



UNITED NATIONS  
ECONOMIC  
AND  
SOCIAL COUNCIL



Distr.  
GENERAL

E/4617  
24 February 1969

ORIGINAL: ENGLISH

Forty-sixth session  
Agenda item 6

FIFTH REPORT ON PROGRESS IN LAND REFORM

Prepared by the Secretary-General in collaboration with the Food  
and Agriculture Organization of the United Nations and the  
International Labour Organisation

Summary

## CONTENTS

	<u>Page</u>
Introduction . . . . .	3
I. Problems and progress	
A. Customary tenure . . . . .	6
B. Large traditional estates . . . . .	8
C. Private land ownership: peasant proprietorship (tenancy and landlessness) . . . . .	10
D. Tenure adjustments in socialist countries . . . . .	13
E. Tenure adjustments in industrialized Western countries . . . . .	14
F. Land settlement . . . . .	14
G. Consolidation of holdings . . . . .	15
H. Integrated land use planning . . . . .	16
I. Problem of small farms and viability of production units . . . . .	16
II. Investment and credit in relation to land reform	
A. Sector or agency . . . . .	19
B. Objectives and strategy of investment . . . . .	22
C. Role of supporting services structure . . . . .	23
D. Type of integrated supporting services structure required . . . . .	25
E. Concluding remarks . . . . .	28
III. Administration of land reform	
A. Administrative organization for land reform implementation . . . . .	29
B. Problems of co-ordination . . . . .	30
C. Problem of decentralization . . . . .	30
D. Organization for integrated land reform . . . . .	30
E. Phasing . . . . .	31
F. Other aspects of land reform implementation . . . . .	31
IV. Popular participation in land reforms	
A. Forms of participation . . . . .	32
B. Means of expressing the demands . . . . .	33
C. Obstacles to participation . . . . .	33
D. Institutional measures for effective participation . . . . .	34
E. Concluding remarks . . . . .	34
V. Land reform and balanced development	
A. Land reform and urbanization . . . . .	36
B. Land reform and industrialization . . . . .	37
C. Land reform and planning process . . . . .	38
D. Concluding remarks . . . . .	40

## INTRODUCTION

1. This paper is a summary of the Fifth Report on Progress in Land Reform prepared by the Secretary-General in collaboration with the Food and Agriculture Organization of the United Nations and the International Labour Organisation. The Fifth Report will be issued during 1969 for use by Governments. In accordance with the decision taken by the Economic and Social Council in its resolution 1154 (XLI) on documentation, the main report is not to be submitted to the Council or to the General Assembly; instead, the present summary report is submitted for consideration by the two organs.

2. The Fifth Report on Progress in Land Reform<sup>1/</sup> has been drafted, as directed by the Council, after taking into consideration the conclusions of the World Land Reform Conference held at Rome in June-July 1966. Its purpose and scope are, therefore, slightly different from those of the earlier reports, and accordingly an attempt has been made in the report at a critical appraisal of policy goals and at a forward-looking evaluation of measures in transformation of the agrarian structure. The various United Nations resolutions have emphasized the importance of the transformation of the agrarian structure in order to:

(a) improve land distribution and thus raise the level of agricultural productivity; (b) secure a more satisfactory distribution of agricultural income; (c) create and extend the domestic market for various industrial and domestic products; (d) achieve the conditions necessary for industrial development, the diversification of agriculture and the balanced integration of industry with agriculture and, finally, (e) to ensure the economic and social welfare of the tiller of the land, that is, the peasant, the tenant and the landless labourer.

3. The economic and social welfare of the tiller of the land (i.e., the productivity of his labour and his income) is therefore the final touchstone for assessing progress in land reform. Thus, economic development implies not

---

<sup>1/</sup> The report is a joint effort of the United Nations, the Food and Agriculture Organization and the International Labour Organisation. The co-ordination of the drafts was mainly the responsibility of the FAO, the agency recognized in the 1962 ECOSOC resolution on this subject to have the major role in this field. Of the five chapters, the first three were drafted by FAO and one each by the ILO and the United Nations respectively. The main report, which describes in detail the complex situations briefly dealt with in this synoptic summary, may be referred to for clarification on issues of a substantive nature arising from this summary.

only sustained increase in a nation's total and per capita product but also equity in distribution of farm income, increased efficiency of resource use and progress in improving resource productivity. But, as the development process is indivisible, the welfare of the small peasant is possible only through co-ordination between land reform (and agrarian reform) on the one hand and rural development, agricultural development and general economic development on the other.

4. Thus, the problems of small farms and the rural landless have to be viewed in the wider context of: (a) historical development; (b) ideological considerations and the strategy of economic development adopted by the country; (c) the state of technological development in agriculture; (d) the nature of the relationship between agriculture and industry, including man-power distribution between agriculture and industry and, finally, (e) the type of tenure and production structure, as well as supporting services structure, or what is commonly known as agrarian structure.

5. In this context the term "agrarian structure" is defined as the complex of interconnecting sets of relationships (within the agricultural sector) between tenure structure, production structure and structure of supporting services. Though these types of structures, in reality, cannot be identified separately, the concepts are particularly useful and they have special significance, at least for the limited purpose of this report. Land tenure structure is a concept referring to a set of one or more types of land tenure systems which are legal, customary or otherwise institutionalized relationships between Government, society, groups and individuals regulating the rights to ownership and control of land and the duties accompanying such rights. The concept of production structure, which relates to the nature, type and modus operandi and the actual production process, is directly related to the size, location, shape of production unit and the internal organization and management of the production unit; problems in reforming these types of structural relationships and of the creation of new types of production units are somewhat different from the land tenure problems. Finally, there is the structure of supporting services, namely, credit marketing, supply of agricultural and domestic requisites, processing, storage etc., in so far as they have some immediate bearing on reforms of tenure and production structure. A comprehensive land reform programme can never be complete without integrated reforms of all of these three types of structure.

