

FREEHOLD TENURE IN LATE EIGHTEENTH CENTURY DENMARK

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ABSTRACT

In the wake of a major reform period, 1788–1807, Danish landlords voluntarily sold off about half of their agricultural land to their tenants and thus transformed tenure from primarily leasehold to a dominance of freehold. One explanation could be that nominal rents were rigid when grain prices boomed. Quantitative and qualitative evidence presented here suggests that real rents were in fact declining although there was a large surviving element of rents paid in kind. Moreover, it is demonstrated that tenants, despite their declining real payments, were equally interested in buying. Essentially, land sales represented a gain to both buyers and sellers. The main reason for this was the lingering of labor services, so-called boon works, as an important element of rent. According to a contemporary estimate, the landlords' benefit from this labour was one half and even sometimes one third of the tenant's opportunity cost. Hence boon works represented a major cause in the difference in efficiency between peasant production under leasehold and that under freehold.

1. INTRODUCTION

This paper is about a major reform in Danish agricultural tenurial practice in the period 1788–1807. Essentially, Danish landlords sold off about one half of

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their agricultural land to their tenants. A survey of the circumstances of peasant emancipation elsewhere in Europe makes it clear that there was no such thing as a uniform process of agrarian modernization or identical outcomes (Rösener, 1994, p. 186). More specifically Milward and Saul (1973, p. 70) when comparing European systems of land management during the eighteenth century states that the growing external and internal trade in that period did not operate in a similar way on various societies. According to Smout (1987, p. 93) an apparently voluntary resignation by a landowning class of the social and economic power of Danish landlords has no European parallel.

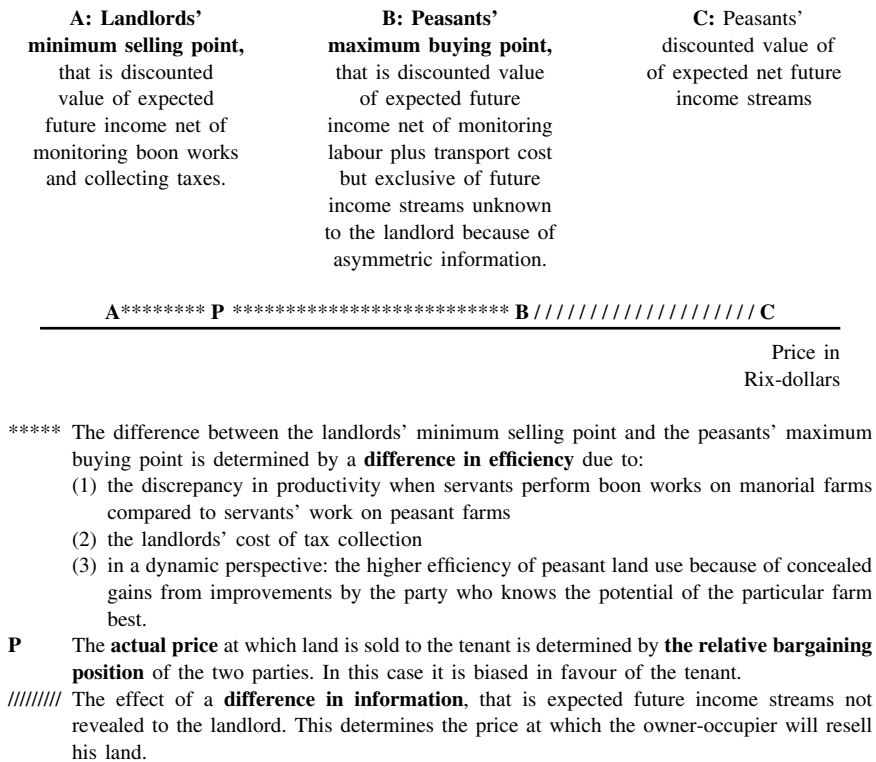
This paper will analyze the specific circumstances that transformed Danish agricultural tenure from primarily leasehold to a dominance of freehold. The traditional historiography has highlighted the surge in grain prices and the subsequent surge in the price of land as a major driving force. To the extent that land prices reflected the discounted value of future net income streams, landowners had no a priori interest in selling land. However, one explanation could be that nominal rents were rigid when grain prices boomed. Contrary to what has sometimes been claimed, quantitative and qualitative evidence presented here suggests that real rents¹ were declining although there was a large surviving element of rents in kind.²

Moreover, it will be demonstrated that tenants despite their declining real rents, were equally interested in buying. State protection in the form of leasehold for life put them in a strong bargaining position *vis-à-vis* the landlord. Consequently the exchange took place at prices below the market price.

It will, furthermore, be shown that landlords and tenants in Denmark differed in their valuation of peasant land. This was due mainly to the productivity advantages of farm servants working peasant land compared to servants performing boon works on manorial land. Finally, it will be argued that there was a net gain for both parties: the landlords and the tenant farmers.

