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978-1-107-58672-7 - The Economics of Small Holdings: A Study Based on a Survey of Small Scale Farming in Carmarthenshire

Edgar Thomas

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SECTION I

INTRODUCTION

1. PRELIMINARY STATEMENT

So much has been written on the economics of large and small holdings that a justification should be demanded for the appearance of yet another study on the subject, since, so far as its general treatment is concerned, it is probably impossible to write anything new. However, most of the literature on the problem has been, in this country at least, almost entirely lacking in extensive and reliable data illustrating how the smallholder lives. The sole aim of this study is to attempt to remedy this deficiency by presenting the results of both an extensive and an intensive survey of a community of smallholders, thereby revealing something of their true economic position.

Inasmuch as there is a veritable library available on the various social, economic, and technical aspects of the question of the size of the agricultural unit, it is only necessary, here, to give a very brief summary of the main arguments that have been adduced, from time to time, for and against the small holding¹.

2. DEFINITION OF UNIT

In the first place it is necessary to define the unit employed, and for this purpose it is useful to regard the holding, first, as a source of income, and, secondly, as a field of activity for its occupier². On this basis the lower

¹ For convenience, special reference may be made to (1) *Large and Small Holdings* (Cambridge University Press), by Hermann Levy, chapters vii and ix; (2) *Allotments and Small Holdings in Oxfordshire* (Oxford University Press), by A. W. Ashby, part ii, chapters i and vii, where the various arguments mentioned here are developed.

² Levy, *op. cit.* p. 88.

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limit of size for the small holding must be that which will just keep its occupier fully employed, and will just provide him with the wherewithall for the sustenance of himself and his family. It is much more difficult to fix the upper limit for the small holding, because the line of demarcation between it and the medium-sized farm is by no means clearly drawn. For the purpose of legislation this upper limit has been fixed at 50 acres or £50 rent. The introduction of the two tests—acreage and rent—compensates for the shortcomings of either used alone. For example, a holding of 100 acres of indifferent land might represent all the characteristics of a small holding, but by the acreage test alone it would be included with the large farms. Again, another holding of only 25 acres of excellent land might be rented at £55; thus, by the rent test alone, it would be barred from its obvious inclusion amongst small holdings. By means of this double test an attempt is made to convert all types of land into terms of a common unit, the unit adopted being an acre of land valued at £1 an acre. Using this basis, the upper limit of size for small holdings will be that holding containing land equivalent to fifty such units. A more satisfactory method, however, is to differentiate between the small holding and the medium farm on the basis of the degree of separation of managerial and manual labour, and on the degree of capitalisation obtaining. Generally speaking, the medium-sized farm differs from the small holding in that, first, the occupier needs to employ wage labour, and, secondly, there is a certain division between manual labour and the work of organisation. It will be seen, then, that every case has to be examined separately, since it is not so much the size of the holding as the nature of its organisation which will determine whether it be a small holding or not.

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3. ARGUMENTS FOR SMALL HOLDINGS

“From the point of view of the national balance of the population, and from the standpoint of general social economics, the case for small holdings has received a wide provisional acceptance.”¹ The main arguments that have secured this are briefly as follows. In the first place, small holdings support a large number of persons per acre, and thereby act as a palliative for rural depopulation, while they remedy the very common defect of the underfarming of land by farmers who attempt to cultivate too large an area. Again, by necessitating a more intensive system of cultivation, they result in greater production per acre. The defects from which they are supposed to suffer in their limited access to capital or credit, and marketing facilities, can be compensated by the development of co-operation. It is thus argued that in this way they are able to achieve the same results as large-scale production without the attendant hardships which this form of production has so often brought to the worker in industry. They are also calculated to foster certain socially desirable characteristics such as thrift, sobriety, and diligence; they are of value to those people who are not in love with working to orders, and they form the first rung in the so-called “agricultural” or “rural” social ladder. Lastly, they possess an important political significance inasmuch as they distribute property or its control, thereby acting as a bulwark against revolutionary change.

¹ “Some Considerations Relating to the Position of the Small Holding in the United Kingdom,” by Prof. W. G. S. Adams, M.A., *Journal of the Royal Statistical Society*, Sept. 1907.

