Sharecropping and Investment in Agriculture in Early Modern France

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The paper examines the spread of sharecropping that followed a wave of investment in agriculture in sixteenth- and seventeenth-century France. Using results from the modern theory of share contracts, it argues that sharecropping was a means of risk sharing that favored both landlords and tenants. Although the evidence used in this paper comes from France, the results may well apply to other areas of early modern Europe.

FROM the mid-sixteenth century to the early 1770s, the money of wealthy Frenchmen flowed into land. Encouraged by royal tax policies that favored privileged investors, large numbers of merchants, lawyers, royal officers, and nobles bought up vineyards and fields from impoverished peasants. They subsequently leased their holdings to sharecroppers, who often turned out to be the very peasants who had originally owned the land. Thus in 1576 a beleaguered *laboureur* named Jehan Crespeau sold his farm, land, and buildings to his seigneur. The same day the lord leased the property back to Crespeau for a share of the crops.[1]

While historians have paid considerable attention to this wave of investment in agriculture, they have not devised a convincing explanation for the investors' predilection for sharecropping. Here, perhaps, some recent investigations by economic theorists can cast some light upon the phenomenon. To explain the prevalence of sharecropping arrangements in the contemporary world, economic theorists have devised a number of arguments for sharecropping, of which two seem particularly relevant to early modern France.[2]

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[1] Louis Merle, *La métairie et l'évolution agraire de la Gâtine poitevine de la fin du Moyen Age à la Revolution* (Paris, 1958), p. 53. See Philip T. Hoffman, "Investment in Agriculture in Early Modern France," *California Institute of Technology Social Science Working Paper 406* (Sept. 1981), for an analysis of the wave of investment in land in early modern France and for a more detailed discussion of sharecropping.

[2] For what follows, see David Newbery, "Risk Sharing, Sharecropping and Uncertain Labour Markets," *Review of Economic Studies*, 44 (Oct. 1977), 585-94, the latest word on the subject. See also Joseph Stiglitz, "Incentives and Risk Sharing in Sharecropping," *Review of Economic Studies*, 41 (April 1974), 219-55; Clive Bell and Pinhas Zusman, "A Bargaining Theoretic Approach to Cropsharing Contracts," *The American Economic Review*, 66 (Sept. 1976), 578-88; and William Hallagan, "Self Selection by Contractual Choice and the Theory of Sharecropping," *Bell Journal of Economics* (Autumn 1978), 344-54. Economic historians have of course contributed greatly to

Agriculture is risky and to a certain extent unpredictable. If a landlord hires labor to work his land, he assumes all the risks of blights, crop failures, and bad weather. If he rents his property for a fixed fee, it is the tenant who bears the burden of the risk. The sharecropping contract, by contrast, allows the landlord and the person who actually farms the land to share the risks, which would seem to have advantages for both of them if they are risk averse. The opportunity to share the risk will in fact benefit both the landlord and sharecropper, but only under certain conditions. First, the landlord has to be able to enforce contracts that specify the work a sharecropper is to perform—how much plowing, how much hoeing, and so on. If contracts cannot be enforced, sharecroppers have a great incentive to undersupply labor, which would make landlords shy away from sharecropping. Second, at least one of two additional conditions has to be met:

1. There must be risks in the market for labor, land, or one of the other factors of production. These risks could involve, for example, having to pay higher and unpredictable wages for temporary laborers at harvest time.

2. There must be economies of scale in agriculture. They could derive from the lack of a rental market for work animals, wagons, or other expensive pieces of farm equipment. Without a rental market for draft animals, for example, a farmer would have to buy a team of oxen, whether his farm were large or small. With a large farm, he could spread the cost of the oxen over more acres, and his average cost would be lower. The economies of scale might also stem from the fixed costs of enforcing the clauses in a labor, sharecropping, or rental contract, or they could reflect untraded factors of production, such as a farmer's skill.