To give a sense of the Danish land rental system on the eve of the land sales period, the paper begins with a qualitative and descriptive account. It is argued that the system generated a different valuation by landlords and tenants of the land leased to tenants. In Fig. 1 this is illustrated by the distance between the points A and B which depicts the landlord's minimum selling point, i.e. the lowest price accepted by the landlords respectively the peasants' maximum buying point, i.e. the highest bid made by the tenants. Section 3 will elaborate on the differential value of labor services. Section 4 provides quantitative evidence of the discrepancy between the actual selling price to tenants, P (within the interval A-B), and the market price of land. The latter is estimated as the price, C, when owner-occupiers resold their land. In Fig. 1 the placement of P indicates a bias in favor of the tenants as buyers of land. Section 5 explains this as a result of a

discriminatory land market. In Section 6 qualitative evidence of opportunistic behavior by tenants is supplied to account for the difference between B and C in Fig. 1. Finally, Section 7 looks into the landlords' alternative to leasing land.



Note that peasants and landlords are assumed to use the same rate of discount.

Fig. 1.

2. TENURE AND LAND RENT: REGIONAL VARIATIONS

Around 1700 the share of total land farmed by landowning peasants amounted to less than 1%. According to the first official account for the country as a whole, in 1835, almost 65% of the land³ was by then owner-occupied, but as shown in Table 1 regional variation in tenancy was substantial.⁴

Table 1. Tenancy According to *Hartkorn* by Region 1835 (Percent).

Region	Manorial home farms	Freehold	Copyhold of inheritance	Leasehold for life	Towns	Total
Zealand	11.4	13.1	21.3	52.3	1.9	100
Funen	10.9	35.9	0.9	50.9	1.4	100
Lolland	13.5	20.0	8.4	55.5	2.6	100
Falster	8.1	35.2	2.9	52.6	1.2	100
Jutland	7.3	65.6	2.0	23.7	1.4	100
All Denmark	n.a.	65 (Freehold + Copyhold)		n.a.	n.a.	100

Source: Bjørn (1988, p. 26).

Only to a minor degree was the change a result of an upsurge in Crown land sales during 1764–1774. The interesting question is what motivated *private* landlords to sell in view of their indisputable right to command over their property?⁵

The period in which the major change in tenure took place can for various reasons be narrowed down to the years 1788 to 1807. This was a period of rising grain prices and subsequent rises in the price of land. The puzzle remains: why did so many landlords deliberately sell an asset that was expected to rise even further in price?⁶

Rent to the landowner was customarily paid in three parts:

- (a) *Indfæstning* – an entry fine or purchase of the lease in cash that could be raised with land prices, but due to the leasehold for life could only be collected about every 20–25 years (each time there was a turnover).
- (b) *Landgilde* – a rent in kind, primarily in grain, that had been fixed in absolute terms according to a provision in King Christian V's "Danish Law" which ran from 1683 until 1792. Towards the end of the century landgilde in some regions, particularly in Jutland, had been commuted to a money rent. The 1683 law specifically mentioned that landgilde paid in cash was also nominally fixed.
- (c) *Hoveri* – boon works on the landlord's home farm, typically carried out by the tenant's live-in servant bringing a pair of horses, a carriage, or a plough for a number of days a year. Boon works had been commuted to a grain or a money rent in some regions.

It is sometimes implied in the writings of Danish historians that land rents under leasehold in Denmark mirrored land prices fairly well (Hansen, 1964, p. 89; Kjærgaard, 1980, p. 70). As might have been expected the scattered information

on flexible money *entry fines* shows an increase during the years considered here. Johansen's (1988, pp. 360–361) computation of a real increase (in 1800–prices) in entry fines on some farms on the island of Funen during 1780–1789 to 1800–1809 shows an acceleration from a growth of 1.6% per year to 2.6%. He puts it down to either improvements on the farms or a decrease in the land/labor ratio. Another possibility is that increasing entry fines, however small, was a way of making up for the de facto inability to adjust other margins in the contract.

A major part of the annual rent in most regions was still in kind until the latter third of the eighteenth century. These rents were paid as grain or other goods in the case of the *landgilde* or in *labor services*, so-called boon works.⁷ Furthermore, labor services due by the tenants, at least until the late 1790s, were flexible and thus could be raised in response to booming markets. Consequently, both types of in kind rents would enable the landowners to capture Ricardian rents on land in the face of rising grain prices.⁸

To what extent did landlords utilize this opportunity? Statutory reports to the central administration on the size of labor services (measured in days with a pair of horses with or without a plough and in man days alone) from 1769 until 1795 is our main source of information. According to one estimate, the burden of labor services during that period almost doubled. However, there is doubt as to whether the landlords actually availed themselves to the number of days they were entitled to according to the contracts with their tenants. Some historians suggest that landlords may have safeguarded themselves by demanding, and reporting, more labor services than they perceived a need for. Although labor services were undoubtedly raised, the reports and others sources may have exaggerated the increase.