6. A critical assessment of the measures taken in transformation of the agrarian structures is attempted in chapter I, "Problems and progress"; this is done separately for: (1) customary tenure; (2) large traditional estates (feudalistic tenures); (3) private land ownership; peasant proprietorship; (4) tenure adjustments in socialist countries and (5) tenure adjustments in the industrialized Western economies. After the discussion on these five types of situations, an assessment of progress is made, keeping in view the problems in reforming the production structure. Thus, problems in regard to: (6) land settlement; (7) consolidation of land and holdings; (8) integrated land use planning and (9) small farms and viability of production units are analysed separately in this chapter. Chapter II, entitled "Investment and credit in relation to land reform", deals with the problems in increasing domestic capital formation in developing countries and the role which the supporting services structure has to play in this regard. The type of supporting services structure most desirable for facilitating increased investment is examined in this chapter. "Administration of land reform" is the title of chapter III, which is devoted to a discussion of the administrative problems connected with implementation of land reforms within the wider perspective of economic development. The role of farmers' organizations and other institutions in providing institutional support for channelling popular participation in land reform is the main subject matter of chapter IV, entitled "Popular participation in land reforms". The report concludes with "Land reform and balanced development", a chapter dealing with the problems in integrating land reform programmes with the wider strategy of general economic development.<sup>2/</sup>

---

2/ In addition, there are seven annexes dealing with the following subjects:

- I. Background, Fifth Report, Progress in Land Reform;
- II. Glossary of technical terms;
- III. Source documents prepared by Member Governments;
- IV. Some legal aspects of land reform;
- V. Land tenure and world census of agriculture;
- VI. Financing agrarian reforms;
- VII. Co-operatives and land reforms.

## I. PROBLEMS AND PROGRESS

7. One of the main objectives of the Fifth Report is to assess the gap between the land problem, the declared policy objectives of land reform, land reform implementation and the actual achievements, with the central focus on the small farmer, the tenant and the landless. The problem, therefore, boils down to one of assessing the extent to which the land reform policies themselves are adequate for generating the development process and whether these policies are in consonance with strategies for rural development, agricultural development and over-all economic development within the context of different types of agrarian structures.

### A. Customary tenure

8. Customary tenures, wherein the pattern of use rights over land are recognized by the community for centuries without necessarily the sanction of statutory or recorded evidence, are prevalent on varying scales in many countries of the developing world. However, the problem is of crucial importance in Africa. Though this type of tenure system was eminently suitable for regulation of land use in the past, it has undergone such modifications under the impact of the modern economic systems that new problems have arisen largely as a result of growing trends towards individualization. Monetization and commercialization of agriculture is widely recognized as an important prerequisite for developing agriculture but the existing tenure system in its present state of breakdown acts as a limiting factor.

9. A review of the measures taken in the Democratic Republic of the Congo, Kenya, Malawi, the United Republic of Tanzania and other African countries reveals that, while a few countries have evolved a long-term policy for solving this problem, many have been taking ad hoc and unco-ordinated steps in the absence of a national land policy. Individualization of land rights and registration of individual titles is the declared objective of land policies in a few countries. "Paysannats" have been tried on a large scale in some other countries of Africa, wherein an attempt has been made, within the broad contours of the old tenure system,

/...

to generate the process of commercialization. Yet another alternative tried on a very small scale is that of giving social incentive rather than individual incentive, through such techniques as group farming, co-operative farming etc. There have been no large-scale experiments at creation of state farms but only isolated instances.

10. The progress in regard to all these measures has been very uneven, and many new problems have arisen. For instance, a cardinal feature of the old customary tenure is the delineation of specific areas as belonging collectively to a specific tribe or community. In very few countries - Cameroon is one - there has been formulated a long-term national land policy with the objective of redistributing population pressure through balanced development of the different regions of the country. The conflict between the interest of subsistence farmers operating within the customary tenure system, individual farmers cultivating cash crops on a small scale, and that of the big commercial plantations, organized on modern lines, has become acute; well-intentioned but ad hoc efforts to tinker with tenure system have adversely affected the interest of the subsistence farmer. While the problem of landlessness has not yet arisen in Africa on the same scale as in Asia and Latin America, there is great danger that unregulated individualization of land and introduction of the concept of land as marketable commodity may eventually result in a growing class of rural landless, unless adequate steps are taken at this stage to solve these basic problems. In fine, the problem of customary tenure is closely linked with the problem of subsistence economy, unequal population pressure between different regions reserved for different tribes and the need for balanced development of different regions, all of which will have to be tackled through a long-term land policy within the framework of a comprehensive national development plan. As many countries have not formulated a comprehensive land policy, a large segment of the subsistence producers has often failed to participate in the benefits flowing from economic development; there is urgent need for a scientific study of the problems of this region.

B. Large traditional estates (feudalistic tenures)

11. The term "large traditional estates" is often used to describe the tenure systems prevailing in many Latin American countries, which are dominated by large estates having many, though not all, of the characteristics of feudalistic tenures. Under the impact of industrialization, some large estates have undergone changes towards commercialized agriculture; many feudalistic characteristics, however, continue to prevail. Unlike in the case of peasant proprietorship or other individualized tenure structures, the tenure, production and supporting services structures are all fused into one highly centralized hierarchical system practically controlled by the owners of the large traditional estates. It is this particular characteristic that distinguishes it from the customary tenure on the one hand and the private land ownership tenure (peasant proprietorship) on the other. In many customary tenure areas with their subsistence agriculture, as for instance in many countries of Africa, the supporting services structure is either relatively underdeveloped or practically absent. In the individualized tenure areas, as, for example, in countries of Asia, the Near East and North Africa, the separation between the tenure and production structure on the one hand and the supporting services on the other is virtually complete, resulting in distinction between non-cultivating land owner, landless tenant and money-lender-cum-trader, each representing the three different structures. Though in many Latin American countries, which have not undertaken land reforms, there is growing evidence of incipient separation between the three structures, the supporting services structure is often dominated by owners of large traditional estates; the credit agencies, which are distinct, are invariably dominated by the estate owners.

