ON

COTTIER RENTS:

A PAPER READ BEFORE THE

DUBLIN STATISTICAL SOCIETY.

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Applications for leave to read papers should be made to the secretaries at least a week previous to the meeting.

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The subscription to the society is one pound entrance, and ten shillings per annum.

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That the books that have been presented to the Society, and such books as shall hereafter be presented to or deposited with the Society, be placed under the care of Mr. Richard D. Webb as Librarian, to be by him lent to the members or to such other trust worthy persons as he may approve of.

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The Council hope that members who have rare or valuable books or pamphlets on Political Economy or Statistics, will take advantage of the formation of the Library, by depositing such books or pamphlets for a time in the Library, so that the writers of papers may have an opportunity of consulting such books, without being involved in the expense of buying them.

The Council are making arrangements to have the Library supplied with all the Parliamentary Papers as they are issued, and will also endeavour to collect the most valuable Parliamentary Papers of the last twenty years.
On Cottier Rents. By William Edward Hearne, LL.B. Professor of Greek, Queen's College, Galway.

When the principle of the appropriation of natural agents has once been established, the payment of rent follows as a necessary consequence. The assistance given to production by the monopolised natural agent, whether as compared with any other means of production, or with an inferior agent of the same kind, places the proprietor in a better condition than his less fortunate industrial competitors. If, however, the proprietor does not wish himself to use this advantage, he will readily find many others who are willing to take it from him; and the question is on what terms shall he part with his monopoly. Now, all profits have a general tendency towards equality; for if profits are unusually high or unusually low in any particular occupation, so many competitors will soon be attracted to or deterred from it as to reduce them to the ordinary level. If, then, the monopolised agent is put up to public competition, its price will be the exact difference between its productiveness and the productiveness of the ordinary application of capital. It will not be less; because if it were, the purchaser or lessee would still obtain higher profits than his neighbour. It will not be more; because, if it were, his profits would be lower than those obtained by the ordinary branches of industry. No one will, therefore, give more than the difference, and no one will give less; for, if one refuses to give the full amount, another will give it. It is evident that, in such a case, it is not the competition that causes the rent, but that which is the cause of the competition itself—namely, the demand for the use of the monopolised agent. The word competition merely expresses the intensity of the effectual demand. Men compete for an object because they desire it, but they do not desire it because they compete for it. There are thus three points connected with the payment of rent which we must observe:—First, that the rent is caused by the demand for the monopolised agent; second, that this demand is carried into effect and so the rent is procured, by competition; third, that this rent so caused and so procured, is limited, as a general principle, and as nearly as may be, by the difference between the produce of the monopolised agent and the produce of unassisted industry.

Applying, then, these general principles to the particular case to which the term rent is generally restricted, we shall find that the rent of land is caused by the demand for its produce, is procured by competition, and is limited by the difference between the returns of capital when employed on soils of varying advantages,
or when employed in agriculture, and when employed in other industrial occupations. Mr. Mill observes that the difference of which we have spoken "is not, nor was it ever intended to be the limit of metayer or of cottier rents, but it is of farmers' rents." "The competition which economists speak of," says Dr. Hancock "is a competition of capitalists; a competition of people who pay, not of paupers who promise." As the latter class, unfortunately, form at present a rather important portion of the community, and as the subject has not, perhaps, obtained as full an investigation as it deserves, it may be worth while inquiring into the causes which determine the rent paid by the cottier.

It is now generally admitted, as an elementary principle, that the value of everything is determined by the relation of its demand and supply, and that that relation is ascertained by competition. The value of labor is determined by the demand for labor as compared with the number of laborers; and that proportion is satisfactorily ascertained, and its price adjusted, by the competition between the employers on the one side and the employed on the other. The value of capital is determined by the demand for its assistance and the amount of capital existing; and this proportion, too, will be speedily adjusted where free competition is allowed. Similarly, we may infer that, in the case of land, its value depends on the relation of demand and supply, and that this relation, also, is determined by competition. We have seen that under the ordinary circumstances to which the Ricardo theory refers, there is a limit to the value of land, and that limit is discovered by competition. It appears, too, that although competition will reach that limit it will not pass it, because the demand for land will then be checked, inasmuch as capital will seek an investment elsewhere, as soon as its employment in agriculture ceases to be profitable. If, then, there is a field elsewhere for the employment of capital, rent can never pass its natural boundary, because the demand for land is limited. If, under such circumstances, the supply is also limited in any artificial manner, the only result, as far as the producers are concerned, will be, that land to the extent of that limit will be uncultivated. But, if we suppose a case where, from whatever causes, there is no field beyond the land for the employment of capital, the case will be very different. As the capital not required for agriculture cannot be invested with profit, it will disappear, but the laborers whom it has or might have employed still remain. Since there is no other means of occupation, the whole population must look to the land for their support. The laws of value and competition will still hold good. The operations of nature continue uniform, whatever the material may be. The value of land will still depend upon the demand and the supply, and the demand and supply will still be determined by competition. But the demand in the present case consists of the whole population, while in the former it consisted of monied men. In the one case the cultivation is for profit, in the
other for actual subsistence. It appears, then, that although the limiting principle will still exist, the limit itself is changed; and that ultimately, the actual occupant will pay a rent which will be determined, as nearly as possible, by the difference between the produce of the land and the amount which he could elsewhere obtain for his labor.

