

V.—*Sliding Scales for Rent.—Value and Fair Rents.—Annual and Capital Value.* By Murrough O'Brien, Esq.

[Read, Tuesday, 17th April, 1888.]

THE principle of varying judicial rents according to prices, introduced by the Land Law Act of 1887, is a startling innovation in our system of land tenure. To me it appears a retrogressive step—not on the ground that judicial rents are in any way sacred—the subsistence of the people must always, in fact, be the first charge on the land, and in times of exceptional distress the payment of rent, in such countries as Ireland and India, must necessarily be wholly or partly suspended—but in the adoption of annual or less frequent variations on such a principle.

There never was a time in the history of agriculture when prices of farm produce were so little an indication of the farmer's ability to pay rent as at present. In a recently-published autobiographical note, Sir J. B. Lawes remarks that in 1834 farmers were suffering from the abundance of the crops. At that time agricultural prices were, in some degree, an indication of farmers' ability to pay rent; for when deficiencies in home produce were not as yet supplied by foreign importations, the rise and fall in price of farm produce corresponded with the yield, and indicated the plentiful or scanty produce of any year.*

Observations on harvests and prices, made more than one hundred years ago, showed that prices ascended far faster than the supply fell short, and so even a slight deficiency in yield brought a large profit to the farmer. But now, when produce is deficient, the markets are supplied by importations from the most distant countries, even of articles heretofore looked on as perishable and incapable of being safely and profitably carried across the ocean. This has led to suggestions that the quantity of produce yielded by land, as well as prices, should be taken into account in estimating the variations of rent.

The proposal to vary rents according to prices, or according to prices and produce, has, at first sight, a semblance of fairness; but I hold that it would be impracticable, and that even if it was practicable, it would be unjust. It is calculated to keep up a state of unrest very detrimental to agricultural industry. Under the Act of 1887, the variation prescribed has been held by two out of the three Land Commissioners to be one in direct proportion to the alteration in prices, to be ascertained by a simple rule-of-three sum. Even under this interpretation, the problem to be solved, the facts to be ascertained, are by no means simple. When an article varies in price in different markets, and every market day, when the qualities of the article differ with every lot, and when the variations are so great and so rapid, as they are in the case of farm produce, it is not a true statement of fact to name any one price as the price of the article for the year. In seeking to ascertain an average price for

* Thorold Rogers' *History of Agriculture*.

the year, questions arise as to the quality to be taken as average, the amounts produced of different qualities, the time during which such and such prices prevailed, the weight to be given to the low price at which the largest quantity may have been sold, the weight to be given to the high price at which only a small quantity may have been sold, and possibly to the fact that the high price was obtained, not by farmers, but by engrossers who bought up and held over the article in question. It is not possible to obtain exact information as to quantities sold by and prices paid to farmers. As a consequence, there are very different opinions as to the amount at which the farmer's price for the year of any and every article should be stated. Take as an example butter, the amounts, qualities, and prices of which may be more easily ascertained in any market than that of most other articles. In the Cork market, the prices of the first four qualities in December, 1886, were 79, 90, 75, and 84 per cent. higher than in May of the same year. In 1887 the December prices were 73, 85, 67, and 44 per cent. higher than the May prices; but the amounts sold daily at the lower prices were from three to five times the amounts sold at the higher prices, and the winter butter was produced at a much greater cost than the summer.

Mr. Barrington told us in a paper this session that potatoes varied in price 40, 50, and 60 per cent. in the course of a few weeks. Even if a true average price be obtained, after giving due weight to the amounts produced of different qualities, and to the quantities sold at high and at low prices, such an average would not be applicable as a measure of the capacity to pay rent of individual farmers; for one, probably the poorest, may have sold all his butter at the low rate; another, richer, and not so pressed for money, may have sold all at the high rate. The farmer who goes in for winter dairying, though selling at a very much higher rate, produces his butter at a much greater cost than in summer. For this reason most farmers, though aware of the much larger price obtainable in winter, abstain from winter dairying—it doesn't pay. The cost of production is an element which determines the ability to pay rent quite as much as prices.