Rents in labor services were, however, met by increasing difficulties, as Section 3 will show, which made way for a more flexible *landgilde*.

A royal decree, in 1792, tied adjustable money rent to the enclosure of tenant farms. The decree gave landowners the right to transfer the ensuing costs to the tenants and to renegotiate the (previously fixed *landgilde*) rent at the replacement of the tenant after the consolidation of the tenant's farm had been carried out. For farms that had already been enclosed in 1792, renegotiation could take place after the change of tenant. This has been regarded by some historians as the change of tide whereby one old system of flexible rents (in labor services) was replaced by a more modern system (in grain or most likely in money). In fact, neither system was flexible enough, as we will demonstrate.

This short description of the rental system has illustrated how it is almost impossible to calculate the development in rent in a straightforward way, e.g. by constructing an index based on the prices of labor and other elements of

rents in kind. Add to that the problem of assessing the extent to which the money commutations that had taken place actually mirrored the value of the former element of rent in kind and the issue becomes extremely complex. This was especially true of the so-called 'boon works money' as we will be see in Section 3.

An examination of the development of land rental markets can never be extended beyond the regional level since there were regional, and sometimes local, variations in the relative weight of the elements in the contracts. For instance, there was a marked regional pattern in the use of boon works. An estimate for 1770, reproduced in Table 2, tells us that commutation of boon works had gone furthest already at that time in Western Jutland while the Isles lagged behind. In Jutland in particular, boon works was often reduced to the obligation of supplying transport services such as a worker with a pair of horses and a carriage to bring the landlord's grain to town.

It may be tempting to compare this regional account of the rental system on the eve of the major land sales with the regional pattern in tenure afterwards (as seen in Table 1). There is some correlation of commuted rents and a high incidence of freeholders, especially in the case of Jutland. Is this indirect proof that in spite of what has been said increasing boon works was an option for landlords to maintain their share?

It is not that simple. The regional differences observed are the result of path dependence and of different resource endowments. Thus, the fact that boon work could be and would be increased is not in and of itself proof that it was well suited as a means to raise real rents. Rather, the heavy burden of labor services as well as the slow progress of land sales in some regions is closely interwoven with other local characteristics. This will become evident when we look at some features that distinguished the regions where labor services prevailed and where the process of land sales proceeded slowly.

Table 2. Tenants Doing Labor Services as a Percent of All Tenants by Region in 1770.

Region	Full labor services	Reduced	Free of labor services
North Jutland	61.0	15.8	23.2
West Jutland	43.5	36.6	19.9
East Jutland	58.7	25.0	16.3
Zealand	70	n.a.	n.a.
Lolland-Falster	n.a.	n.a.	10–12

Source: Skrubbeltrang (1941) pp. 21–22.

On the islands of Zealand and Lolland-Falster where a system of villeinage had existed from the late fifteenth century until 1702, large home (landlord) farms were associated with an extensive use of labor services compared to other elements of rent.⁹ Also, relatively high population density which diminished transportation costs between tenant farm and home farm are correlated with a higher incidence of labor services. Thus, relative population densities were estimated to 2.3 on Zealand when it was 1 in Jutland. Certain aspects of soil quality furthered the use of labor services because they required more work, for instance, arable land rather than pasture and clay soil rather than light soil. Clay soil also entailed a brief 'critical' period during sowing and during harvest in which the work had to be carried out. This favored a system where a large group of workers could be deployed at short notice. Finally, fertile soil rather than poor soil acted as a brake to a more diversified and thereby a more monetarized economy. The latter would have facilitated a modernization of the rent system and led to a subsequent decline in the use of labor services.

Danish landlords living under these conditions adhered to boon works for a long time, particularly when compared to their Western European counterparts. The capital tied up in the home farm made many of them see no other short run option. The value of boon works on the home farm was capitalized in the price of their estate. In addition, the necessary reorganization of home farm production that would have enabled it to be run without the tenant's labor services took time and demanded various investments. These investment costs included the parceling out of small holdings, the building of cottages for farm laborers, and the procurement of horses and farm implements until now supplied by tenants.

To complicate the picture further when we look at rents in general and the role of boon works in particular it seems that boon work was sometimes utilized as an 'adjustment' to the other elements of rent in poor regions. From studies of individual estates we find that during the 1770s boon works was increased as a provisional hedge against losses on tenant's land. Tenant arrears accumulated during periods of successive bad harvests and cattle diseases in not only in the payment of rent, but also in the payment of royal taxes (for which the landlord was ultimately responsible). The request for some extra work from the tenants was often the only way for the landlord to curb his losses.