12. Apart from Latin America, in most other countries large traditional estates are either not prevalent or have been generally replaced by peasant proprietorship tenure. The large commercial plantations, quite common in countries of Africa, are not at all on par with the large traditional estates, as the former are organized on commercial lines and are efficiently managed, often through adoption of modern techniques. Among the countries of Asia and the Near East, land reforms undertaken over the last decade have resulted in the decline of the feudalistic



type of landlordism that was often the dominant characteristic of agriculture prior to the Second World War. There has also been a sizable increase in owner cultivation, due either to restoration of land for self-cultivation by farmer landlords and through large-scale eviction of tenants, or to the acquisition of ownership rights by the actual tillers. In short, the commercially motivated farmers, whether cultivating with hired labour, owner-operators, or owner-cum-tenant, having viable units of cultivation generally constitute the new dynamic class in Asian agriculture. At the same time, it is also true that the land reforms, so far undertaken by themselves, have not enabled the agricultural sector to meet the requirement of rapid industrial development; nor have these reforms solved the problem of the small peasant and the tenant. In fact, as will be seen later, with the growing population pressure in the rural areas and lack of adequate employment opportunities, the problem of the landless labour has become very acute in many of the countries of Asia, the Near East and North Africa.

13. In contrast, in many Latin American countries with relatively more abundant land, the sluggish rate of over-all agricultural growth needs to be viewed in the context of the antiquated land tenure system. Except in a few Latin American countries, such as Bolivia, Chile, Colombia, Cuba, Mexico, Venezuela, which intend to undertake or have carried out large-scale land reforms, agriculture is organized in various interpenetrating land tenure systems around the latifundia-minifundia complex. Land is concentrated into the hands of a few owners of latifundia, a sizable proportion of which are of a traditional type. Most of the farm population in the rural areas who work on these latifundia are tied down to the numerous minifundia or sub-family scale farms which are often too small to provide enough full-time employment for the family labour. Thus, minifundistas and the landless labour are completely dependent on the owners of large traditional estates not only for employment but also for credit, marketing, roads and other services normally included in the category of physical or institutional infrastructure.

14. Leaving aside a few countries such as Venezuela which have substantial financial resources to pay compensation for the expropriated land at market prices, in most of the Latin American countries the financial position of the Governments is

such that compensation payments at market prices is hardly a viable proposition. Hence, progress in redistribution of land in several Latin American countries has been minimal, in spite of the best intentions of the Government. Some sort of land reform legislation has been enacted in almost every country and many have set up autonomous nation-wide agencies (institutions) to undertake land reforms; the actual achievements in regard to implementation of the land reform programme have been far from adequate, especially in comparison to the magnitude of the problem.

15. Remarkable progress has, however, been achieved in granting or clearing of titles and in land settlement programmes. Regulation of tenancy and wages and abolition of unjust systems of labour contracts have generally achieved uneven success, largely because of the inability of the Government to implement effectively the provisions of the legislation in favour of the weaker party. The small farmer, the tenant and the landless labourer are so completely dependent on the latifundia owner that, in spite of the best intentions and concerted efforts, their position in comparison to other classes in the society has relatively deteriorated.

C. Private land ownership: peasant proprietorship  
(tenancy and landlessness)

16. As distinct from customary tenures, where communal control over individual land use, at least in theory, is an accepted concept, and from the large traditional estates of Latin America, wherein control over the entire agrarian structure is exercised by a few owners of large estates, in the case of peasant proprietorship, land ownership is generally widely diffused among peasants and individual farmers, at least in comparison to the feudalistic type. Tenure reforms and parcelization of the erstwhile big landed estates of Asia and the Near East have resulted in wider diffusion of ownership; this has not only encouraged greater self-realization but also conferred the status of citizenship on the erstwhile tenants, landless labourers and small farmers. Unfortunately, the individualization of tenure and the gradual transformation of land into a marketable commodity have been accompanied by a divorce between ownership of land and use of land, as witnessed in the case of tenancy, and a divorce between management of land and labour on land. Many of these

countries have, therefore, witnessed the phenomenon of the rising class of landless labour and small farmer who are forced to work for wages on the relatively big farms owned by rural resident, non-cultivating landowners. The problem of the small farmer, the tenant and the landless labourer is really indivisible, as each of these groups compete for limited employment opportunities in the rural areas. The problems of small farmers cannot be tackled without tackling those of the landless. The substantial rise in the number of smallholders in many developing countries, as revealed by the agricultural census data, is a result of many diverse factors, such as growing population pressures, slowdown in the growth rate of industrialization, acquisition of land by the big owner-cultivators, acquisition of land by urban resident investors and subdivision and fragmentation of land due to the laws of inheritance.

17. Several measures have been taken in many countries, e.g., in China (Taiwan), India, Japan, Pakistan, the Republic of Korea and the United Arab Republic, for removing the basic causes. For instance, acquisition of land by money-lenders, traders and urban investors is prohibited through special restrictions on transferability of land. Ceilings have been imposed to prevent acquisition of land by rural resident big landowners. To prevent the ill effects of subdivision and fragmentation, measures have been taken for consolidation of holdings, but this has made hardly any sizable impact. Rapid industrialization and development of cottage industries have been encouraged to reduce the population pressure on land, but the rate of growth in employment opportunities has been far slower than that of those seeking employment.

18. In order to provide security to the tenant, in several countries special rights have been vested in the tenant by the imposition of restrictions on rent-payments and on the right of the landlord to eject the tenant except under special circumstances. In some countries, ownership rights have been vested in the tenant by the acquisition of all land cultivated under tenancy against payment of appropriate compensation and through recovery of the purchase price in convenient installments from the beneficiary. But in view of the low bargaining position of the small farmers and tenants, many Governments have been only partially successful, in spite of best efforts, in protecting the interest of the weaker groups in the rural areas.