If the amount of produce were also brought in as a factor in determining rents, the obstacles in the way of arriving at any just conclusion would be insuperable. This would, in fact, be an annual allocation to the landlord of a share of the farm produce interpreted in money, and as the cost at which the produce is raised varies from farm to farm, the landlord's share should vary accordingly. Who would estimate or measure and weigh the produce, calculate the areas under each crop, and the quality of the produce? Are our administrative areas—counties, unions, electoral divisions—coincident with areas of similar production? Would it not be necessary to make a separate estimate for every farm? Should the rent be determined periodically, by an average for districts, or by the gross yield from each holding?

These and other administrative difficulties suggest themselves at once. The estimates of the most skilful farmers of the produce of their own fields are often sadly astray, when tested by weight and

measure of the crops saved and prepared for market. No inspection by officials would enable an estimate of any real value to be made; an army of officials would be required to attempt it.

It would be unjust, if it were possible, to make yield a factor in determining rent. The amount of produce from cultivated land depends not only on its natural fertility and suitability to the crops grown, but far more on the amount of capital employed in cultivation, the skill with which it is applied, as well as on the graciousness or reverse of the seasons. On pasture land the same conditions apply, and the profit depends not so much on the price of beef and mutton, as on wise and close buying, careful herding, prudent and opportune selling. The value of land, as an instrument of production, depends, like that of a tool, largely on those who handle it. This commonplace fact—well known to farmers, though not perhaps reduced to a formulated statement—is also recognized as an economic truth. “Superior mental power,” says Cairns, “is as much an instrument of production as superior fertility of soil.” Thorold Rogers formed the same opinion, and says:—“Fertility is and must be in the soil, but it is still more in the intelligence of the man who handles the soil.” The surplus produce of a farm constitutes a fund on which not only rent but interest on the capital employed has a claim. The amount of surplus produce depends more on the capital, skill, and energy of the farmer than on any natural and permanent qualities in the soil. One farmer will grow abundant crops, while the produce of his neighbour’s land, of similar quality, may be very small. If the amount of produce is to be a factor of rent, the skilful, enterprising, energetic capitalist farmer will be mulcted in rent, deprived of the interest on his capital, and remuneration for his skill, while the idle, negligent, poor, and unskilful escape. The same remark would apply to rents settled by districts; in some the farming is much better than others, owing to the personal qualities and habits of the farmers.

No precedent can be given from any country or of any time which would encourage us to expect that rents variable according to prices or produce, or both, would be satisfactory. In the case of corn rents, which have almost disappeared, the article measuring the rent is more easily preserved, more constant in quality, less liable to fluctuations in price, than other articles of farm produce. Corn is but little grown in Ireland, and its cultivation is diminishing. Rents have been more rarely reserved in other kinds of produce, but when they were, the quality of the article in which the produce was paid was always a difficulty, leading to dispute and fraud; the landlord desired to have the best, the tenant was anxious to put him off with the worst. In the fifteenth and sixteenth centuries Thorold Rogers found this to have been the case, where sheep, pigs, fowl, etc., were payable as part of the rent. The tithing of produce has been abolished in the United Kingdom; and on the Continent, metayage, practicable as a voluntary arrangement, where the owner supplied the farm capital, is found inconvenient, and is dying out.

One of the strongest objections to assigning to the landlord as

rent a proportion of the yearly produce or its value, is the tendency for the tenant to make the amount of produce be, or appear to be, as small as possible. There are parts of America where produce-rents are or were recently in vogue. I once had the opportunity of taking part in harvesting operations where this system prevailed. The crops were cotton, indian corn, melons, sugar cane, sweet potatoes, and other vegetables. The tenants were negroes; the owners were white persons. There was a decided tendency to make the amount of produce to be divided as small as possible before the time for division came. Corn can be eaten green; sugar cane is good to eat before it is ready for the mill; cotton can be easily gathered and hidden. The negroes were not worse than other people, and of markedly better character and morals than the white inhabitants of the district I refer to; but the tendency of produce-rents seemed to me to encourage speculation and deception, and to discourage enterprise and application of capital to cultivation.

The variation of rents introduced by the Act of 1887 was evidently an unwilling concession to political rather than to economic exigencies. As little was conceded as possible; and the principle of the clause is so irrational, illogical, that no one is satisfied and nothing is settled; the whole question remains still open to debate, a cause of unrest in the country, and of the diversion of Parliament from solid and lasting work. I call the clause illogical because if rents are to be varied according to prices, it is evident that the variation should not merely be in direct proportion to the increase or decrease of prices. If the produce of a farm rented at £20 be worth in the standard year £100, and the same amount in a subsequent year only worth £80, the fall in price is 20 per cent.; but the tenant's loss is equal to the whole rent; if he is still to live and thrive he should pay no rent; if the loss is to be divided equally between landlord and tenant, his rent should be reduced 50 per cent. If at the £20 rent he could, as is the case with many small farmers, barely exist, and his subsistence is to be still the first-charge on the land, no rent can be paid. If, however, the same amount of produce had been worth £120, the rent should be doubled or increased 50 per cent., according as it was intended that the tenant should remain as he was, or share in the profit.

