

COST action A 35 Progressore
Programme for the Study of European Rural Societies

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First Workshop of Working Group 1 - Landed
property

Scientific report

Property rights, the market in land and economic growth in
Europe

(13th-19th centuries)

Gregynog (United Kingdom)

10-11 June 2006

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The first workshop was held in Gregynog in Wales on the topic *Property rights, the market in land and economic growth in Europe (13th-19th centuries)* on the 10th-12th of June. It was of course a cost workshop which benefited from additional funds from Corn and from the GDR CNRS 2912 Sociétés Rurales Européennes. In this meeting we got 14 papers, In fact 13 because Peter Poszgai (H) could not come.

The contributors and discussants came from the following countries :

Contributors

Discussants

Participants

Austria			1	1
Denmark			1	1
France	3		1	4
Germany	2			2
Hungary	1			1
Norway		1		
Poland	1			1
Portugal			1	1
Spain	2		2	4
Sweden		1		
United Kingdom	2			2

The topic of this meeting was to give serious consideration to institutional constraints as key explanations for the slowness or absence of growth between the thirteenth and nineteenth centuries. We intended to test if institutions definitively figured as decisive factors in explanations of the retardation of certain countries or not insofar recent researches have nuanced perspective to the issue of 'institutional determinism which has been accused of failing to take full account of the variety within processes of evolution. It seems, therefore, necessary to re-examine the role of the institution in respect of rights in property and, as its corollary, the circulation of land in a true market. In so doing, it will be possible to explore the conditions which permitted the progress of agriculture in Europe and the emergence of capitalism in the countryside.

Since the 18th century at least economists and politics have thought that an active land market was a precondition to select the best farmers and that it was therefore necessary to destroy all the brakes for the free traffic of land. They assumed that a market in land could not have come into existence without the identification of legal rights in property (either in a form perfect or imperfect), and that a wholly free right of disposal of property was not established.

In such conditions, the key question was not only to point the different forms of restrictions upon the land market, not only to describe the debates along politicians and economists, but to try to answer two main questions : was a perfect and absolute property right a way to accelerate the traffic of land ? was the process of liberalisation of exchange in land in a close relationship to economic progress?

First we may recall that there was not just a market for buying and selling land, but also, at least, a lease market and a market of emphyteutical contracts. Both for those seeking access to land and those that provided it, those three different markets were interdependent and they either entered some kind of direct competition or they completed one another, depending on social and individual strategies.

For some of the participants, the change on land market (prices) could secure the freeholders and they could manage to secure increasing shares of agricultural surplus vis-à-vis the rent takers. This gave them incentives and resources to expand production. The land consolidation like enclosures) was also of vital importance in promoting growth, even if growth however appeared at a drastic social costs with the increase of landless peasants. Even in 16th century in East of Europa, in Poland increasing engagement in land market activities during the sixteenth century demonstrates that the peasantry took advantage of their liberties and good tenurial status as the economic situation for agriculture improved.

For others, it was not the case for various reasons.

1) other institutions : credit and inheritance system. Even if institutional obstacles had been removed, informal institutions such as the inheritance and household systems, linked with the absence of a proper market in rural credit strongly influenced the emerging patterns of land mobility. The integration of factor markets, and particularly of land markets, was based on removing obstacles of existing formal and informal institutions. When one of the most important formal institution, namely lordship, was finally abolished, this did not necessarily mean that informal institutions, such as the family, were weakened automatically as well. The functioning of the credit and the labour markets rendered the land market in a way superfluous.

2) the critic of enclosures. In the same time, the question of commons staid acute. We know that the wide-spread existence of common property in the agrarian economies of Europe in the early modern period was not only, from the eighteenth century on, increasingly considered a serious obstacle to improved farming methods in general, and also restricted the extent to which cultivable land as the principal

rural means of production and source of income entered market-mediated mechanisms of allocation. But neither a sustained stimulation of the land market through privatisation nor, conversely, an immobilisation caused by the preservation of common ownership seems to have occurred except in a few special cases.

3) negative action of the land market. Economists hold that factor markets were crucial to the long-term growth of economies. Yet in most European countries land markets evolved centuries before agrarian capitalism became established and belatedly delivered rising total factor productivity in agriculture. At times of economic expansion, rising prices, and growing population and sometimes until well into the nineteenth century, land markets were more likely to lead to the morcellation than the agglomeration of holdings by matching the supply of land to the demand for it. In this respect, land markets hindered rather than helped the transition to modern economic growth. Only after a shock could land markets promote agglomeration rather than morcellation thereby making possible a transition to agrarian capitalism.

4) non capitalist behaviour of the land buyers. Land was considered as a commodity but not as a capital and therefore it is difficult to assume that growth of production comes from an accumulation of a commodity which is not a capital. It is not true that small land owners could not participate to the growth of production, but they did not do it in a capitalist way, and not by the simple acquisition of land.

5) positive action of imperfect property rights. Some archaic contracts and forms of ownership were very useful for the increase of production. Emphyteutic led to the emergence of a market for useful dominions, which were bought, sold, divided – provided the total rent paid to the holder of direct dominion was respected – and could even be subordinated to third parties. The land market was therefore comparatively flexible and its activity or inactivity depended on the circumstances of any given period. With the *rabassa morta* in Spain the useful dominion could therefore be bought and sold without destroying the source of rent for the tenants, and a land market for the peasants living in the community was created. It created the condition for expansion of vines.

Finally, there was neither a direct nor an exclusive relationship between those land market and economic growth. The land market was associated with processes of change, but it was not exclusively an economic change. Land market was compelled to become more dynamic and more open not only because there existed

accumulated capital looking for new investment opportunities, but also because population was growing, because there were social groups aiming for landowner status recognition, or because there was a political power trying to condition other powers.

6) overcoming of institutional constraints. Even if the inheritance system was thought to keep land in the family leaving little land to the free market, profits from rising land prices did incline freeholders to sell their farms instead of handing them over to their oldest son and to take the profit to acquire better farms. And by selling the land with increasing prices merchants... found capital to invest in production and trade and to determine economic growth.

As a conclusion, the simple theory of property rights is correct in one fundamental aspect: changes in the market (demand, relative prices, etc.) promote changes in property rights. However, it is very doubtful that these changes always take one and the same direction, towards the inevitable individual and exclusive rights described by the 19th century liberal paradigm. environmental and social factors may account for the greatly differing results in regions subject to one particular legislation. That's precisely why we have to take into account the variety of contextual situations on a European scale:

We observe various situations and our conclusions have to be compare with another scientific experience in the Thonon meeting in October 2005. Therefore a special session was held in Helsinki in august during the international economic history congress to mix these papers and gather for a day almost 100 people.