19. The increasing population pressure, the declining size of holdings resulting from subdivision and fragmentation and gradual transfer of land from the small farmers to the rich farmers, money-lenders or traders, have all singly and collectively resulted in a growing class of landless workers. This has resulted in divorce between management and labour, and in many countries big farmers are more prone to employ hired labourers at low wages rather than operate their farms with their own labour and improve the productivity of their land and labour through capital improvements. Thus, a sizable portion of total cultivated area is cultivated either under tenancy or by farm labourers. Further, the small peasants and the tenants with uneconomic-sized holdings have perforce to work on the big farmers' holdings and thus have to compete with the landless labour for the limited employment opportunities. The medium-sized farmers have justifiably tried to take land on tenancy from other farmers in order to increase their size of holding to make it more viable; this has, however, meant competition between the (small) pure tenant and the medium-sized owner-cultivator. Thus, the position of the small peasant, the tenant and the labourer has actually deteriorated with the increase in population; inadequate access to services offered by the Government and other institutional agencies only worsens his position vis-à-vis that of big farmers. In their anxiety to encourage improved techniques, many Governments have adopted policies which in effect subsidize the big farmer to the virtual neglect of small farmers; such policies, though quick-yielding in the short run, may create grave long-term socio-economic problems.

20. To sum up, even at the risk of over-simplification, the main problems of the peasant-proprietorship economies are tenancy, cultivation of land with the use of hired labour and the large number of uneconomic holdings. Some countries have tried to regulate the relationship between the different parties, admittedly with uneven success, others have tried to restructure the system through the vesting of ownership rights in tenants, the imposition of statutory ceilings on holdings and the promotion of co-operative farming among uneconomic farmers. The success of the regulatory approach depends entirely on its administrative efficiency, which varies from country to country, and the ability of the judiciary and executive really to defend the weaker parties. In countries where the rate of industrialization is high, and where the population pressure on the agricultural sector is not too great, and where the landless labour is not

increasing in number, tenancy regulations have been fairly successful. But in other countries where the number of holdings in the agricultural sector is increasing rapidly in the context of a growing population pressure, tenancy regulation has been more or less on paper, since the small peasant and the tenant, with their weak bargaining power, are rarely able to press for their rights in the absence of adequate alternative employment opportunities.

21. Lack of effective demand for agricultural and industrial products, because of difficult economic conditions of the small peasant, the tenant and the labourer, continues to cause grave anxiety, particularly in countries with excessive population pressure in the rural areas. The diverse and complex ramifications of the problems in reforming agrarian structure are now being increasingly appreciated by many Governments; the small and the weak rarely benefit from favourable trade terms, which only enable the rural rich to become richer, because of defective agrarian structure. In many developing countries, the problem continues to be acute and unless adequate steps are taken, even political stability may be in jeopardy.

#### D. Tenure adjustments in socialist countries

22. The process of tenure adjustments in the socialist countries is characterized by different strategies regarding reforms depending upon the relative emphasis placed on the private (peasant) sector and the varying rates of manpower transfer from agriculture to industry. Consequently, policies for reconciling individual interests with social goals show wide variations.

23. While in some countries, such as Poland and Yugoslavia, emphasis is placed on private (peasant) agriculture as a transitional measure, co-operatives being used mainly for servicing the individual producers and mobilizing their savings, in others, e.g., Cuba, Czechoslovakia, Hungary and Romania, the focus is on rapid transformation of the production structures towards co-operative or collective farming. While there are significant short-term variations in the strategy of reforms, one underlying common theme is the attempt to replace, in a planned manner, the individualized tenure with some form of collective or other similar type of tenure, more amenable to social control. As most of these countries have centrally planned economies, the rate of mechanization of agriculture and the rate

of migration of population from agriculture to industry are so geared as to be in consonance with the rate of industrialization of the economy as a whole. The problem of reconciling individual incentive with the social goal is, however, the most difficult problem in tenure adjustments, and different strategies of structural reforms being adopted to solve this basic problem.

E. Tenure adjustments in industrialized western countries

24. In the industrialized western economies, many of the land problems, at least in the highly industrialized parts of the countries, have arisen largely because of unplanned and uneven transfer of population from agriculture to industry. Consolidation and amalgamation of holdings, optimum use of abandoned farm lands, protection and raising of the income level of the uneconomic farmers - particularly from regions that are less industrialized - are some of the problems of tenure adjustments which are being tackled with varying success in many western countries, such as the Federal Republic of Germany, France, Netherlands, United Kingdom. An important aspect that has been under careful scrutiny is the role and place of small holdings in the relatively less industrialized parts of a country in the context of a rapidly developing economy. The agricultural policy is oriented not so much at increasing total agricultural production as at increasing the income levels in the agricultural sector to the levels prevailing in the urban sector; the extent to which this policy has actually benefited small producers is being examined. A feature of particular interest to the developing countries is that, in the industrialized countries the policy for reform of the agrarian structure is considered as an integral part of the over-all agricultural policy; one is not considered in isolation from the other as is often the case in many developing countries.

F. Land settlement

25. The most important feature revealed by a study of the land settlement policies and programmes of many countries is the need for proper appreciation of the relative role which the land settlement schemes are expected to play vis-à-vis other schemes for reform of tenure, production and supporting services structure. In many countries, if not all, there is an increasing awareness of the danger in

/...

underplaying the role of tenure and other structural reforms and in concentrating scarce resources on capital-intensive land settlement schemes. There does not, however, seem to be adequate appreciation of the problems in effecting integration between tenure structure, production structure and supporting services structure in planning and implementing the land settlement schemes. There is an obvious need for following an integrated approach to the land settlement projects, particularly in respect of schemes dealing with settlement of nomads. Some countries have been fairly successful in introducing the integrated approach; in others, land settlement schemes are being implemented on an ad hoc basis, often resulting in either the creation of communities and social units which are themselves not viable, or highly capital-intensive schemes. There appears to be a great need for constant review of land settlement programmes, with particular emphasis on the viability of the plan for settlement, of individual settlement projects and of production units within each such project. Opportunity costs of beneficiaries and cost-benefit studies of government expenditure need to be given greater attention if optimum use of limited financial resources is to be ensured.