An examination of the cases of butter or grazing farms will disclose somewhat similar results; it will equally appear that a variation of rent in direct proportion to changes in prices is based on no rational principle. In the case of purely grazing farms, the average prices for the year are totally inapplicable. Prices may have so varied within the year that no profit whatever may have been earned, although the average price may have been fairly high; or, on the other hand, a large profit may have been earned in a year of low average prices.

The variation under the Act of 1887 is nothing but a cover for a reduction of rent, rendered necessary for other reasons; and, so far as prices go, it is quite insufficient to compensate farmers for the fall that has taken place. Prices alone are no measure of the ability to pay rent; to take the annual yield into account would be unjust if

it were possible, for it would be placing a tax on the capital, industry, skill, and energy of the farmers who produce large crops. This conclusion will be enforced by a consideration of the yield of produce in former times. The laborious researches of Professor Thorold Rogers show that from the thirteenth to the sixteenth century the return of corn and leguminous crops was, for the seed sown, not one-fourth the amount produced by modern agriculture. The soil of England was not less naturally fertile then than it is now. The superior productiveness of agricultural industry at present is not due to any increase in the natural fertility of the soil, but to the greater amount of capital now employed, the superior skill, and increased knowledge with which it is applied. In a free market, in which alone value can be observed, the rent a tenant will offer for land will depend upon how he intends to work it and what capital he intends to use. His estimate will be based as much on his own personal capacities as on the natural qualities of the land.

The amount of produce from any farm should not and cannot be taken as a guide to the value or rack-rent of that farm; nor is it possible, I believe, to estimate the annual value of land, much less its "fair rent," from such data. Well-kept farm accounts will tell the farmer whether he himself has earned any interest on his capital, or remuneration for his management, after paying working expenses, renewals, and the fixed charges of rent and taxes; but they are of no use in indicating what rent ought to be paid or what the annual value of land is. The respective interests of landlord and tenant have sometimes been compared to those of debenture and ordinary stockholders in a railway. But mark the difference. The larger the net earnings of a railway the lower is the rate at which debenture loans can be raised; but the larger the net earnings of a farmer, the greater is the rent which the landlord is likely to demand, or which he can exact. In the one case the earning body reaps the benefit of its skill and enterprise; in the other the greater the energy and ability of the earner, the more he has to pay to the landlord.

The opinions of the late Judge Longfield are justly looked upon with respect by members of our society. Long ago he stated that it was a point on which all political economists were agreed, that "there was no fixed proportion between rent and produce, and that no man who ever lived, having all the data before him, could determine the proportion." Now, if it was difficult or impossible to determine the proportion of rent to produce when rent meant the full annual value of the land, how infinitely more difficult when the proportion is to be to a "fair rent," under the Land Law of 1881?

If Judge Longfield be right, the plan on which Griffith's valuation was constructed must be wrong; for the annual value is there supposed to be deduced from an estimate of the produce of land, according to a prescribed scale of prices. The cost of production, the price of labour, the rate of interest on the farmer's capital, are not made factors in the calculation, which is thus supposed to be made without data, even with which, according to Judge Longfield, no living man could determine the rent. In Griffith's *Instructions*,

which have been reprinted for the use of the Land Commission, much weight is given to the geological character and composition of the soil; but as land of equal value and fertility are found upon different geological formations, the introduction of these as elements determining value may be dismissed as fanciful and worthless for the intended object.

To the question whether Griffith's valuation was made on the principles laid down in his celebrated instructions, it may be answered, that it was and is impossible to estimate the value of land on such principles. Mr. E. Senior, in examination by the Committee on the Townland Valuation, gave the following answers to questions as to Mr. Griffith's system, and its worth as a guide to the value of land :—

“Q. 1023. ‘Though Mr. Griffith does not appear to avow the element of rent, I believe he is, in fact, really guided by it.’ Q. 1054. ‘A prudent man, in purchasing an estate, looks to the rent-roll for a considerable number of years, not upon any scale of prices, or any laborious geological enquiry.’”