Landlords in the regions with the opposite characteristics to those mentioned, Western Jutland is a particularly good example, were also the first to sell their land. Their home farms were small and could be cultivated with little input of labor. Labor services had instead been commuted to a rent in grain or money early on.

This Section has demonstrated the difficulties involved in a calculation of real land rents. The only safe conclusion is that fixed money rents must have inflicted a loss on some landlords, we do not know the proportion of landowners affected nor the amount of their loss. Also, boon works, or labor services as a flexible element in the rent system, was hardly an optimal long term solution to the problem of preserving real rent. In the next sections we will therefore turn to other types of evidence.

3. DIFFERENCES IN EFFICIENCY: LANDLORD VERSUS PEASANT

A certain adjustment of rents in the form of boon works did take place, as we have seen. There were also fewer sales in the boon works regions for this and other reasons.

However, a very important countervailing factor in these regions was the different valuation by landlords and tenants of land leased to tenants. In most cases the tenant's servant was sent to the manorial home farm, with or without a pair of horses and agricultural implements, and did a whole day's field work supervised by the landlord's bailiff. It is illustrative when, according to Begtrup¹⁰ (Sjelland et al., vol. I, 1803, p. 175), some landlords in Zealand, (Eastern Denmark), estimated their benefit from this labor that it came to one half or even one third of what it cost the tenant farmers. Even on the island of Funen where labor services seem to have been more expediently arranged than elsewhere, a landlord was heard complaining that "10 workers doing labor services did not achieve as much as 2 hired workers" (Falbe Hansen, 1889, p. 68).

No doubt the servant's immediate employer, the tenant farmer, was in a better position to monitor his servant if the latter worked on the tenant farm. To put it in a principal/agent framework the principal, the tenant farmer, was allowed considerably more control over his agent on his tenant farm. The costs from the point of view of the tenant was related not only to the waste of his servant's time, but also to the time and effort of his horses due to long rides from the tenant farm to the home farm. Reform politician and later chancellor of the exchequer count Reventlow, in a recommendation on boon works from 1788, comments on the well known observation that the exportable surplus of grain originates from the home farm production.

But this grain . . . is produced at such costs to the peasant that the State, on the other hand, may have incurred a greater loss by the smaller production on the peasant farm and by the keeping of more work horses than the gain to the home farm (quoted from Kjærgaard, 1980, pp. 15–16).

In the account of Zealand Begtrup (Sjælland et al., vol. I, 1803, p. 138) where labor services still made up a substantial part of the rent we are told that tenants whose labor services were commuted to other types of rent seemed, at first, reluctant to buy their farm (an indication of the burden inflicted upon them by labor services).

This accords with more recent evidence. Stendal Pedersen (1987, pp. 50–51) in his examination of land sales finds that the new owner occupiers (in spite of their privileged position as buyers) nevertheless had paid a price substantially above the discounted value of estimated future rent which consisted mainly of commuted grain rent and commuted boon works. The likely explanation, as given by the author, is that commutation of boon works did not mirror the true costs of this type of rent to the tenant. Strong evidence on this point is found by Christensen (1889, p. 326) who recalculated information from 1801 originally collected by Begtrup concerning 60 estates on the island of Zealand. He estimated the value, i.e. the price to the tenant of full scale labor services due on a normal farm, at 76 Rix-dollars, but “by commutations the landowner barely fetched 30–40 Rix-dollars at that time.” This is the heart of our argument in the explanation of the difference between points A and B in Fig. 1.

Another thing that has often been overlooked is that the detailed specifications of labor services – on what work could be carried out, and by what means – also served as a hindrance to landlords who would otherwise have preferred to employ a new cultivation system on the home farm (Bjørn, 1988, p. 23; Skrubbeltrang, 1978, p. 400), and Begtrup (Fyen, et al., vol II, p. 371). Eventually rising boon works, at a time when other agrarian reforms were launched, were met with increasing resistance from the peasantry in the form of strikes and protests (Bjørn, 1977).

A further reason for the landlord to attach a lower expected value to land in any region was his obligation to collect land taxes from the peasants. Despite its absolutist nature the State in eighteenth century Denmark was for a long time too weak to carry the load of local administration and had to resort to the traditional assistance of the landlords. This substantially added to the monitoring costs of land. When legislation in 1784 transferred the burden of tax collection to the Crown’s prefects as far as the owner-occupiers were concerned it acted as an impetus to sell.