#### G. Consolidation of holdings

26. Except in a few countries, e.g., China (Taiwan), Pakistan, Republic of Korea not much progress is recorded in regard to consolidation of holdings, perhaps largely because of difficulties arising from defective land tenure systems in many developing countries; the socio-economic conditions and the reluctance of individual holders to exchange plots for ensuring viability of holdings have not been conducive to implementation of large-scale consolidation programmes. Consolidation of land, aimed at a new and rational layout of land surface, has been introduced successfully as an integral part of land use planning only in the countries of western Europe and those with centrally planned economies, and in very few developing countries, e.g., Chile, China (Taiwan) and the United Arab Republic; in most developing countries, measures for creating viable production units through rational layout of land surface have been relegated to the background.

/...

#### H. Integrated land use planning

27. Defective land tenure structure in many developing countries is also a major lacuna preventing effective introduction of integrated land use planning. Misuse of grazing and pasture land is continuing at an alarming rate in many countries in the absence of effective social control over private land use; similarly, conservation and development of water resources have been made difficult due to a defective pattern of water rights. Deforestation is yet another evidence of ineffective land use planning and absence of adequate state control over the national resources. But the importance of co-ordination between land reform and land use planning is crucial to the integrated development of cultivated land, grazing areas and forests, while solving the problems of shepherds and nomads. A review of the measures taken in several Near Eastern countries indicates that the solution of this chronic problem will necessitate not only state control over the use of grazing lands but also simultaneous reorientation of marketing methods, creation of buffer stocks of fodder, improvement in the terms of trade between the nomads and the other sectors of the economy, and reservation of part of the irrigated area for growing fodder crops for nomads during critical seasons. The integration of the nomad economy into the general economy of the country has, therefore, not been achieved in most of the countries which are faced with this problem.

#### I. Problem of small farms and viability of production units

28. Though different criteria have been used in the report depending on the nature of the tenure system, the stage of economic development and the pattern of agricultural production for assessing progress in land reform, the touchstone for evaluating success or otherwise of policies and programmes is the extent to which the problem of the small peasant, the tenant and the landless has been solved or ameliorated. While in many countries commendable progress has been achieved in solving their problems, both in the rural areas directly and through provision of alternative employment opportunities in the urban areas, there is every evidence to indicate that the problem of the weakest section of the rural economy has actually become more difficult in many countries of the world.



29. In Africa, the problems of non-monetized economy and of customary tenure, and in Latin America, the antiquated land tenure system dominated by the traditional type of large estates are inseparable from the problems of small producers. In many countries of Asia, the Near East and North Africa, as well as in many other developing countries, the problem of rising population growth rates against the background of declining growth rates in industrial employment opportunities has resulted in increasing misery for the major segment of the rural poor. Leaving aside the industrialized countries of the west (and Japan) and the socialist countries, as well as those developing countries which are endowed with rich natural resources such as oil, in most of the developing countries the ill effects on the rural economy of inflation, increasing difficulties in finding alternative employment opportunities and disturbing price trends in international trade for agricultural products are felt ultimately, and in final analysis, by the small peasant, the tenant and the landless.

30. The assessment of progress achieved in solving the problem of small farmers and landlessness has, of course, to be made after taking into consideration the extent and intensity of the problem itself which varies from one country to another. In the highly industrialized western countries and in the socialist countries (where rapid industrialization is being achieved simultaneously with co-operativization of agriculture) the problem of small farmers and landlessness is, more or less, a transitional phenomenon. Among the developing countries, only a few have implemented land redistribution measures specifically aimed at solving the problem of the small farmer and the landless. Land reform legislation is on the statute books of many, but often it is either inadequate in scope or ineffective in the absence of adequate financial support. In some countries, land redistribution measures have not even been envisaged. In many, if not all, of these countries where even a beginning towards land redistribution is yet to be made, the erstwhile chronic problem of small farmers and the landless is assuming malignancy largely due to misplaced over-emphasis on technological improvements and subsidized supply of inputs without reform of tenure and production structure.

31. Though it is broadly true that very few developing countries have, as yet, introduced comprehensive programmes for solving the problem of the small peasants,

/...

it is encouraging to note that several different measures have either been taken (though in an unrelated manner) or, at least, have been seriously considered as possible solutions of this problem. A brief enumeration of these measures is called for before concluding the summary of this chapter. The more important measures which need specific mention are as under.

#### Reform of tenure structure

(a) Restrictions on purchase of land by urban residents and non-agriculturalists and vesting of full rights on cultivating tenants by acquisition of all ownership holdings which are not self-operated;

(b) Redistribution of land through imposition of a "ceiling" on inefficiently managed operation holdings of excessive size.

#### Reform of production structure

(a) Imposition of a "floor" on holdings of uneconomic size beyond which subdivision of holdings is to be prevented, and encouragement to submarginal cultivators either to migrate to industrial sectors or to organize co-operative farming societies;

(b) Stabilization of the number of families dependent on agriculture at an appropriate level to ensure stability of tenure reform in heavy population pressure areas, through such programmes as rural public works, labour-intensive industries, diversification of agriculture and economic activities in rural areas;

(c) Concerted programme for wider employment opportunities in order to provide supplementary employment to submarginal farmers through use of surplus labour for capital works, conservation of resources and rural industrial development, and

(d) Consolidation of land for ensuring optimum utilization through consolidation of holdings and creation of viable production units capable of introducing modern technology.