This, then, is the difference between cottiers' rents and farmers' rents—that in the latter case, the limit is the ordinary rate of profit, in the former, the ordinary rate of wages. Under such circumstances, any artificial limitation in the supply of land is attended with much more injurious consequences than in the former case which we noticed. As the rate of wages depends upon the amount of employment, and as rent in this instance depends upon the rate of wages, every circumstance which lessens the means of employment lowers wages and raises rents. Unfortunately, this condition of things has a tendency to perpetuate itself; the poverty of the people, whose wages are gradually reduced to the minimum of subsistence, will afford no opportunity for the rise of any trades or manufactures, except those of the rudest kind, and thus no relief will be afforded to the glutted labor market. The consumption of the great mass of the people will be of the simplest description—it will be confined almost exclusively to the actual necessaries of life. Such a state we need hardly add is eminently unfavourable to intellectual and moral progress, and these deficiencies in their turn, will be sure to re-act with terrible effect upon the physical condition of the people. It is, of course, unnecessary to point out the application of these principles to Ireland; but our country is not a solitary case—Spain, Sardinia, many of the German states at the present day, all of them up to the early part of this century, are memorable instances of the truth of these principles. In further confirmation, we must quote the words of an eminent philosophic historian, written without any view to such an application, and by one who was at least not inclined to over-estimate the teachings of Political Economy. "An agricultural country," says Dr. Arnold, "in the hands of an aristocracy, is a state at once of physical, intellectual and moral degradation, and which tends to exclude all opportunities of amendment."

If the principles we have here stated be correct, we shall find that some important practical conclusions follow from them. It will at once appear how idle it is to talk about the grasping tyranny of landlords, and to seek to check it by artificial restraints. Rent arises from and is regulated by natural causes, over which no landlord has any control. A landlord may refuse to take the rent that is offered; but, if he does, he is merely making a present of so much to the tenant. It is true that it may be wiser for him not to accept the highest offer; but it is equally true that it is his interest to take the highest offer of which there is a reasonable prospect of payment. It is no mere possible to regulate the price
of land than it is to regulate the price of money, or of labor, or of food. The natural demand will invariably break down all the artificial barriers that may be opposed to it. In the case of any such legislative interference, the landlord will either be obliged to let his land at a fixed price, or he will not. If he is obliged then there will be left a residue who can have no land at all; for, from the very statement of the case, it appears that the demand for land is excessive. If he is not obliged to let it at a fixed price, then those who will obey the law must go without the land, while those who are willing to evade it must, in addition to the natural price, pay for the risk which such evasion would cause. There is, however, a fundamental objection to any scheme for the artificial limitation of rent, for it removes all data by which rent could be fixed. Even at present it appears that it is no easy matter to get any two experienced professional men to agree in their valuation of a farm, how much would the difficulty be increased when they no longer had the ordinary letting price of the country to guide them?

Another method which has been proposed for relieving the distress arising from the fierce competition for land is, to give the occupiers a permanent title, to convert them into owners in fee, and the present owners into rent chargers, and to prevent a recurrence of our present difficulties by rendering the new properties inalienable. We fear that this plan looks very like doing evil that good may come; there certainly appears full room for Lord Bacon's hint on such occasions, that we are certain of the evil, but very far from certain of the good. The mere change of ownership would probably prove, at best, a very trifling benefit. The laws which determine the value of land would continue in full operation, and, while the circumstances remain unchanged, the alteration of the men is of no importance. At the same time the remedy proposed to prevent the recurrence of the disease is the surest way of perpetuating it. "The magic of property" will, indeed, do much; but it must be property in its fullest sense, with all its accompanying incidents. It is not merely because they have peasant proprietors that most of the continental states are so rapidly improving in their social condition, but because those proprietors can sell their estates when they please. It is not because the fundholder is free from most of the cumbrous contrivances that clog the title of land that the funds maintain so high a price, but because he can so readily transfer his interest. It is little comfort to a Chancery suitor to know that his estate is his own, when he finds it impossible to part with it and ruinous to keep it. Mr. Kay furnishes us with remarkable evidence on this point:—"In Saxony," he says, "before the beginning of the present century, there were a number of small proprietors, who held their lands under strict settlements, and accounts published in those times represent the condition of the proprietors themselves and that of their farms to have been wretched, and to have been
progressively deteriorating; and those old reports, with great discrimination and justice, declare that the cause of that state of things was not the smallness of the estates, but that the small proprietors could not dispose of their lands to men of science and capital, when they felt it to be their interest to do so."