If either of these two conditions obtain and landlords can enforce contracts, then sharecropping will present both the landlord and the potential sharecropper with advantages as a means of reducing risk.[3]

One might of course doubt that such theories would be relevant to the Old Regime.[4] At least one contemporary, however, perceived in sharecropping some of the same advantages that modern economists have claimed for it. This was Olivier de Serres, who in 1600 published the classic early modern French treatise on agriculture, *Le théâtre de l' agriculture*. In this work, the fruit of his own experience as a landlord and farmer, de Serres considered the various drawbacks and advantages of farming land with tenants, sharecroppers, or hired labor. He noted that whereas a renter "takes on the responsibility at his own loss or

the literature on sharecropping. For references, see, in particular, the works by Robert Higgs and Joseph Reid cited in Reid's overview of the literature, "The Theory of Share Tenancy Revisited—Again," *Journal of Political Economy*, 85 (April 1977), 403-07.

[3] For a discussion of these conditions, see Hoffman, "Investment in Agriculture."

profit," a sharecropper "does not risk everything in advance as he only contracts to cultivate the land for a share." Given the difficulties of finding tenants who could or would take on these risks, de Serres recommended sharecropping to all but the biggest landlords. He also felt that sharecropping was superior to hired labor for absentee landlords because the costs of supervising laborers were too high.[5] He does not recapitulate the theory of sharecropping in its entirety, but his statement that sharecroppers bear less risk than renters suggests that he recognized the risk-sharing advantages of a share system. His remarks about the supervision of labor also recall certain features of the theory. It is thus not completely anachronistic to apply the theory to early modern France.

We can therefore ask whether the conditions that explain sharecropping theoretically were actually met in the French countryside. If we consider first the enforceability of labor contracts, it is clear that landlords certainly tried to specify how much labor their sharecroppers were to contribute. In addition to stipulating traditional seasonal labors of the agricultural year, sharecropping contracts commonly required the sharecroppers to perform a certain amount of carting. Sharecroppers also had to maintain or improve the property, perhaps by carrying a specified quantity of eroded soil back to the top of the hillside, or by building so many feet of hedges or enclosures each year.[6] Proving that landlords always managed to enforce these clauses would require further research, but at first glance it would not seem to have been difficult for a landlord or his agent to verify that the tasks had been performed. If the sharecropper did not plow, for example, there would be no crop, and a landlord could actually see whether hedges or enclosures had been built. Moreover, investors who bought land tended to purchase property close to their own residence, so that it could easily be inspected, and sometimes they even summered in the midst of their agricultural possessions. Finally, the sharecropping contracts usually contained a variety of penalties against tenants who did not perform their duties.[7]

If the landlords were able to enforce the labor clauses in contracts, what about the two other conditions that figure in the theory? To begin with, at least one of the factor markets, the market for labor, does seem

[4] For the problems of applying theory to traditional Europe, see Hoffman, "Investment in Agriculture."

[5] Olivier de Serres, *Le théâtre d'agriculture* (Paris, 1600), pp. 52-53.

[6] Merle, *La métairie*, pp. 161-85, 205-26; Serge Dontenwill, "Les baux à mi-fruits en roannais et brionnais aux XVIIe et XVIIIe siècles," in *Lyon et l'Europe: Hommes et Sociétés: Mélanges d'histoire offerts à Richard Gascon*, vol. 2 (Lyon, 1980), pp. 179-208; Georges Durand, *Vin, vigne et vignerons en Lyonnais et Beaujolais* (Lyon, 1979), pp. 310-11. Examples abound in notarial registers.

[7] Richard Gascon, *Grand commerce et vie urbaine au XVIe siècle: Lyon et ses marchands*, 2 vol. (Paris, 1971), pp. 813-62; Merle, *La métairie*, pp. 163-67, 186-93, 224-26.

to have been risky. In the Gatine *poitevine* described by Louis Merle, for example, farmers often had to hire a large number of laborers at harvest time, but they had no idea in advance how many hands they would need. The higher wages they paid for these short-term laborers reflected the risks involved.[8]

There is also reason to believe that economies of scale existed in agriculture. First of all, important pieces of farm equipment could not be rented, at least in certain regions. To return to the Gatine again, farmers apparently could rent cattle from livestock raisers who maintained "banks" of animals. No doubt they could also hire a plowing team for a day. But despite these well-developed rental markets, farmers could not lease one of the most important and most expensive pieces of farm machinery, wagons, which were by far the costliest item in farm inventories and absolutely essential for many of the daily tasks stipulated in sharecropping contracts. Unable to rent or to build the wagons he needed, a farmer would have to spend one or two hundred *livres*, an amount equal to four or five times the value of all his other farm equipment.[9] This high cost would be an obvious source of economies of scale.