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4. ARGUMENTS AGAINST SMALL HOLDINGS

Each of the foregoing merits has been contradicted by the protagonists of the large farm, who claim that the industrialised agricultural enterprise is a more economically sound palliative for rural unrest. Thus, small holdings are said to be wasteful of land, necessitating the withdrawal from productive use of large areas in the form of boundaries, etc., while the crucial test is not so much maximum production per acre as maximum production per person employed. Secondly, they are equally uneconomic units for the use of capital, necessitating a large initial outlay, on buildings, etc., of money which would otherwise be available for more productive purposes. Thirdly, they do not provide scope for division of labour or for the specialisation of capacity and skill. These three defects make them a stumbling-block to all scientific progress, since it is maintained that "in every branch of human enterprise maximum production at low cost in labour or in capital has been synonymous with large scale organisation."¹ Again, the supposed "independence of the smallholder is often purchased dearly at the cost of the excessive labour of the occupier and the sweating of his family."² Further, the small holding is not the best school for the prospective manager of the large farm, since often the ascent of the social ladder is dependent on the "cautiousness and frugality of the smallholder, and the effect of his life experience is to make him a very conservative farmer."³ Lastly, successful small holdings are practically confined to *petite culture*; therefore, the market for their products is strictly limited, and small holdings cannot be extended indefinitely.

¹ "The Small Holdings Craze," by C. S. Orwin, M.A., *Edinburgh Review*, April 1916.

² *Agriculture after the War*, by Sir A. D. Hall, p. 54. ³ Ashby, *op. cit.* p. 99.

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5. TENTATIVE CONCLUSIONS

It will be seen from this brief *résumé* that the problem of the unit of production in agriculture is, really, an epitome of the wider economic problem of large *versus* small scale production, and, like it, allows no finality of treatment. Assuming, then, that the various size units have their place in the agricultural economy of every country, it remains to try to establish some connection between the respective economic advantages of large and small holdings in relation to the various branches of farming¹. And it is possible to establish roughly the following three-fold classification. First come those branches of farming, such as corn growing and sheep farming, which are pre-eminently suited for large-scale production; here success is dependent on the free use of capital in the form of land or of labour-saving machinery. The second group contains those branches requiring comparatively small outlay of capital, in which success depends to a larger extent upon that “qualitative intensity of work which is the prerogative of the smallholder with his personal and family labour”²—such are pig keeping and poultry rearing, which are pre-eminently suited for the small holding. The third group is by far the largest and contains such branches of farming as cattle rearing, dairying, vegetable and fruit growing. All of these are suited under differing circumstances to both large and small scale farming, since, sometimes, possession of capital and the use of machinery will compensate for the absence of personal supervision; while, *vice versa*, under other circumstances the qualitative intensity of the small farmer’s work will make up for the lack of the various advantages of large-scale production.

¹ Levy, *op. cit.* pp. 156–183; also Ashby, *op. cit.* pp. 172–179.

² Levy, *op. cit.* p. 166.

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6. OUTLINE OF STUDY

It is now possible to outline the scope of the present investigation which divides itself into three sections. In the second section, which is descriptive of the area investigated, a fairly comprehensive census is attempted of a community of smallholders. The main contribution of the study is given in the third section, which presents the results of an extensive survey of the general economic conditions of this community of smallholders, followed by a more intensive study of their true economic position. An appendix has been added as a possible source of comparison which contains summaries of similar studies in four European countries where work of this nature has long been placed on a systematic and scientific footing.

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SECTION II

GENERAL AND HISTORICAL OUTLINE OF THE AREA OF THE STUDY

1. THE COUNTY OF CARMARTHEN

The unit taken for the present survey is the administrative County of Carmarthen, which is the largest of the Welsh counties and is 587,816 acres in extent.

The surface of the county conforms for the greater part to a tableland running east and west between the two rivers Teifi and Tywi. This tableland is intersected by numerous streamlets running into the larger rivers, which make the county a succession of hill and dale. For the greater part the hills do not attain any considerable height, and the hillsides are capable of arable cultivation, although they are generally used for grazing purposes. The northern part of the county is more mountainous, the Black Mountains on the Breconshire borders attaining to an elevation of over 2500 feet. The climate of this northern part is, therefore, somewhat colder than that of the south which lies nearer the sea. Exposure to the southwest anti-trade winds and the presence of the mountains are together responsible for the high rainfall, which varies from 40 inches per annum in the south to 45 inches per annum in the north of the county.