"Cottiers," says Mr. Mill, "must cease to be." We fully agree with this dictum, although we venture widely to differ from that distinguished economist as to the means by which this object can be effected. We have already stated the grounds on which we consider the plan which he suggests of a rent limited by law or custom to be altogether objectionable. In order to state our own views, we must again refer to the principles with which we set out. The value of land is determined by the relation of its demand and supply, and that relation is ascertained by competition. To interfere with competition would be to reject our only guide. It would not alter the value of land, but would prevent us from finding out exactly what that value was. The difficulty would be only increased, and the confusion worse confounded. We must, then, look to the constituents of value—the demand and the supply. The demand is the existing population. To interfere with the progress of population, as Mr. Mill evidently desires, seems to be hopeless, even supposing that it were desirable. Emigration on such a scale as to afford present relief seems now, for several reasons, to be generally considered impracticable. The creation of other channels of industry is, indeed, most important, but it is the consequence rather than the cause of an improved social state; we must turn, then, to the other constituent of value, and examine the supply. The supply of land is evidently all the land in the country; if, then, all the land in the country is made available for the purposes of production, to the utmost extent of which it is capable, nothing more remains to be said on the subject. We need hardly say, however, that such is far indeed from being the case in Ireland. Nearly four millions of acres, all of which could be profitably reclaimed, are lying utterly waste; indeed, it is probable, as Sir Robert Kane has remarked, that there is not an acre in Ireland which is altogether incapable of cultivation. It is well known that the land that is cultivated is not nearly as productive as, with proper management, it might become. Lord Devon's Commission assures us that our agriculture is defective in the highest degree, and it would be easy to accumulate other evidence in support of a fact so generally admitted and deplored. Whatever, therefore, diminishes the productiveness of land, may be considered as diminishing its supply, as surely as, though in perhaps a less degree than those causes which keep it out of the market altogether. We have now arrived at a question of no common importance. Why, when distress is so general and so severe, is so much land suffered to remain in utter idleness, while such bad use is made of the remainder? The answer to this question has been already so fully given to this society, by one who has done more than almost any other Irishman to promote the diffusion of economic know.
ledge, that we need only remark that the real impediments to Irish prosperity are to be found in the state of the law of real property.

We would, however, observe, that the only sound policy in this case is a complete and total removal of the present restrictions. As long as the law allows of numerous co-existing interests in the land, the courts of justice must take cognizance of all these interests; as long as the law allows of remote and complicated titles, investigation will be expensive and conveyances lengthy. Any arbitrary alteration in these matters is as likely to work mischief as good, even supposing that it is possible to bring it into operation. There may be, and probably is, much that might be with advantage amended in the working of the Courts of Equity, and in the practice of conveyancing; all but that can be done in this way is nothing compared to the complete removal of the cause of the evil itself. The beneficial effect of the unfodalisation of land would appear both directly and indirectly. The demand for land would be, of course, satisfied in the same proportion as the additional land brought into the market increased the supply. But, besides this, as the condition of the people improved, a demand would gradually arise for articles of luxury, and thus a continually increasing field of employment would be open for the surplus labor of the country. In this way, then, by the mutual reaction of agriculture and manufactures, we should see the ignorant and miserable cottier steadily and safely disappear before the well-directed and well-paid industry and skill of the farmer.

"We may hope," says Mr. Mill, "to see from the present lazy, apathetic, reckless, improvident, and lawless Ireland a new Ireland arise, consisting of peasant proprietors with something to lose, and of hired labourers with something to gain; the former attached to peace and law through the possession of property, the latter, through the hope of it." Such a sight we may, with the blessing of God, one day witness, but it will never be brought about by tampering with rent or interfering with population. In social as well as in physical science, the only means of conquering nature is by obeying her; and in social science, too, there exist unwritten laws, not of to-day's nor of yesterday's enactment, but immutable, eternal: laws "which we did not make, which we cannot alter, and to which we must only conform." Such are the laws of value, of competition, of population; with these any interference will be probably mischievous, certainly futile. But, while we thus predict the inutility of seeking to check the demand for land—while we deprecate any interference with its price—we are fully alive to the fact, that the present system of the law of real property is one continuous interference with its supply. It is, then, to the removal of such pernicious interference that we must look; and when we shall see, as one day we most surely shall see, the last remnant disappear of a restrictive system unknown in ancient, and repudiated in modern times, legislation will have done all that it is in its power to do to promote the happiness and develop the resources of Ireland.