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No. VIII.

MR. BONAMY PRICE

ON

THE THREE F'S.

FEBRUARY, 1881.

FIFTH THOUSAND.



ISSUED BY

THE IRISH LAND COMMITTEE,
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P R E F A C E .

AT the conclusion of the Preliminary Report from Her Majesty's Commission on Agriculture, the following paragraphs are printed:—

Bearing in mind the system by which the improvements and equipments of a farm are very generally the work of the Tenant, and the fact that a yearly Tenant is at any time liable to have his rent raised, in consequence of the increased value that has been given to his holding, by the expenditure of his own capital and labour, the desire for legislative interference, to protect him from an arbitrary increase of rent, does not seem unnatural; and we are inclined to think that, by the majority of landowners, legislation properly framed to accomplish this end would not be objected to.

With a view of affording such security, Fair Rents, Fixity of Tenure, and Free Sale, have been strongly recommended by many witnesses; but none have been able to support these propositions in their integrity, without admitting consequences that would, in our opinion, involve injustice to the Landlord.

The Preliminary Report is signed by Mr. Bonamy Price, the Professor of Political Economy at Oxford, and one of the most liberal and en-

lightened Economists of the age. Moderate and guarded as the foregoing paragraphs may seem, Mr. Price feels himself compelled to add the qualifications contained in the following Memorandum.

He profoundly observes, that for nations, as for individuals, there is one golden rule—never to start from false principles, however trifling their action may at first appear to be. An inevitable law decrees that their evil nature shall do its work, and develop the mischievous consequences which they entail.

On the Three F's, the triple chimera, which is the favourite remedy of the dilettante politician and self-confident doctrinaire, the condemnation of the Royal Commissioner is unequivocal, and most emphatic.

Fixity of Tenure, he says, would strip the Landlord of his property without compensation. It would convert him into an Absentee, exacting a perpetual tax, which would be doomed to eventual confiscation. It would deprive Agriculture of capital and intelligence, and it would perpetuate the small holdings, the subdivided tenures, and the bad farming, which are the misery and the shame of Ireland.

With regard to Free Sale, Mr. Price asks the pertinent question, What has the Tenant got to sell? His answer is, His improvements, and nothing else. He shows that, owing to the competition, the purchase-money, under a system of Free Sale, would be worse than the heaviest of Rack-rents. He shows, that with a capital diminished by such payments, the Farmer would be robbed of his resources, and compelled to live for ever on the verge of actual starvation.

* Mr. Price maintains that legislative interference with the Valuation of Rent is a direct violation of that Freedom of Contract which he justly regards as the fundamental principle of all soundly constituted industry. The determination of Fair Rent other than by free contract, he says, would strike at the root of all improvement in the agriculture of Ireland. No Government machinery, he observes, can value rents. In his opinion, every circumstance which enters into the valuation is personal and local. Fair Rent, he says, ascertained otherwise than by Free Contract, is the spoliation of the Landlord.

Mr. Price therefore condemns the Three F's as false in principle, and as predestined to develop all the mischievous consequences with which false

principles are fraught. He regards them as calculated to arrest Ireland in its advance towards prosperity, and to perpetuate the evils of which it is the victim.

It will be said that Mr. Bonamy Price, although a man of undoubted ability and European reputation, is a mere Collegiate recluse, a mere University Professor, and that the question is to be determined by men of experience acquainted with the state of Ireland, both past and present. But fortunately, the practical statesman and the man of practical experience have arrived at the same conclusion as the speculative thinker.

Lord Dufferin, at all events, is no recluse. He is a man of the world, as well as a man of genius. A greater part of his life he has been a resident landlord. His estate is in the heart of Ulster. For years he has devoted his attention to the Irish Land Question. He is a leader of Liberal opinion. And what is the opinion of Lord Dufferin? It is the same as that of Mr. Price. He proclaims his sympathies with Free Government and Free Trade; but he recognizes the fact that the principles of Free Trade and Free Government involve the principle of Free Contract, and that these three beneficent principles

are each and all of them ignored by the advocates of the Three F's. He shows that the Three F's, even in a modified shape, would imply Confiscation ; and he very pertinently asks, 'What guarantee can any Government, or even Parliament, give that the income left to the victims of the Three F's would not, in its turn, be confiscated in whole or part?'