In no other European or civilized country has it ever been attempted to determine the value of land for public purposes on Griffith's system of estimating the possible produce and by scales of prices.

The public valuation of Ireland now in use, made by Sir R. Griffith under the Act of 1852, is a record of the average rents then paid. It is no guide whatever to the real value of land, but must be taken into account in order to estimate the taxation to which each farm is liable. If made on the principle laid down, it must include the value of all improvements made by the occupiers, for the valuers had no means of excluding them, nor had they power to do so.

Fair rent and value.

The estimation of the fair rents and of the values of farms is, however, a matter of great public importance. A distinction must be drawn between the two, and in the distinction lies the explanation of the very discrepant evidence offered in the rent courts by witnesses equally competent, each in their own line equally truthful and upright.

No general rule or principle has yet been laid down for the ascertainment of fair rents. Parliament failed to define what constituted a fair rent. The judgments of the courts disclose no rule, nor does the evidence of commissioners under the Act, who have been examined by Royal Commissions and Parliamentary Committees. Fairness is not an objective quality, capable of being ascertained or defined; the idea is subjective: what is fair to one person's mind is not so to another's; what is deemed by public opinion fair and right at one time has not been so at another. It may even be the case that a decision which is fair as regards one person may be unfair as regards another. No rents, except low ones, will ever appear “fair” to the farmers who have to pay them. What the owners of land seek to obtain is its value, which would mean high rents.

If no rule or measure of fairness can be prescribed, the seeking to attain it in fixing rents is the pursuit of an *ignis fatuus*. Low rents may be fixed, and may be collected, for they are, if low, secured by an interest in the occupier, by their being less than the annual value. It is a misuse of words to call the estimation of fair rents "valuing," unless the term value is to be understood in a sense, as regards land, different from its meaning in any other relation. The value of every other article, whether manufactured goods, produce, stocks, shares, funds, and, in other countries, land, is ascertained or estimated by observation of and experience of the markets. What they will fetch in an open market, that is their value. The annual value of land is the competition rent. To use the term in any other sense is wrong, and leads to confusion. Our land laws forbid value in this sense being fixed as the rent of farming land. The very fact that rents are to be judicially determined excludes the possibility of fair rent being synonymous with annual value.

The explanation of the discrepant evidence tendered in the rent courts is due to the use of the term value in an incorrect, equivocal, and ambiguous sense. A farmer witness may truthfully testify that land of this or that description has yielded no profit, that the cost of cultivation has not been repaid, and that it is not, in his opinion, worth any rent. He may admit that persons could be found who would willingly take and pay rent for the said land, or buy it, and yet will maintain that it is worth little or no rent. On the other hand, the professional valuer, basing his estimate on observation and experience of lettings and sales of similar land, without any regard to the produce and cost of cultivation, will, with equal truthfulness, testify to the land being of a certain value.

Political bias and partizan feeling are usually considered to be the explanation of the discrepant evidence so continually given in court. I don't think this is the case with respect to value and valuations, in the proper sense of these terms. The value of land can only be ascertained or estimated in one way. The method of ascertainment or estimation, the facts alleged in support of an estimate of value, are entirely independent of politics and social bias. It is otherwise, I admit, where the question is as to a fair rent, or who is to have the value, or how it is to be apportioned between owner and occupier.

I have quoted Judge Longfield as an authority for the fact that there is not any ascertainable relation between the amount that a farm may produce and its value. It is a commonplace truism that one man will live on, thrive on, and pay rent for a farm on which another man will starve. I shall develop Judge Longfield's opinion by some observations on the question of value and valuation of land.

Value is not synonymous with fertility, and a man may be a judge of the fertility of land without knowing anything about its value.

Fertility of land is due : (1) to the chemical constituents in the soil freely available for plant food ; (2) to the physical nature and mechanical texture of the soil ; (3) to climate.

There is no known means of measuring the fertility of land, except by growing crops on it. Soil analysis may indicate the deficiency of a necessary element, but cannot ascertain and exhibit the amount of fertility. The addition to the soil of an element shown by analysis to be deficient, will not necessarily remedy the defect. It is not yet thoroughly ascertained how plants take their food, and unless the deficient element can be supplied in a condition in which it can be assimilated by crops, it will not produce the effect that it ought, from a chemical point of view.

