

Smallholdings — Large Farms

By Harald Grönborg

In most countries there is the idea that as far as possible small farms should be merged into large farms so as to permit of large scale agriculture, and the efficient application of modern machinery and technique. In Denmark what we discuss is what may be done to sub-divide big farms so as to permit of the establishment of as many smallholdings as possible.

The reason for this distinctive outlook can be found in the agricultural policy that has been followed during the last 50-100 years.

The marked feature of Danish agriculture is its free trade structure which took shape during the great agricultural crisis in the 1880's. Then we had the experience of the cheap foreign corn that poured into the country. Under pressure of these circumstances, and under the influence of Liberal ideas, Danish farmers switched over from corn growing and concentrated upon high grade animal products—an advantageous change which had its basis in free trade and in co-operative ideas, and which gave Denmark its highly intensive agriculture.

Under the pressure of the same crisis many other countries maintained or increased their customs duties on corn and thus they chose the way of protection for their agriculture.

The order of development in Denmark became: free trade—cheap corn—change-over to animal products—tendency towards smallholdings with intensive agriculture. In other countries the course taken was: duty on foreign corn—dear corn—agriculture with the emphasis on corn production—tendency to large-scale farming and extensive agriculture.

Thus the Georgeist, Sophus Bertelsen, easily persuaded the Danish smallholders to include in their famous Køge Resolution of 1902 the proud words declaring that: "Small farms and independent husbandry have proved the most advantageous form of agriculture, in the interests both of the community and the individual, and may therefore be expected to become the most general (and in future possibly the only) system of Danish agriculture."

What, then, is the situation in Denmark in our time? Do these words in the Køge Resolution commending smallholding cultivation still apply?

The answer to this question is very important—not only for the smallholders, but also for us Georgeists, because we know that land value taxation, which gets rid of the taxes that increase the prices of goods and which fall on labour-created incomes, makes much land readily available. This, of course, applies both to urban land which is ripe for building and to agricultural land which is ripe for more intensive use. Under a policy of land value taxation and free trade the tendency is for small farms to grow in number and for the size or number of manorial estates to decline.

It is further shown that smallholding cultivation is the most advantageous form of agriculture. It gives the highest production per unit of area. This is amply demonstrated in the statistical material dealing with production on both large and small agricultural properties. In studying this material we will not discuss here the great human values arising from the wider distribution of land which enables so many families to have independence in homes of their own. Nor will we discuss here the social, civic or political aspects of the matter.

The evidence is to be found in the annual "Survey of Working Conditions in Agriculture" published by Det landøkonomiske Driftsbureau. Parts 1 and 2 of the 1949-50 Survey are based on the final accounts of a total of 1,013 agricultural properties; of these 312 are smallholdings of under 10 hectares, and 67 are large farms of over 100 hectares.

The tables show the yield per hectare of Danish agricultural land when it belongs to one of the smallholdings that keep accounts, and alternatively when it belongs to one of the large farms that keep accounts. In the following, "h" denotes properties under 10 hectares, and "H" properties over 100 hectares.

Extract from Table 2.

Corn harvest per hectare and milk yield per cow.

	h	H	Increase in favour of smallholdings
Milk yield, kg. per cow ...	4,410	3,956	454 kg.=11.5%
Corn harvest, kg. grain per hectare ...	3,516	3,258	258 kg.= 7.9%

It is seen that even in the case of corn, where many consider that smallholdings are least productive, the fact is that they do better than the large farms. If we take the land value into consideration—in 1949 in the "h" which keep accounts, it was assessed at an average of Kr. 1,189 per hectare, whereas "H" had an average assessment of Kr. 1,152—the difference is not great, yet it is in favour of the smallholdings. It is well to have these records as comment upon

the contention that large estates enjoy such advantages from mechanisation and the application of modern agricultural technique that they surpass smallholdings in productivity. The truth is that smallholding cultivation, because of the work the owner himself puts into it, steadfastly excels large farm cultivation in obtaining the best possible yield from Danish land. The same testimony from other aspects of agricultural production is obtained from Table 16, making the following comparison between 12 smallholdings and 28 large farms.