4. LAND SALES AND LAND PRICES – SOME QUANTITATIVE EVIDENCE

In the following sections extensive use will be made of one contemporary source of information. Agrarian economist *Begtrup* collected his regional account of

Danish agriculture during the period 1801–1810 from contemporary literature and information coming from his correspondence with prefects, land agents, ministers and others.¹¹

Examples from *Begtrup* point in the expected direction. Interest paid by the freeholder on his debt to the former landlord were often double that of his previous land rent.

The tenants, contrary to expectations, were ready to buy their land. It may well be that real rents declined and that landlords, in their own interests, customarily had provided insurance in the form of seed grain, livestock, and horses to their tenants in emergencies. In most cases the peasants seemed to have been willing to forego these apparent benefits.

Table 3 indicates why this was so. Material gathered from all regions illustrates that within the same region, and within a short period of time, prices of land resold by the owner-occupier invariably doubled and sometimes trebled compared to the price originally obtained by the estate owner. All land sold to tenants at this stage was already enclosed. Consequently the possible benefits from enclosure do not influence prices.

This material is diversified, but it must be kept in mind that information on the two types of land sales flowed spontaneously to the author from different sources, thus underlining its relevant nature.

Price information in parts I and III (2) records differences when land was sold and resold within intervals of zero to six years, too brief a time for substantial improvements springing from ownership *per se* to surface. Farm number 3 in part I was sold again three years later, in 1805, at a slightly lower price than at its first sale, which indicates that its market price had been reached at the previous sale.

Price differences in parts II and III, (1) and (3), may or may not include the improvements to be expected, especially from the liberation from boon works. Another source of long run price rises could be subsequent land improvements carried out by the freeholder who would have held superior knowledge of the productive potential of the farm.

Begtrup and some of his contemporaries indiscriminately regarded the price differences as the ultimate proof of the superiority of owner-occupancy to tenancy. Tales of farms boosting their output in a matter of no time solely as a beneficial effect of ownership are, however, not credible. Rather, what we do see is the compound effect of other forces. To an increasing degree landlords wanted to sell their land to the tenants to rid themselves of an obsolete rental system. When selling they obtained a price above the discounted value of expected future income from the land. They did not, however, obtain the 'unconstrained' market price of land.

Table 3. Land Prices in Rix-Dollars.

	Average price when sold by landlord to tenant	Average price when sold by owner-occupier
I. Identical individual farms.		
Farmprice		
(1) Eastern Jutland	1700 ^a	3225 ^b
—	1500 ^c	6364 ^b
—	1200 ^d	3921
(2) Zealand	1000 ^f	1600 ^f
—	1400 ^f	2000 ^f
II. More farms at the same year and same location.		
Price per Td. Hartkorn.		
(1) Ribe, Western Jutland	275 ^g	550
(2) Falster	150 ^h	350
(3) Funen	300 ^g	775
(4) Zealand	200	500
III. More farms at the same estate at different years.		
Price per Td. Hartkorn.		
(1) Aarhus (Østergaard)	134 ⁱ	631 ^h
(2) Aarhus (Constantinsborg)	233 ^a	727 ^h
(3) Ringkøbing (Tolstrup)	325 ^b	725 ^j

(a) 1800, (b) 1804, (c) 1803, (d) 1799, (e) 1802, (f) 1798, (g) 1805, (h) 1806, (i) 1790, (j) 1810. Whenever resale takes place at a later year prices are deflated by rye prices. These prices rose more steeply than prices of the other main crop barley.

Source: Begtrup (1803–1812); Sjælland etc., vol. I, pp. 26–31; Nørrejylland vol. V, p. 73 and pp. 471–473, vol. VII, pp. 22–23; Fyen etc., vol. III, pp. 36–37, vol. IV, pp. 774–775.

5. MARKET CONSTRAINTS

As stated in the introduction, no landlord was ever forced by law to sell his land. A royal decree of 1769 apparently lent strong support to the principle of freehold in saying that,

this must be to the common good of the country, since it cannot fail that the land will be better cultivated if the one who tills it knows, and is assured of, that the time, diligence and effort he employs on improving the farm and the land will benefit himself, his children and his heirs (quoted from Schou, 1795, p. 128).

A mild inducement to sell was offered: in the event that the sale of land to a tenant endangered the minimum size of the complete estate that would have ensured tax freedom on the home farm (200 *Td. Hartkorn*) tax freedom was, nevertheless, maintained. The decree, however promising, had little immediate impact. The state during the following five years, in particular, sold off crown land mainly as complete estates to landlords instead of selling it to its tenants. Freehold did not again become an issue until the late 1780s.¹²

The Danish land market of the late eighteenth-century was, nevertheless, discriminatory. Looking first at the landlords' sales to tenants, the latter enjoyed legal protection as the cultivators of taxable land.

Leasehold for life originated in the sixteenth-century and was confirmed by Christian V's 'Danish law' in 1683. No tenant should be expelled from his farm unless he neglected his land or forfeited his rent. This provision was further enjoined by a royal decree of May 19th 1790 following the attempts by some landlords to introduce short term leases or tenancy at will.

