to show that the scheme described in this article, the object of which is to raise to a higher economic level independent farm holdings, has been properly understood by the Polish nation and that effective support has been forthcoming, if opinion can be based on the growth of the consolidation policy which is evidence of a widespread social initiative, and on the parcelling policy, in view of the enlargement of holdings by the voluntary parcelling of the surplus portions of large holdings, and finally by the voluntary abolition of servitudes. The land improvements that have been already undertaken over large tracts have also contributed to raise the general economic level. As regards the granting of credit facilities essential for the initial steps towards a higher degree of farming, it may be stated that the credit operations of the State Agricultural Bank have reached the limit which the funds of the Bank allow (see p. 209 and foll.).

Credits granted on long term and not repaid amounted on 31 December 1927 to 41.4 million zloty, loans falling due to 112 million, credit for fertilisers to 17.8 million and credit assistance during consolidation to 10 million zloty. In the course of the first quarter of 1928, loans to the amount of 1,865,000 zloty have been made to consolidated farm holdings; for civil and soldier settlers the figure was 4,957,000 zloty and the liabilities consequent on purchases of chemical fertilisers amounted to 15.7 millions.

The day on which the law of 28 December 1925 relating to the execution of the agrarian reform came into force, the new law of the Constitution of 17 March 1921 (*Law Gazette of the Polish Republic*, 1921, N. 44) in which provision was made for the introduction of the agrarian reform on the bases detailed in the law of 28 December 1925, was already in execution. In art. 99, clause 2, of the Constitution the following statement is made:

"The land, which is one of the most important elements in the existence of the Nation and of the State cannot be passed from hand to hand without limitation. Legislation will determine the rights accorded to the State of proceeding to the expropriation of land and of regulating its circulation, always taking into account the principle that the agrarian system of the Republic of Poland must be founded on farm holdings suited for intensive production, retaining as basis the principle of private property".

In the law of 28 December 1925 it is provided that in the course of 10 years from the date on which the law comes into force, 200,000 hectares per year will be parcelled.

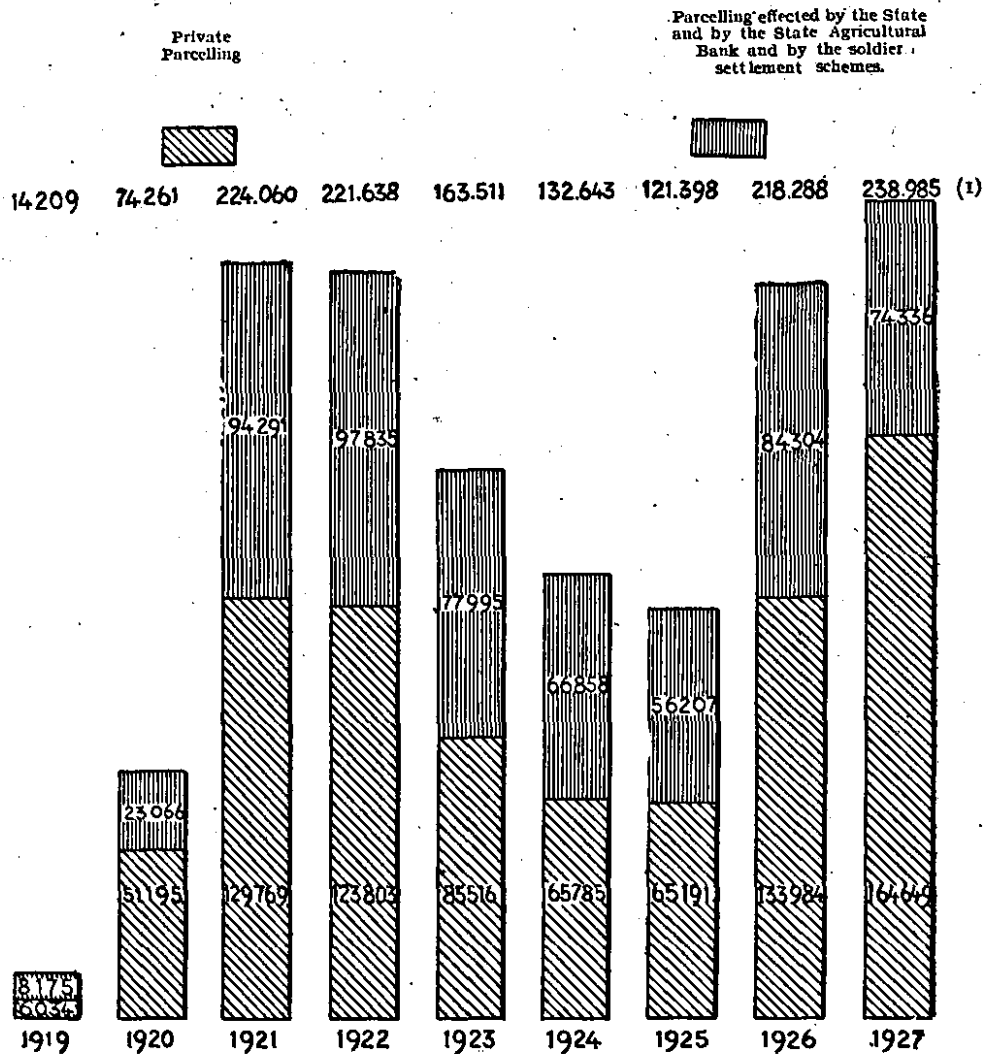
The so-called land reserve, formed by the surplus of the private estates, in the sense of the law, included in 1921 nearly 2.2 millions of hectares. Later calculations, founded on figures supplied by the Ministry of Agrarian Reforms show that this area must have been larger, since in 1925 it amounted to nearly 2 million hectares. In these calculations there have not been taken into consideration the lands used as compensation for servitudes abolished, but account is taken of what are called "exclusions" for holdings managed intensively. Hence, if the parcelling is continued at the same rate (221,000 hectares in 1926 and 239,000 hectares in 1927), the parcelling policy might be finished before the 10 years prescribed have passed.