32. To sum up, while almost every country has introduced one or more of the several measures enumerated above, it is at the same time true that the problem of the small peasant, the tenant and the landless continues to be acute in many, and has further deteriorated in the countries with rising population pressures, in the absence of comprehensive reforms of tenure and production structure. The

/...

progress in regard to reform of the supporting services structure, as will be seen in the next chapter, has also not been very satisfactory.

## II. INVESTMENT AND CREDIT IN RELATION TO LAND REFORM

33. While the previous chapter dealt with the problems and progress in reform of tenure and production processes, this one deals with reform of the supporting service structure for stepping up investment and for meeting the credit needs of the producers in the land reform areas.

34. In the customary tenure areas where subsistence agriculture is practised, the problem is mainly one of building up a new supporting structure to supply credit and marketing facilities. In areas having large traditional estates, the rudimentary supporting services structures are almost invariably dominated by the estate owners and these are generally inaccessible to the peasant. Similarly, in the peasant proprietorship areas smallholders and tenants do not have easy access to services; even co-operatives ostensibly organized for the small man often cater to the rural élite.

35. Apart from the widening gap between the rural rich and the rural poor, there is the gap in income levels between the rural and urban sectors, between agricultural and industrial sectors and between developed and under-developed areas within a country. The wider problem of stepping up the investment rate generally is not dealt with in the report, the purpose of which is to increase farm productivity where land reform programmes have been effected. Hence this chapter deals mainly with the problems of organizing new supporting services specifically for meeting the needs of the tiller in the land reform areas.

### A. Alternative sectors

36. In the industrialized western countries where the relative and absolute size of the agricultural labour force has declined, agricultural investment is mainly undertaken in the private sector, either by individual producers or by commercial firms, further supported by State policies. In the socialist countries, the public sector, consisting of the Government or the co-operative sector, assumes strategic importance, in view of the emphasis that is placed on public

rather than private investment; government policies are mainly directed towards accelerating investment in the public sector, further supported by regulation of prices and planning directives. The investment policies and problems of these two types of countries, which are closely related to general economic development, are materially different from those in the land reform programme of the majority of developing countries; these are, therefore, not discussed except when they have a direct bearing on the problems of these developing countries.

37. Except in the case of highly profitable export-oriented crops, investment by large-sized private corporations has not been much in evidence in recent years, Investment by small-sized commercial firms has been undertaken on a large scale only under certain favourable circumstances. Direct investment in the production sector by co-operatives has been relatively small, though co-operatives have made significant progress in developing services and in organizing processing industries in parts of certain countries. State investment has generally been confined to development of physical infrastructure and overhead (e.g., large-scale irrigation projects) and in organizing institutional structures. In effect, many developing countries, are dependent on the small-scale individual investors to fulfil the investment needs of the rural sector.

38. In the customary tenure areas, as producers have no transferable rights, there is little incentive to make land improvement. In those African countries where individualization of land rights has been effected, sizable investments by farmers (e.g., cash crop cultivators), has increased productivity. In Latin American countries with large traditional estates, investment by estate owners, as will be seen later, has fallen far short of requirements.

39. In much of Asia, the Near East and North Africa (other than Algeria, where co-operative investment is sizable) and in such Latin American countries as Bolivia, Chile, Mexico and Venezuela the rate of investment is largely determined by the propensity to invest in the case of absentee landowners, non-cultivating (rural resident) landlords, money-lenders-cum-traders, and finally farmers or cultivators. Investment performance of groups other than farmers or cultivators has been generally unsatisfactory as proved by the restrictions imposed by Governments on acquisition of land by these groups.

40. As regards investing in agriculture, the lack of empirical evidence makes it difficult to arrive at any firm conclusions regarding the comparative performance

/...

of big farmers in contrast to those of small farmers; the evidence prevents any universally valid generalizations. The big farmers have no doubt played an important role in modernizing agriculture, especially during periods when there has been a spectacular technological break-through (e.g., high yielding varieties etc.), but their investment decisions are invariably determined by the expected rate of return on their capital rather than the social needs of the community. Often the big farmer undertakes money-lending or trading or cultivation of land through tenants. In areas where tenancy legislation is ineffective big farmers prefer to acquire land and rent it out at higher rents rather than raise productivity through increased investment. In countries where tenancy legislation has proved effective, they prefer to engage in money-lending or trading activities rather than agriculture. In countries with effective tenancy and credit legislation, farmers having surplus resources may undertake extended farming, especially where such legislation prohibits urban residents from engaging in agriculture. These most affluent farmers often cultivate the land through use of hired labour especially if the prices of agricultural products are favourable and wages of labour are low. Given their credit status they have easy access to credit if the terms of trade are favourable and they are inclined to make further investments on land to increase productivity. Alternatively, they are inclined to buy land from smaller farmers thereby increasing the size of their holdings.

41. In countries where there are large numbers of medium-sized owner-cultivators, private investment has been sizable, especially if other conditions are favourable. But unfortunately, the number of such medium-sized owner-cultivators is far too small for investing in land improvement on the scale required; small farmers are not in a position to command the resources for undertaking capital formation nor are their own holdings large enough to make such investment remunerative.

42. On the other hand, organization of small farmers into a purposive system presents serious problems, especially because of diverse and conflicting interests of different groups within the rural areas. Lack of education, difficulties inherent in dealing with large numbers of farmers, shortage of trained personnel and scarcity of financial resources invariably make for difficult administrative and organizational problems. However, once an efficient supporting service

/...

structure is organized, as, for instance, in Japan, small farmers can increase production at rates comparable to those for big farmers.

43. The choice between policies for encouraging investment by big farmers and those for organizing small farmers into farmers' groups is assuming increasing relevance and urgency in areas where peasant proprietorship is common. In their haste to increase production many Governments have, however, ignored this basic dilemma which aggravates the position of the small farmer.