An important decree of 1784 released the landlord from the responsibility for his former tenants' land taxes on land he was about to sell. But this privilege, and the right already mentioned to remain tax free on manorial land, was only granted if he sold the farms to the *residing* tenants. As a consequence, the bargaining position of the tenant was strong from the outset. When a landlord wanted to sell, the tenant, at least in principle, could squeeze the price to the landlord's opportunity rent by refusing to buy at the price offered. He was the only buyer within a foreseeable number of years and he could not be evicted from his leasehold. Skrubbeltrang (1961) has estimated that only about 4–5% of the tenancies would normally fall vacant.

An example from the island of Funen shows that a farm that fetches between 200 and 350 rix-dollars per *Td. Hartkorn* when sold to the residing tenant sells at 500–600 rix-dollars at a vacancy. Holmgaard's (1990, p. 77) study of the speculative sale of a whole estate in Jutland found that individual farms were sold off at irregular intervals, not *en bloc* village by village, and not as it seems according to any particular plan. Besides, the prices obtained for the tenant farms sold last were lower than for the first, which was contrary to the general development in land prices. This, according to Holmgaard, suggests that tenants deliberately used their right to a lifelong lease when bargaining for a better deal.

Stendal Pedersen (1987, pp. 46–47) has examined an early land sale from an estate in 1761. Unlike Holmgaard he makes no reference to the bargaining position of the residing tenant. His results, nevertheless, point in the same direction: Out of 29 farms and cottages sold off in three villages 9 were sold to the tenants and of these 8 were sold at a land unit price below the average.

The above restrictions when the landlord sold to his tenants had *no* parallels when owner-occupiers wanted to sell parts of their newly acquired land to landless young people. During the land sales period considered here about 40,000 families settled on small plots of 4–5 acres. Part of this land was parceled out from the manorial farms, but the major part originated from the former tenant farms. The consequences are shown in Table 4. Fifty years after the great land sales period, owner occupied farms were substantially reduced in size compared to farms still under leasehold.

The small holdings were to supply the agricultural laborers needed for the more intensive cultivation methods that arose during these years – both on the manorial farms and on the owner-occupied farms. On the manorial farms they eventually replaced the tenants' servants doing boon work.

To sum up, there were definitely constraints on market forces when landlords sold to tenants, whereas the price at resale to cottagers, or to other farmers for that matter, probably came close to a free market price.

We now turn briefly to the capital market. In most of the country tenants did not encounter insurmountable difficulties in financing the purchase of their farm, according to Jensen (1957) – mainly for two reasons. First, there were well developed local loan markets. On wealthy Funen interest charged by fellow peasants was as low as 2.5–3%. Second, as we have seen, the new proprietor could reduce the amount of the loan quite substantially by parceling out land from the farm; lenders were well aware of this fact.

The policy of two public credit institutions *Den kongelige Kreditkasse* established 1786 to finance agriculture in general and *Den almindelige Enkekasse* a pension fund, shows the State's concern for owner-occupancy. Only a minor part of the necessary loans did, however, pass through these two institutions. The rest were granted from various private sources of which the single most important was the landlords themselves who furnished about 20% (Christensen, 1950–1952).

Table 4. Percent of Farms by Size (*Hartkorn*) and Tenancy on Funen 1850.

	1–2	2–4	4–8	8–12	Total
Leasehold	9	13	71	7	100
Freehold	26	29	36	8	100

Source: E. Porsmose, *De fynske landsbyers historie*. Odense, 1987, p. 261. *Hartkorn* is a measure of the taxation value of land, cf. Note 3.

6. OPPORTUNISTIC BEHAVIOR BY TENANTS

As we have seen in Section 3, landlords attached a lower expected value to leased land than did the leaseholders. In addition to this, tenancy arrangements prior to the land sales gave rise to a violation of the asymmetric information condition. As for the tenants' motive to disguise the true value that can be extracted from the land *Begtrup* is illustrative; "The tenant farmer considers all efforts to improve the farm buildings or the land as an enrichment of the landowner thus enabling the latter to charge a higher entry fee and a higher rent at the change of tenant. Consequently it will burden the tenant's own son, were he to succeed his father." (Sjelland et al., vol 3, 1803, p. 177) And when comparing owner occupied with tenant farms on the island of Funen he observes that the latter "always try to conceal their wealth so that the rent shall not rise too high after their death" (Fyn et al., vol. 5. 1806, p. 78).

7. THE LANDLORDS' OPPORTUNITY INCOME

To further strengthen the case for the landlord's wish to sell his tenanted land it is useful to take a look at his alternative. How could he more profitably invest his sale proceeds? Holmgaard (1990, pp. 302–303) unambiguously states that the return on these sums exceeded former rents paid by the tenants.