*Extract from Table 16.
Economy of the total field cultivation in hectares.*

	h	H	Increase in favour of smallholdings
Corn, kg. grain	3,572	3,219	353 kg.=10.7%
Fodder beet, fodder units	8,009	6,620	1,389 f.u.=21.0%
Grass and green fodder, fodder units	5,447	2,933	2,514 f.u.=85.7%
Mean of the 3 crops, fodder units	5,392	3,623	1,769 f.u.=48.8%

Although these figures are not so broadly based as those in the other tables nevertheless they give a clear indication as to which type of property gives the greatest proportionate production.

The figures of domestic animal production tell the same story. The domestic animal has always been the smallholder's mainstay, as the result of his personal care and devotion.

*Extract from Table 3.
Numbers of domestic animals per 100 hectares.*

	h	H	Increase in favour of smallholdings
Draught horses	5.9	27.1	-21.2=-376%
Milch cows	79.1	38.3	40.8= 107%
Pigs	133.8	36.8	97.0= 264%

Unfortunately, the number of chickens is not shown in this table, but the fact is that, in the case of smallholdings, poultry is the third largest source of income. There is another table which gives figures for the gross return from poultry and there we find that our return is Kr. 376 in the case of "h", while it is only Kr. 19 in the case of "H."

We can see from the foregoing what increase in production there would be with every 100 hectares transferred from large farm cultivation to smallholding cultivation. For example, we can deduce from Tables 3 and 2 what will happen to the milk production if we were thus, to transfer 100 hectares so that they belong to smallholdings instead of to large farms.

100 hectares, in 1949, give:

In smallholding cultivation:—

79.1 milch cows at 4,410 kg. milk = 348,831 kg. milk

In large farm cultivation:—

38.3 milch cows at 3,956 kg. milk = 151,515 kg. milk

The quantity of milk increase ... 197,316 kg. = 130%

A similar calculation with regard to pork production will give an even greater increase in favour of the smallholdings.

These brilliant production results have of course been achieved by the smallholder through the exceptional work and capital he has put into the land. It has been claimed, on the part of large farm cultivation, that the large farms at any rate give a return per unit of labour and per unit of invested capital superior to that of the smallholdings. The latest figures from Det landøkonomiske Driftsbureau, however, show that this is not correct. With regard to the gross return per Kr. 100 of capital invested, and per Kr. 100 of labour contributed, the two types of agriculture are equal, which is apparent from the following:—

Gross return per labour contribution.

Number of working days per hectare	Price per working day	Cost of labour	Gross return per hectare	Gross return per Kr. 100 labour contribution
h 54.0	Kr. 14.95	Kr. 788.30	Kr. 2,600	Kr. 330
H 25.2	Kr. 18.09	Kr. 455.87	Kr. 1,548	Kr. 340

Gross return per capital contribution.

Agricultural capital per hectare	Gross return per hectare	Gross return per Kr. 100 of agricultural capital
h Kr. 3,784	Kr. 2,600	Kr. 68.71
H Kr. 2,451	Kr. 1,548	Kr. 63.16

We can thus establish that the proud words of the Køge Resolution, about smallholding cultivation being the most advantageous form of agriculture in Denmark, also apply at the present time.

There is reason to be surprised at this, when we know that wartime and post-war restrictionism works especially against the smallholder. No one should forget that smallholding cultivation in Denmark is based on open frontiers with free import of corn and feeding stuffs in plentiful quantity and at low prices. But for several years we have had neither plentiful imports nor low prices for the smallholder's raw materials. The smallholders, therefore, have not been able to produce at full power. Conversely the large farmers have had a special advantage because they are corn sellers and corn prices have been high. In spite of these adverse factors, the results of smallholding cultivation are still much superior to those of large farm cultivation.

Finally, it must be recognised that the taxation system also has adverse effects for the smallholder, since the taxes are primarily on income and consumption. This hits the smallholder particularly hard, since he has such relatively large production and large turnover. It is, therefore, not by chance that the smallholders as a body have been foremost in embracing Henry George's ideas and have continued to demand a revision of the taxation system in the direction of land value taxation and free trade.

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