Similarly, the expense of supervising hired laborers, tenant farmers, or sharecroppers (including the costs of enforcing contracts) would also produce economies of scale. Olivier de Serres, for one, discussed these expenses in great detail. In his opinion the costs of supervision made hired labor prohibitively expensive, save for individuals who resided on their own farms. Renters were also costly, for a landlord had to find a reliable tenant and then make sure that he did not neglect the farm buildings. In de Serres's opinion, the best solution for absentee landlords (save for the biggest, who could attract large-scale, solvent tenants) was sharecropping. In effect, he recognized the advantages of sharecropping in the face of economies of scale.[10] The landlords who let their land out for shares were evidently aware of these economies of scale, for they almost inevitably tried to consolidate and enlarge their farms.

Since the various conditions of the theory seem to hold, we have a ready explanation for the reason why a number of landlords (though not all) resorted to sharecropping instead of rental contracts or wage labor.[11] What then were the consequences of the spread of share farming and the wave of investment in agriculture? Traditionally, sharecropping

[8] Merle, *La métairie*, p. 127.

[9] Ibid., pp. 109, 117-18.

[10] de Serres, *Le théâtre d'agriculture*, pp. 45-54. For examples, see Dontenwill, "Les baux à mi-fruits," pp. 179-208. It should be pointed out that the theory of sharecropping is consistent with the coexistence of rental, share, and wage-labor farming; see Hoffman, "Investment in Agriculture."

[11] Why sharecropping did not appear in the north of France (or Germany) will require further research. Here the theory of sharecropping can at least furnish us with hypotheses.

and the privileged landlords have been held responsible for the ills of French agriculture. Historians have argued that short-term share contracts with rigid clauses eliminated any incentives for investment or technological change. And they have blamed the absentee landlords for exploiting such an inefficient system. The economic theory, by contrast, suggests that sharecropping was relatively efficient, and the historical evidence tends to confirm this. The contracts often extended over a number of years (five to nine years in the Gatine, for example, six years northwest of Lyon), and it therefore seems factually incorrect to say that sharecropping sacrificed long-term development to short-term profit. If the clauses in individual contracts drawn from particular regions seem rigid, they nevertheless varied from place to place and evolved over time.[12] Moreover, as the theory would predict, landlords of sharecroppers did engage in investments. They generally tried to consolidate their holdings, they built hedges and enclosures, and they endowed their property with more livestock. In Burgundy, they introduced and commercialized high quality wines.[13] And if they failed to adopt all of the techniques that revolutionized farming in England, the reason may lie in part with soils that would not accept the improvements and factor prices that made them uneconomical.[14]

I do not mean to defend the agricultural system of Old Regime France, for its inefficiency and inequality are indisputable. Elucidating these problems of French agricultural history, though, will require more thoughtful explanations than historians have devised in the past. In particular, historians will have to pay closer attention to the economic consequences of Old Regime politics.

[12] Merle, *La métairie*, pp. 161-85; Dontenwill, "Les baux à mi-fruits," pp. 179-208.

[13] Merle, *La métairie*, pp. 49-62, 71-79, 102-06, 124-37; Jean Jacquart, "Immobilisme et catastrophes," in Georges Duby and Armand Wallon, eds., *Histoire de la France rurale*, vol. 2 (Paris, 1975), pp. 226-35.

[14] Merle, *La métairie*, pp. 137-38; cf. Patrick K. O'Brien and Caglar Keyder, *Economic Growth in Britian and France, 1780–1914* (London, 1978).