The chemical constituents and the physical nature of the soil may be varied by the farmer from year to year, by cultivation, manuring, and general treatment; and a long course of skilful treatment and expenditure may entirely change the nature of the soil, so as to increase immensely its productiveness; or the reverse of this process may take place, as it often does. The produce of a farm for any year, or series of years, does not depend on the fertility of the soil alone. The most fertile soil must have capital applied to it. If there are useful perennial plants established on the land—grass, trees, etc.—produce will be yielded, but cannot be gathered without expenditure of capital. But the existence of profitable plants on the land implies previous expenditure in laying down to grass or planting, and part of the annual yield is interest on this expenditure. Like any other improvement, the interest on the outlay becomes confounded with the rent. The rent of grass land is, as Mr. Thorold Rogers points out, usually higher than it is for the same as arable, for it costs less to work, and the margin of rent is greater.*

But if land is not already occupied by useful plants, it can only be made productive by cultivation; and up to a certain point the amount of produce depends on the quantity of capital employed, and the skill of the cultivator. Mr. Prout, in his *Profitable Clay Farming*, says that by drainage and careful cultivation the production of his farm increased from 50 to 150 per cent. Lord Derby, Lord Leicester, and other good authorities, have also stated that, under better cultivation, the farm lands of the United Kingdom could produce from 50 to 100 per cent. more than they do at present. Fertile land may be unproductive unless capital is applied to it, and applied with knowledge and skill. The expense of cultivation is one of the most material factors in the quantity of produce, and in the net profit of a farm; and this expense varies immensely in different soils, between farms well or ill arranged and equipped with roads and conveniently-placed steadings, and according as the surface presents easy gradients for work of men and horses. The quantity of produce, then, and the rent of a farm, if it is to be paid out of the annual produce, depend on a number of conditions, of which fertility is but one, and not the most important.

Land is like a tool; in the hands of a vigorous, prudent, skilful capitalist, the amount of produce will be far greater than that of the same land in the hands of a weak, unskilful, or poor cultivator.

* *Political Economy*, p. 165.

A farmer is generally a bad valuer ; he may be a good judge of a fair rent, and of the comparative fertility of soils ; but neither of these are synonymous with the value of land. The professional valuer, on the other hand, is a bad witness in a rent-suit, for his estimate of value, based on different considerations from that of a farmer, is apt to be taken as a guide to what is a fair rent. This has a paralyzing effect on him. He knows that he is liable to be misunderstood. There is a tendency to cast on the witnesses a certain amount of judicial responsibility. For example, a witness of great experience, having stated, in an important rent-suit, that he values land as he finds it, that, if it is worn out, he cannot put a high rent on it, was told by the judges that such a principle is "monstrous" and "reprobated." If, however, the valuer witness were to estimate the neglected, injured, worn-out land as if it were in a state of high fertility, and fully equipped with all the requisites for cultivation, or an improved farm, as if it were in some original condition of marsh, moor, or rocky mountain, he would be drawing on his imagination, and acting as a judge, without having had the evidence as to the past history of the land laid before him, and tested by legal methods.

It is evident that the mere inspection of land tells but little of its past history ; its appearance affords no reliable evidence of what it may have been at any past time, since when deterioration or improvement may have taken place. A valuer can form no estimate of the works and outlay to which the present condition of land may be due by inspection. A truthful description and valuation of the land in its former condition, and a specification of the works effected, and their cost, are not usually obtainable. Nor can deterioration be discerned and its amount estimated by inspection, except in a very superficial way. Good land, capable of growing heavy crops, is sometimes abandoned to weeds, and may present all the appearance of exhaustion and poverty. In the case of land where the common improvements of drainage and removal of stones have taken place, the surface does not differ from that which is permanently dry, or where there have been no stones to remove. The only indication of drainage may be an outlet of running water ; but this may be a single drain from some wet spot, or the outfall of scores of drains, thorough draining the land.