In the Danish case there is no doubt that the answer lies in a much needed intensification of cultivation on the manorial home farm. Christensen (1998, p. 14) sums it up most accurately,

... the landlord needed liquid assets so that he could buy modern implements, raise his own, bigger horses [compared to peasants' horses], build stud farms, bigger stables and storing places for more manure and be able to pay cottagers and day-labourers. That is mainly investments in a more rational cultivation of the home farm land.

What then remains to be accounted for are the cases, mainly found on the island of Zealand, see Table 1, in which landowners made their tenants copyholders of inheritance. As already said, this amounted to propriety ownership from the point of view of the tenants, but from the point of view of landlords it certainly differed from land sales in its effects.

To answer this one must look at the landowners in point. They fall roughly in three categories. The first, and perhaps less interesting, consisted of wealthy landowners with vast amounts of land. Some were part of or connected to the influential circle of land reformers while others were royal persons.¹³

The second category consisted of land belonging to institutions like the University of Copenhagen, the county of Copenhagen, and the Sorø institute

of higher learning. Rents from this type of land were traditionally below that of privately owned estates as far as this can be calculated. Institutions during the second half of the eighteenth-century often chose to make their tenants copyholders of inheritance against what was considered a fairly modest annual income. There is an obvious parallel to this operation, that of similar English institutions during the nineteenth-century where ancient tenures survived amidst the dominant system of rack rent. Turner and Beckett, in their analysis of English college land, states that so called beneficial leases were favored by institutions because they received an income from the land but with minimum expenditure and supervision (Turner & Beckett, 1998, p. 106).

Thirdly, the holders of estates under so-called strict settlement were effectively prevented from selling to tenants since they had no disposal of the sale proceeds. They seem to have found the transfer of their peasant land to copyhold of inheritance a second best solution.

8. CONCLUSION

Landlords' sales of peasant land to tenants represented a gain to both buyers and sellers. A major reason for this was the existence of the differential value of labor services, so-called boon works, as an important element of land rent. No doubt there were monitoring advantages of farm servants on peasant farms compared to the situation where the same servants performed boon works on the manorial home farm. According to a contemporary estimate the landlords' benefit from this labor was one half and even sometimes one third of the tenant's opportunity costs. Hence, boon works was a major cause for the differential efficiency between peasant production under leasehold compared to freehold.

Furthermore, State protection of tenants in the form of leasehold for life put them in a strong bargaining position *vis-à-vis* the landlord. The evidence presented here suggests that this enabled the tenants to capture the lion's share of the efficiency gain from the exchange of peasant land.

Legal protection of tenants as the cultivators of taxable land is known from other parts of Continental Europe. What effectively enabled the Danish tenant to buy the land he farmed was a well functioning informal loan system combined with a high land/labor ratio at a time when the terms of trade favored land. Danish population density prior to the land sales is estimated at one half to one third of that of Britain, France, and Germany (Jensen, 1987, p. 104). During 1750–1800 Danish population increased by 20%. Consequently, the new freeholders were able to finance their purchase by parceling out plots of land for young, landless people. Contemporary evidence tells us that this opportunity was seized eagerly.

In the analysis, price information concerning land sales from landlords to tenants was compared to prices at resale by freeholders. This comparison emphasized the differences in efficiency between the two types of tenure. At the same time the figures are a strong indication of the imperfections in the land market that favored the residing tenant.

Finally, it is suggested that tenants added to their gain by exploiting asymmetries of information when concealing their current income. The landlord, having had better information, might otherwise have exercised his right to increase rents at the change of tenant and that, in many cases, would have damaged the tenant's own son.

As land sales were beginning to ebb around 1807, the government probably reinforced trend by removing the tax benefits for landlords who sold to tenants. Some sales still took place during the years of war inflation (1807–1818) whereas the European agrarian crisis (1818–1840) brought them to a complete halt. The sales to freehold tenure were revived in the 1850's and in 1885 only 9% of the land was leased to tenants.

NOTES

1. In the following it is assumed that the term 'real rent' is identical to 'economic rent' or Ricardian rent since the land owners probably regarded the increase in population as a justification for a larger share in factor income going to land.

2. Christensen (1950–1952) suggests that 'the [*de facto*] prohibition against raising rents had created a discrepancy between the capitalization value of rent and the market value of land such as it appeared by the sales to ownership'.

3. Land here and in the following is measured in so-called *Hartkorn* according to the valuation of the 1688 Land Register. The valuation was made for taxational purposes and consequently the acreage of a *Td. Hartkorn* varies with land quality – typically between five and fifteen acres.