There is no reason to suppose that the servitudes cannot be liquidated in the course of the same period; in fact the area essential to their liquidation was reckon-

ed in 1921 at nearly 300,000 hectares and in the course of the single year 1927 nearly 83,000 hectares were allotted as equivalent for servitudes abolished.

A less favourable view however emerges in regard to the consolidation of lands and the execution of the more urgent land improvements, in particular in con-

GRAPH D. — RESULTS OF THE PARCELLING EFFECTED BY THE STATE AND OF PRIVATE PARCELLING DURING YEARS 1919-1927.



nection with the degree of moisture of cultivated lands. In the course of 1927, the consolidation of 270,000 hectares was finished and a beginning was made for the improvement of an area of 112,000 hectares. It is necessary to proceed to consolidation of nearly 50 per cent. of the holdings of less than 20 hectares, holdings which had a total area of nearly 14 million hectares in 1921. However in so far

as it is a question of improvements, the calculations made show that 60 per cent. of the arable lands, 80 per cent. of grasslands, 10 per cent. of the gardens, 10 per cent. of the forests, and more than 50 per cent. of waste lands ought to be improved, making a total of nearly 18 million hectares.

These problems demand not only a much longer period of time for their solution, but also a certain degree of development of the financial potentialities of the nation. Moreover, new problems will inevitably arise, the conditions of the agricultural economic situation will be changed before the present day problems are definitely settled, and the character and the objects of the agrarian reform will have to be modified.

In these conditions it would be wiser rather to give scope to the continued development of the agrarian reform than to fix the probable limits of the time necessary to its execution.

#### d) *Moral and Social Results.*

During the epoch immediately following the law, the peasant masses were in a state of ferment due on the one hand to the destruction of the country side in consequence of the war and on the other by the tendencies emanating from Soviet Russia. This state of ferment was especially noticeable in the Eastern territories.

In these conditions, the formation of independent holdings for several hundreds of thousands of persons who were either landless or possessed lands of an insufficient area must be considered as an important factor in the social peace. The abolition of servitudes in 48,000 peasant holdings, effected up to the end of 1927, has exercised a pacifying influence to a very important extent if not as regards numbers at least in other respects.

As regards the consolidation policy, supported by suitable agricultural credits, it should be considered not merely as a factor in the social peace, but also as a policy forming the basis of prosperity and eliminating an enormous number of holdings whereon the existence of enclaves constituted up to now an insuperable obstacle to the development of the improved forms of agricultural production.

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