The chief geological formations belong to the Ordovician and Silurian systems, and consist for the greater part of shales and sandstone. The Old Red Sandstone is the principal formation south of the Tywi, followed by the Carboniferous Limestone and Millstone Grit. The south-eastern region of the county contains important coal

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measures and forms part of the South Wales anthracite coalfield. The best agricultural land in the county is associated with the three largest rivers—the Tywi, the Taf, and the Teifi—the valley of the Tywi is one of the most fertile districts in Wales.

2. GENERAL CHARACTER OF CARMARTHENSHIRE FARMING

The systems of farming vary with the configuration of the county, and three main types can be roughly distinguished. At the one extreme is the sheep farming of the Breconshire hinterland, and at the other the dairy holdings of the valleys, while in between is the predominant system of mixed husbandry depending a little on every variety of produce. It might be said that the chief aim of Carmarthenshire farmers is the production of milk, butter, and meat for the ready market which lies so close at hand in the neighbouring densely populated industrial centres.

The production of milk for sale is confined to the valleys of the Tywi and the Taf. Much of this milk finds a ready market in the immediate industrial areas, some goes so far afield as London, while important butter factories at Whitland and St Clears absorb a great deal of the milk of the surrounding districts. An attempt to establish a co-operative milk depot at Carmarthen has, so far, met with unfortunate results. In the more extensive and remote regions of the county the conversion of milk into butter is still a domestic process on the farms. This butter finds a primary market in the local market towns of which Carmarthen and Llandeilo are the most important. Practically all the meat is disposed of in the weekly marts which are firmly established at all the important centres in the county, although some trade is also transacted at

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the few fairs that still survive. Both fat stock and store cattle are sold. Sheep are also reared in considerable quantities, and the county carries a larger complement of pigs and horses than any other in Wales. There is also a considerable production of poultry and eggs. The details of the crops and stock in the county are given in the following table, which shows, in a summarised form, the official statistics of the agriculture of the county.

TABLE I. Acreage under crops and grass; and number of live stock on June 4th, 1923¹

	Acres
Total acreage under crops and grass	413,134
Permanent grass for hay	93,922
Permanent grass not for hay,	251,852
Rough grazings	93,318
Arable land:	
Oats	19,812
Barley	6,301
Mixed corn	5,496
Wheat	3,787
Clover and rotation grasses	22,196
Potatoes	2,953
Turnips and swedes	3,235
Mangolds	1,099
Other crops	1,600
Bare fallow	899
Number of horses	22,338
" cattle	117,834
" sheep	258,116
" pigs	31,781

The essentially pastoral nature of the farming is well illustrated in this table, which shows that only 16 per cent. of the total cultivated area is returned as arable land. The cold, wet, and cloudy weather accounts for the fact that oats, barley, and a mixture of these two, are the grain crops most extensively grown. Oats make up 30 per cent. of the total arable area, while wheat takes fourth place,

¹ *Agricultural Statistics, 1923, vol. LVIII, part I, Table II.*

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larger areas of both barley and mixed corn being grown. Only 12 per cent. of the total arable area is devoted to green crops—turnips, swedes, and mangolds; and a further 2 per cent. is under potatoes. The area under clover and rotation grasses is relatively large, accounting for nearly 33 per cent. of the total arable area. Carmarthenshire is not particularly suited for fruit culture, and the total area of orchards is returned as only 188 acres.

3. POPULATION

Although Carmarthen is one of the most important agricultural counties in Wales, yet, judged from the statistics of its population, agriculture is relatively unimportant in the county itself. This is entirely due to the dense concentration of population within less than 20 per cent. of its total area which occurs in the eastern part of the county. Not only does this region form a part of the South Wales anthracite area, but some important metallurgical industries are also situated here. Thus, in 1921, of the county's total occupied adult population only 14,446 or less than 20 per cent. were returned as engaged in farming¹. In spite of this, however, it is safe to state that the greater part of the county is still essentially agricultural in occupation, and the mental outlook of its people is equally essentially rural.

By emphasising its predominantly peasant nature, an analysis of the agricultural population of the county supplies a cogent reason for its selection as the field for the present study. Table II, which is abridged from the census report of 1921, gives the numbers of males and females of 12 years of age and upwards engaged in agricultural occupations in the county.

¹ 1921 *Census Report on the County of Carmarthen*, Table XVI.