Where stones have been removed, they may have been few in number, and easily removed in the course of ordinary cultivation ; or they may have been numerous, and so large as to have been only removable by blasting and other expensive processes. They may have been piled up in fences, where they are visible, or buried out of sight in drains or holes, or carted away altogether. Inspection will not enable the most skilled observer to determine when improvement of the soil was effected, or the cost effecting it ; nor when deterioration was commenced, or to what extent it has depreciated the land. A long course of deep cultivation and generous manuring may have durably increased the fertility and completely altered the character of the soil ; while injudicious and parsimonious working may have well-nigh exhausted the land. The valuer's

examination of the land cannot tell him the history of the farm, or the processes by which its present condition has been produced. He can only value the land "as he finds it," no matter how much judges may reprobate his principles of valuation. If the valuer wanders from the facts, on which he can alone base his estimate, into considerations of equity and expediency, he acts as a judge and not as a valuer.

The fixing or estimating a fair rent is not valuing; nor is it in contravention of economical principles, as under Griffith's valuation, a futile attempt to fix value; it is the allocation of the value of land between two joint owners. To deduce a "fair rent" from ascertained market value is at least as difficult as to estimate rent from produce. Fairness is a matter of opinion, equity, expediency; market value of land can be determined by trial only in a free market—can be estimated only from the analogy of sales and lettings of similar land, under similar circumstances.

The plea that only low, and very low, rents would be fair in Ireland is based on two considerations:—(1) That it is expedient and just that the mass of the population—the toilers and spinners in the only great industry we have—should have the right, if they are to be always under rent to a very small class, to sit at rents low enough to give them security of tenure; (2) That as without the improvements effected by the occupiers, Ireland would be as bare as a prairie, the annual value is not a fair rent.

I cannot myself see, unless the general rule in Ireland, viz., that landlords neither make nor maintain the improvements and equipments of farms, is disproved in a particular case, that any rents, except prairie value rents, would be fair*. But prairie value is, in my opinion, unascertainable, for examination and inspection will not disclose the original condition and value of land; and evidence as to what works have been done on the land in past times is impossible to obtain, except as to very recent improvements.

One of the pleas for private ownership of land is, that the expenditure upon it, by which it has been made available for use, on roads, fences, drains, reclamation, etc., is far more than the land would sell for in the best of times. This is true of most farms, as low interest on the cost of permanent and unexhausted improvements would, in many cases, be far more than the rent. This plea, so far as it makes for the owners of land in England, would make for the tenants in Ireland. It is perfectly true that very little land would sell for what has been spent upon it in permanent improvements and buildings within the last hundred years either in England or Ireland; but it is impossible, as I have often pointed out, to separate the value of outlay on improvements buried in, incorporated with, or permanently affixed to, the soil, from the value of the land considered as raw material. The two are inextricably mixed, and cannot be valued as separate items; prairie value is

* Compare the opinion of that fair-minded man, the late James Haughton:—"To me it seems a plain dictate of justice and ethics that the tenant has a right to the full amount and complete enjoyment of all the value he imparts to the soil he tills."—*Statistical Journal*, vol. iii.

therefore unascertainable, and the estimation of fair rents must—to the detriment of occupiers who have made improvements—always be chiefly influenced by the existing appearance and circumstances of the land.*

Capital and annual value.

There is no reason for supposing that the selling or capital value of land bears any fixed relation to the annual value or rent. Just as in stocks, shares, and other chattel investments, an income of £100 commands, in the market, a different capital sum according to the nature of the security, its marketability, its prospects of improvement or deterioration, so the capital value of incomes from land varies also. There is a difficulty in discussing the capital value of rented land in Ireland, because, in point of fact, such estates have at present no selling value whatever. They are absolutely unmarketable, except to the occupiers, under the Purchase Act, in exchange for terminable annuities. The values of such estates cannot even be contrasted with the values of landlord's estates before 1881;