And what are the views of the Leader of the Liberal Party—the Prime Minister of England? A more conclusive argument was never delivered than that which Mr. Gladstone made against the Three F's, in his speeches delivered in the House of Commons in the year 1870. He treated the question in every aspect. He considered it financially, and socially, and in its probable working and effect. He showed that Perpetuity of Tenure, without compensation to the Landlord, would be simply confiscation, and that, with compensation, it would be an inroad on the Consolidated Fund, which the British tax-payer could not justly be called upon to suffer. He showed that it would work a social revolution, of which the main characteristics would be the absolution of wealth and property from the performance of duty. He showed that in one alternative it would involve the absolute proscription of

that active and energetic class which does not require any permanent estate in the land, but exists by the intelligent and profitable application of capital to the purposes of agriculture; and that in the other alternative it would contain within itself the seeds of its own destruction, and generate the very mischiefs which it was the object of the politician to extinguish.

He will be a bold man who persists in obtruding this thrice refuted fallacy of the Three F's upon the public, in the face of the recorded opinions and unanswered and unanswerable arguments of Mr. Price, Lord Dufferin, and Mr. Gladstone.

W.

MR. BONAMY PRICE

ON

THE THREE F'S.

IN signing the Report I am anxious to add a few remarks on the last two paragraphs but one in the Report.

I feel obliged to dissent from the one beginning with the words 'Bearing in mind.' The fact complained of is the 'liability of a yearly tenant to have his rent raised in consequence of the increased value which has been given to his holding by the expenditure of his own capital and labour,' and consequently, 'the desire for legislative interference to protect him from an arbitrary increase of rent does not seem unnatural.'

It may be answered, in the first place, that protection is already given by the Land Act of 1870 against such an arbitrary increase of rent. It can be enforced only by eviction, and such an eviction would be manifestly capricious. A judge could

find no clearer proof of caprice than the fact that the disturbance was being carried out with the view of the landlord extracting a profit from an expenditure which the tenant, and not he, had made. The penalty actually prescribed by the Land Act for such a proceeding is severe. Still, if it is held not to be sufficiently efficacious, let the judge be empowered to award a still sharper penalty if he can affirm that, in his opinion, the disturbance had for its motive and object to make an unfair profit out of the tenant's improvements; and generally it may be regarded as a first principle that an evicted tenant is entitled to a complete, easy, and cheap enforcement of his claim for the improvements which he has laid out on his holding.

But legislative interference with the valuation of rent—with the amount of rent which a tenant can be made to pay for a holding which he has voluntarily taken—is a wholly different matter. It is a direct violation of the fundamental principle of all soundly constituted industry—freedom of contract; and soundly constituted industry is the root of national prosperity. The State might as well dictate what the price of corn, or coals, or cloth shall be. Such an idea would be held to be irrational; why is it less irrational in the business of farming? No one speaks of such a valuation of rent in England; it would be thought an unjustifiable meddling of the State with private business.

But we are dealing with Ireland, it is said. No doubt Ireland is in a sickly condition; but is her

cure to be effected by remedies false in their nature, and sure in the end to lead to yet worse malady? Who can set a limit to what may happen in Ireland or elsewhere if the doctrine is once laid down that the State can and ought to decree what the price of borrowing a piece of land shall be? In Ireland a demand for the complete extinction of rent would soon be looming in the distance.

For nations, as for individuals, there is one golden rule, which ought never to be violated—not to start from false principles, however trifling their action may seem to be at first. The law of human nature decrees and enforces that their evil nature shall do its work and develop the mischievous consequences which they contain.

Secondly, I desire to add some further remarks as to what the Report says on the Three F's.