4. Copyhold was all but ownership in the Danish context since it entailed the right of the owner to transfer, sell or mortgage his farm and even to divide it into more parts. This form of tenure was often employed on Crown lands and on estates under strict settlement, see Section 6.

5. T. C. Smout, in an article from 1987, puts it down to 'a unique combination of circumstances' namely legal protection of the peasants, the commutation of flexible rents in kind to fixed money rents and inflation.

Danish historian F. Skrubbeltrang regards the process towards freehold in the late eighteenth century as a gradual one, during which the longest step to complete propriety ownership was taken in the regions of Denmark, mainly Jutland, that already had a tenancy arrangement closely resemblant to copyhold. Son succeeded father on more than 60% of the leaseholds. During that same period progress in the old areas of villeinage, Zealand and the islands south of Zealand, was much slower.

6. In his investigation on land sales Sigurd Jensen (1950) gives little attention to the question of motive. Possibly some landlords, according to him, opted out as a protest

against reform legislation. He also refers to various cases of 'speculative' sales although he readily admits that landlords must have been faced with a dilemma not knowing when prices had peaked.

7. In the following the two terms 'boon works' and labour services are used interchangeably.

8. Under the realistic assumption that the gain from the rise in grain prices are not shared equally between land and labour. That probably holds true even if land supply in the Danish case was not yet totally fixed due to remaining uncultivated land.

9. A lower estimate of the difference can be gained from Falbe Hansen (1888, p. 112), who reports the size of home farms on mortgaged estates as 34 *Td. Hartkorn* in Jutland and 60 on Zealand. This is an underestimation of size difference since it generally took more acres to make up a *Td. Hartkorn* in Jutland and also because there were more estates under strict settlement in Zealand. These estates that could not be mortgaged were larger than the average estate.

10. More on the author in Section 4 below.

11. Begtrup from 1801 until his death in 1841 taught agrarian science at the University of Copenhagen (to future ministers of the Danish church). Prior to that he had travelled extensively in Europe and spent the best part of a year in England, in 1797, consulting Arthur Young and John Sinclair among other. Young's report on agriculture in the British counties was clearly a model to Begtrup. His own account of Danish agriculture obtained royal sponsorship and that leads us to believe that his personal comments to the information presented does not differ radically from the official opinion of his time.

12. It turned out that a number of tenants who had bought crown land in the 1760s were bad debtors unable to pay interest and repayment on the mortgage the state had in their farm. The state under the circumstances put the fiscal motive before the principles of 'property and liberty'.

13. A modern historian has dubbed this transfer of some of the land as a 'showcase' that was to advertise the effects of land reform in general and maybe to elevate the owners in public opinion (Kjærgaard, 1980, pp. 215–216).

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APPENDIX

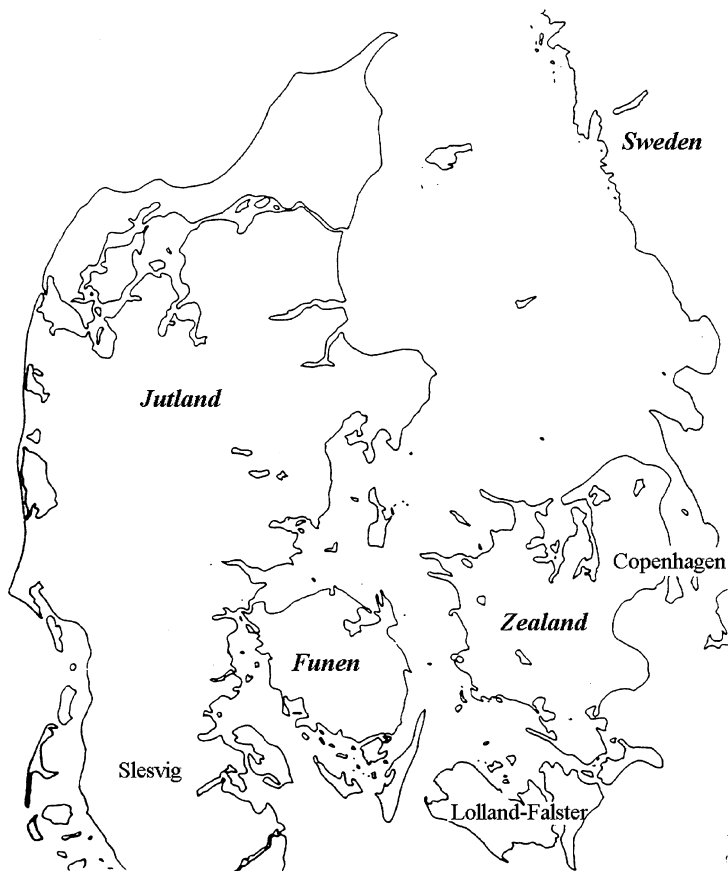


Fig. 2.