* Let me give an illustration, from my own experience, of the confusion between value and fair rents. Some years ago I was engaged to value an estate which had fallen out of lease. Before visiting it, the agent informed me that the landlord usually made the improvements. I knew that this was unusual; but the owner being very wealthy, it was possible. I found, on visiting the estate, that the agent, who knew little or nothing of the estate, was mistaken, and I drew his attention to the very substantial improvements which I found the tenants engaged in. I gave him my valuation, with a *written report*, stating that, beside most substantial buildings on many farms which the tenants truly told me they had erected at their own cost, I saw the following works *being* carried on by the tenants all over the estate, and that the same kind of work seemed to have been going on for years:—(1) Thorough drainage and occasional drains, fairly executed; (2) Substantial fencing, generally banks faced with stone, and planted with quicks, and in some cases also with timber trees; (3) Farm roads; (4) Reclamation of moor and mountain, in some cases of a most costly character. I gave the agent a written report describing those, and added that if these works were not made at the landlord's expense, or paid for by him, it would be manifestly unfair to ask from the tenants as rent the present value of their farms; and further, that I should be ready to go into the question of the fair rents with him, without charge. I received no answer to this, and never heard what use was made of my valuation until after the Land Law, 1881, had passed, when I was asked to go down as a witness for the landlord before the Sub-Commission Court. I told the conductors of the landlord's case that my evidence would be useless as to a fair rent, and advised them not to call me. I was, however, subpoenaed to attend, and went to the country with a copy of my figures and report. The landlord's counsel met me, and said he hoped I should be ready to help them. I told him that he could examine me as to my figures, but that I had no explanation to give in addition to my written report. He said no such report was referred to in his instructions, and asked to see it. After reading it, and consulting with the solicitor, I was told I might return, as they did not require to examine me. In this case, as was frequently the case before 1881, the owner considered the letting value would be a fair rent, although the improvements on this estate—made, it was admitted, wholly by the tenants—must have cost more than the estate would sell for. The owner had full notice of the improvements made by the tenants; but even under the Act of 1881 was prepared to claim the full letting value to be a fair rent.

for the owners have no longer land to sell, but only a right of action for rent, with a possibility that if the rents are not low, and if their rights are not tenderly exercised, they may have the possession returned to them of the land in parcels which they could not profitably cultivate.

Land in possession is, however, saleable, and occupation interests in land subject to rent are also saleable. The market for these is dull; but instances of the sale of such interests are sufficiently common to give some indication of market value. In a thickly-inhabited country, where the occupation of land is much desired, nearly every farm, field, and parcel of land is an object of desire—a Naboth's vineyard—to the adjoining occupiers. Position is one of the most important elements in the value of land—position not only with reference to towns and villages, but with reference to residents with “dry money” in their pockets. Each plot is unique in this respect; its position and irremovability make it differ from every other plot of land in the world. One firkin of butter, one bushel of corn, one £100 worth of stock, is so much like another, that from the sale of one the value of the other may be estimated; but it is not so with land.

Under ordinary circumstances, agricultural farm rents are paid out of the annual produce of land—*i.e.*, out of the profits derived from the land, and the capital employed upon it in any year or series of years. But when land is sold, the price is paid for out of savings made in past years out of accumulated wealth. The capital value depends on conditions which are quite different from those which determine the annual value. The capital value, where there is a market for land, depends on the amount of accumulated savings in the county, in the hands of persons wanting land. This might be asserted to be true *a priori*, as well as demonstrated from statistics of prices. In countries where there is much accumulated capital, the price of land, in relation to annual value, is high, even though land be unfertile, and yielding but little profit to the cultivators. Where capital is scarce, the price of land, in relation to its annual value, is low. Let me give an example of each case:—(1) In the Province of Canterbury, New Zealand, twenty-five years ago, land could be bought for £2 an acre, and could be let, without difficulty, for 5s. an acre, the tenant usually agreeing to buy the land at an increased price when he had improved it. Loans could be made on good landed security, at from 10 to 20 per cent. The price of fertile land was, in fact, from five to ten years' purchase of its annual value.

The other example is of the high rate of purchase where capital is plentiful, and there are accumulated savings in the hands of the inhabitants. The agricultural statistics of France collect the selling and letting value of land in the different communes. From experience of our own agricultural returns, I should not rely upon official statistics, if not confirmed by personal enquiry and observation. In the valley of Chamonix, the best land is reckoned of third-rate quality; the selling price of cultivated land is stated in the statistics for 1882 at 10,000 francs per hectare, equal to £160 an acre, and the letting value at 150 francs, or £2 8s. per acre. The selling

price is therefore, on an average, $66\frac{1}{3}$ years' purchase of the annual value. But prices vary much within the commune, and have been for some years very much—nearly three times—higher at Argentieres—a village more remote, and at a higher elevation than they are at the communal metropolis—the village of Chamonix. Argentieres bears somewhat the same relative position to Chamonix that Glencree does to Bray or Enniskerry. The reason for the extraordinarily high prices of land at Argentieres is due to a large fortune left by an intestate emigrant from the village, which was widely distributed among his relations resident in the village. Where land is so divided as in this district there is a retail market for it; it is sold in very small parcels, but sufficiently often to establish the prices.