44. To sum up, different sectors or agencies have been encouraged by Governments to undertake investment at an accelerated rate; the choice between different sectors is often influenced by the stage of historical development and the strategy of planning adopted by the respective Governments. While in countries with low population pressure, rich natural resources (e.g., oil), comfortable budgetary position to undertake price support policies and easy access to foreign investment, encouragement of private investment by big farmers, business firms, corporations etc., has yielded quick results. This is not the case in countries with strong population pressures in the agricultural sectors. In the latter, the objectives and strategy of investment in the agricultural sector cannot be decided upon irrespective of the need for financing industrial development.

#### B. Objectives and strategy of investment

45. In many developing countries, investment policies have been primarily directed towards increasing agricultural production and productivity of land, with special emphasis on adoption of improved technology. The more difficult and, perhaps the more important objective of increasing the productivity of the rural labour, particularly of the small farmer, the tenant and the landless, has often been relegated to the background. As a result, in the investment policies of many Governments, there is an unresolved conflict between the land reform programmes and the investment policies designed to encourage technological improvement in agriculture. A review of investment performance in countries where emphasis has been placed mainly on increasing production to the virtual neglect of employment aspects reveals acute increasing sectoral and regional imbalances.

46. In many developing countries the objectives of land reform and investment policy and the manner of implementing such policies have not as yet appeared to

have been decided in a manner consistent with the need for maximizing output and efficiency on individual farms, but more particularly with the need for increasing productivity and income of the under-employed small peasant and the landless. Further, as the problem of the small peasant and the landless in countries with excessive rural population cannot possibly be solved without rapid industrialization of the economy, the agricultural sector would have to be called upon to make a sizable contribution for investment in the industrial sector. Therefore, the problem boils down to one of creating a supporting services structure capable of facilitating increased capital formation in the agricultural sector as well as in the industrial sector.

47. The approach to investment strategy adopted by a country is, of course, determined by the particular set of political values, and the availability of domestic financial resources and foreign aid. In countries where stress has been placed on mobilization of domestic resources for financing economic development, the agricultural sector has been called upon to mobilize capital by imposing restraints on consumption and encouraging savings. In the absence of a comprehensive land reform and investment policy, however, the interests of the peasant are often not protected and, consequently, the gap between the rural poor and the rural rich and for that matter, between rural and urban incomes, has actually widened.

#### C. Role of supporting services structure

48. The role which supporting services are expected to play in mobilizing credit and in influencing capital formation varies from one country to another, depending upon the strategy of economic development.

49. In many African countries where the customary type of tenure system prevails and where agriculture is of a predominantly subsistence type, the main types of problems which need to be tackled immediately are: (a) reform of a tenure system to encourage accelerated investment in the agricultural sector; (b) conversion of the subsistence economy into a commercialized economy through development of physical infrastructure and its integration with the over-all economy of the country; (c) resolution of the conflict between the policy for reservation of certain areas for individual tribes and the need for balanced

/...

development of the entire country, and (d) development of a new supporting service structure, particularly that kind dealing with credit, marketing, processing and other allied activities.

50. In countries where the agricultural sector is dominated by large traditional estates such as in Latin America, a crucial problem is the reluctance of those landowners to invest in agriculture. Given the availability of cheap labour and low taxes, even extensive farming practices enable the landowners to make substantial earnings from large farms. The propensity to invest in urban real estate rather than in farming, or to spend on luxury goods rather than on land improvements has had the effect of further diverting investment capital from the agricultural sector. The only redeemable feature is the high level of efficiency in some of the commercially operated large farms which, unfortunately however, are far too few to influence the general level of investment in the country as a whole. Given existing tenurial practices, neither is it possible to develop an integrated supporting services structure; nor is such a structure, if developed, conducive to higher investment rate in agriculture unless this is accompanied by radical transformation of the agrarian structure itself. In countries with a high degree of underemployment in the agricultural sector, and an alarming population growth rate, the problem of the unemployed peasant can only be solved through provision of alternative employment opportunities in industries which, in turn, will have to be financed substantially with surpluses mobilized from the agricultural sector. In such countries investment and credit policies have not always been closely integrated with land reform policies. These policies are also not specifically directed towards achieving a balanced pattern of ownership and reducing the number of uneconomic-sized holdings.

51. In many countries of Asia and the Near East having over-populated rural areas, the limited availability of land has aggravated the problem of landlessness and underemployment. Rural public works programmes for the build-up of capital assets, especially if aided by such international agencies as the World Food Programme, could not only step up non-monetary investment but also provide employment opportunities to the rural landless. Savings of the owner-cultivators, mobilized through credit institutions could also be used for meeting the monetary expenditure part of the capital works developed by rural public works agencies.

/...



Surplus labour which is at present underemployed in the uneconomic holdings, could also be released through land reforms and organization of mechanized co-operative farms and the labour so released could be employed on rural capital works programmes, thus accelerating the rate of non-monetary development expenditure.

52. In this context the experience of Japan and the remarkable experience of the United Arab Republic, the Republic of Korea and China (Taiwan), particularly the Joint Commission on Rural Reconstruction, the limited achievements of Comilla in East Pakistan, and of integrated co-operative structure in parts of Chile and India, are of particular relevance. While studying different techniques of mobilizing surplus rural labour for general economic development, the experience of these countries takes on special importance in the field of investment. A review of each of these experiments reveals the need for organizing co-operative institutions for credit, marketing, processing and supply of agricultural requisites on a co-ordinated basis. For instance, weakness in co-operative marketing institutions prevents development of co-operative credit; insufficiently developed co-operative processing facilities retards the development of co-operative marketing; defective credit co-operatives act as a drag on marketing co-operatives. An integrated supporting service structure, further strengthened by a well-conceived price policy, would be essential for successful implementation of land reforms. Except in a few countries, such an integrated approach to developing a supporting services structure has not been introduced on any sizable scale. Co-operatives have also not been given the importance they deserve in the course of development of such a supporting service structure. Past inadequacies of co-operatives should not be considered as an argument for either ignoring them or not providing the necessary support to enable them to perform efficiently. The success of land reform programmes is often contingent upon the existence of viable co-operative institutions.