I.—FIXITY OF TENURE.

I understand this expression to mean that, subject to the condition that the tenant shall pay the rent due, however that rent may be determined, the tenant shall never be evicted from his holding, and shall have the power of transmitting it to any other person, with no right of interference in the landlord.

On this proposal I observe—

1. That it ousts the landowner out of his land, and strips him of a considerable portion of his pro-

erty without compensation. It converts him into a holder of a rent-charge; in other words, an annuitant, a mortgagee. Such a measure would be a violation of that respect for property which is the fundamental principle of social order, political economy, and civilization.

2. It would make these nominal landowners absentees from their properties, whether in or out of Ireland. They would infallibly come to be regarded as men exacting a perpetual tax on the property; and the end would be the confiscation of the rent-charge.

3. It would stop the improvement of the estates by their owners, and then Ireland will be stripped of what she so sorely needs—capital and intelligent agriculture.

4. Further it would perpetuate the miserably small holdings, the bad farming, the subdivided tenures, which weigh so heavily on the productive power of the soil and the welfare of the population.

5. The landlord would still remain answerable to the law for evicting when the tenant acts illegally; and to his other wrongs liability to popular odium would be added.

II.—FREE SALE.

1. The question at once arises, What has the tenant got to sell? His improvements, and nothing else. In the words of an eminent witness, good-

will, which is called the tenant's interest, as something over and above his improvements, is a 'myth.' Let the fullest, the extreme value of those improvements be secured to him, and let a cheap and easy method of assessing their value and effecting the payment due be framed. A tenant, on leaving the farm, has a right absolutely to nothing more.

2. Next, the incoming tenant, on whom depends that increase of production which is the greatest want of Ireland, is greatly injured by such sales. The competition, the greed for land, is so excessive in Ireland that prices are given for the tenancy which are positively insane, and worse yet than the heaviest rack-rents. The capital of the farmer is thus heavily diminished by such payments, and the cultivation of the land is robbed of resources indispensable for procuring that produce of which it is capable.

3. Under such sales there would be no security whatever that the purchasing tenant knew how to farm. The general bad farming in Ireland is universally admitted.

4. As under the first F, the landlord suffers confiscation of part of his property. The sum paid for the so-called interest of the out-going tenant is made at the cost of the rent, which cannot, under such circumstances, be the full fair rent due by the farm. Such confiscation is justified by no plea.

5. As before, free sale perpetuates the land miseries of Ireland as they actually exist—the

starvation holdings, the bad farming, the wretched dwellings, the living on the verge of starvation.

III.—FAIR RENTS.

1. No Government machinery can value rents justly; every circumstance which enters into the valuation is local and personal.

2. What a particular Tenant can pay is no rule for determining the Fair Rent—the rent which, if he understood his business, he ought to and would be able to pay.

With the Ulster Custom Fair Rent becomes what the Tenant can afford to pay after allowing for the exorbitant price he has paid for the good will. Such a rent is spoliation of the Landlord.

4. This F—this determination of Fair Rent other than by free contract—strikes at the root of all improvement in the agriculture of Ireland. It takes as its standard the ignorance, the indolence, the apathy, the want of capital, of the unhappy Tenant, who is protected in his want of industry by the adjustment of the rent to his state and habits.

The Three F's, consequently, ought to be condemned as false in principle, both socially and economically, as calculated to perpetuate the peculiar evils from which Ireland is suffering, and to arrest that increase of production from which alone she can hope to advance towards prosperity.

At the same time it must be fully admitted that great abuses have occurred in violent and unreason-

able raisings of rent by some landowners, who have not done justice to the actual situation in which both they and their tenants found themselves. The relation of landlord and tenant implies mutual duties and reasonable consideration of existing circumstances. These are not seldom disregarded, but the remedy must be sought, not from a legal interference with business, which is unnatural and mischievous, but from the training of both landlords and tenants to the understanding and the fulfilment of what each of them owes to the successful cultivation of the land.

BONAMY PRICE.