There are parts of Ireland where accumulated capital, the savings of past years, is greater and more widely diffused than in other parts, and in consequence land and occupation interests have a saleable value far in excess of what equally fertile, or more fertile, land will command in other districts. It has always seemed to me that in those districts where wholesale clearances and arbitrary disturbance of occupation were once common, there is still less diffused wealth and accumulated capital than in other districts less fertile and more highly rented, where continuance of occupation was the rule, even at rents often unfairly assessed on the tenants' improvements.

Statistics of sales do not enable general statements to be made as to the price of land, particularly in Ireland, where sales of fee-simple land in possession are so rare—not that the valuer can neglect the collection of such facts; they and every other fact bearing even indirectly on the value of land are indispensable to enable him to form any opinion on the subject—but so infinite is the variety of circumstances which determine the value of every plot of land let or sold in a free market, that each case requires an explanation to itself. It would be easy, for instance, to furnish a number of instances of agricultural land having been sold in lots from five to fifty acres at from £60 to £100 per statute acre; but it would not be safe to conclude from such instances that other or even adjoining land could command the same prices. Nor can it be argued that the price obtained for one acre would be obtainable for ten or one hundred acres of similar land; the size and arrangement of the parcels affect their value. In towns, the difference of a few feet in position may make a difference in value equivalent to many thousand pounds per acre. So in the country, position and facilities of access make an enormous difference in the marketability and value of equally fertile parcels in the same locality. As a general rule, the smaller the lot, the higher will be the price, just as retail are always higher than wholesale prices.

No conclusion as to the value of land can be drawn from the sales of landlords' estates to their tenants under the Land Purchase Acts. These are not sales of land, but of landlords' rights; they can scarcely be called sales, for they are not made for money though estimated in terms of money. They are rather a commutation of variable and uncertain rents for a terminable annuity. They are not transactions in a market, for there is no market for such interests, and the terms are

regulated more according to the personal conditions, the hopes, fears, and necessities of the parties, than by any fixed rule or rate of value; but in estimating the security for the terminable annuity to the state, the question of value does arise, not of the value of the estate sold, but of the estate comprising the consolidated interests of landlord and tenant which is pledged as a security. Here we have some materials for guidance in the prices paid for occupation interests depending not on the comparative fertility of land, but on the money available for such investments in the pockets of possible buyers.

I felt much diffidence in bringing these considerations, many of which are mere common-places, before the society. The subject is, however, a difficult one, not merely for thought, but still more to put into words. What constitutes value, how to express value, how to measure it, are subjects on which political economists have written much and differently. The difficulty is greater in practice with regard to the value of land than with regard to any other article. Professional valuers of the greatest experience are often sadly astray in their estimates. The first step in this, as in other branches of knowledge is to be aware of one's own ignorance to distinguish between what one does know, and what one does not know. Too much weight is often attached to "valuations." The worth of the opinion of the most experienced valuer consists in this, that it is the opinion of a person who has given attention to and studied the question he is asked to advise upon, and his opinion is therefore presumably worth more, but not much more than that of persons who have not.*

It may be unsatisfactory to be unable to arrive at certainty and precision, but if we cannot do so, it is better to admit the fact. In forming an estimate of, or making a guess at, the value of land, we must, to use Mr. Cairnes' words about the solution of economical problems, "Have recourse to arguments of a probable, and often of a conjectural nature, the conclusions from which must, of course, partake of the same merely probable and conjectural character, and can therefore never attain to that precise and definite form which distinguishes the conclusions of physical science."†

* As an example of the violent differences of opinion between men of equal experience, I mention the following incident:—One of the shrewdest, wealthiest, and most experienced men in the purchase of land in a southern town had the opportunity of buying 100 statute acres at a price to be named by a professional valuer—the price to be the full market value: £6,000 was named. The would-be buyer's reply was,—“I'd lay £6,000 to £600 that the sum demanded is not got, and even money that at public auction the price obtained will be 50 per cent. short of the sum asked. My judgment and reputation I'll stake on the result, that the sum named is most absurd and preposterous.” The terms proposed were attributed to the influence of “a malicious neighbour,” of whom the valuer employed, and who had based his estimate on other instances of sale, had never heard. At the auction the lands were run up in ten minutes to £6,790. Their annual value had been estimated by another valuer at £153.

† *Logical Method of Political Economy*, p. 134.