D. Type of integrated supporting services structure required

53. From the foregoing discussion it is clear that non-institutional credit agencies as a source of agricultural loans have generally to be ruled out. Commercial banks as a possible source of credit have to be considered only in the field of agricultural marketing and processing and can hardly be expected to

/...

play any significant role in financing agricultural production. State-owned specialized banks and agricultural credit agencies by themselves cannot be expected to deal directly with thousands of small or medium agriculturists. But State-owned banks could work in close co-ordination with co-operatives at the field level in the framework of loan policies geared towards a supervised credit programme; a combination of these three elements could offer the most promising solution for the complex problems of organizing credit institutions. Hence, finding a solution to this complex problem of evolving a suitable supporting service structure will have to be based on research and inquiry to ascertain the framework which is capable of solving the local problems faced in different areas.

54. At present the task of developing sources of credit is complicated by the need to finance current production as well as to finance agricultural production at a much higher level. To make the problem even more difficult the new credit system will have to operate in competition with the existing private credit agencies in the commercial areas and will have to provide credit almost for the first time to the non-monetized regions; in fact, it will have to accelerate the monetization of backward regions. What is more, it should be able to operate in such a manner as to further the objective of agricultural price policy as laid down by the national Governments; more importantly, it will have to undertake the task of mobilizing savings and of directing investment in high-priority sectors in accordance with the national plans. It is against this wider perspective that the criteria for the creation and successful operation of a new credit system have to be conceived.

55. An integrated rural credit system, based on a suitable combination of co-operatives and State agencies should be capable of providing credit to the small peasant and tenants on an adequate scale. The emphasis would have to shift from loans against "land" (security) to those against "production capacity" as the reformed tenure system may not necessarily permit free transferability of land rights. The capital costs of such a system would have to be as low as is prudently possible as normal management expenses of co-operatives could actually be borne by the borrowers themselves. Though in the initial stages public subsidies might be needed, in the long run co-operatives will have to operate on a self-sustaining basis. Such an integrated co-operative structure would operate

as an effective alternative - though not necessarily a complete substitute - for non-institutional sources. As and when the land reform programmes are carried out, such a system would be in a position to replace the erstwhile landowners' functions. Thus it would be capable of financing all types of producers whether big, medium or small, and particularly small, and of all types of credit needs, short, medium or long-term, for production and consumption purposes.

56. Only an integrated co-operative structure, covering credit, marketing, processing and needed inputs could be in a position to co-ordinate different types of credit programmes with complementary arrangements for marketing, processing and other economic activities of the producer. In other words it would be possible for the system effectively to perform the functions previously undertaken by the landlords, traders, shopkeepers, processors etc.

57. While State initiative in the early stages may be necessary, in course of time, it should be possible to dispense with State aid; this can be effectively achieved only through co-operative activities of the producers. An association of borrowers obviously ought to depend as much as possible on mutual aid, develop its own resources and at the same time cultivate the habit of thrift among its members. Compulsory deposits, high level of rates of interest, loans on proceeds from sale of produce and such other instruments as are available to an association of producers could be used for the development of savings within rural areas and for facilitating investment of these savings in the rural areas themselves. While in the initial stages, funds from urban areas may necessarily have to be introduced into rural areas, in the long run the system will have to be largely self-financing and it is towards this goal that the system will have to start moving. In the later stages when the agricultural productivity has reached higher levels and the interests of the poor have been adequately protected, the same integrated structure could be used for mobilizing rural savings and directing local investment. Hence an integrated co-operative structure would be an important element of the minimum complementary institutional framework discussed in chapter V "Land reform and balanced development", and would also serve as an effective institutional arrangement for effecting popular participation as discussed in chapter IV.

E. Concluding remarks

58. To sum up, the solution to the problem of investment and credit in relation to land reform in developing countries goes beyond making changes in the fiscal policy, measures for giving incentive to individual producers or organizing an agency to provide credit. In the present context, the problem is one of protecting the interests of the small farmers through (a) organizing them into a purposive system, (b) mobilizing the rural savings for financing increased capital formation in agricultural and industrial sector, and (c) providing expanded employment opportunities to underemployed rural labour. The role of supporting services in general, and of co-operatives in particular, needs to be assessed with this particular objective in view.

59. In the past, co-operatives have often been conceived of as simply an appropriate institutional agency for accepting deposits of the rural rich and for disbursing them in the form of credit to the needy rural producers. In order to solve the problem of the small peasant, co-operatives are now being increasingly used as an instrument for organizing small owners into a purposive system and for stepping up the savings rate of all classes of the rural areas and, finally, in accelerating investment in the desired channels within the local community. The new role credit co-operatives are expected to play makes it imperative that they be viewed as an integral part of the supporting services structure covering savings, marketing, processing, supply of requisites etc. which, in turn, should be considered as a part of the minimum complementary institutional framework, discussed subsequently in chapter V.

60. The reasons for the limited success of co-operatives in the past, though complex and varied, can be broadly summed up. First, credit co-operatives are rarely conceived as part of an integrated co-operative structure and as an effective alternative to - though not necessarily a complete substitute for - the private agencies of credit, marketing and processing. Second, the relative success of co-operatives in areas where land reforms have been carried out, in contrast to uneven performance of co-operatives in other areas, also indicates that the reform of agrarian structure is a precondition for the success of co-operatives. The dominant influence of the tribal chiefs in the customary tenure areas of estate owners in areas with large traditional estates and of the

/...

urban-oriented money-lender-cum-trader class in peasant proprietorship areas has so distorted the socio-economic structure in the rural areas that it would be impractical to expect the rural poor to act in consort for their economic development unless aided by the State. Thus, the problem, according to the report, is not merely one of reorganizing co-operatives or of creating new agencies but of creating new conditions in which co-operatives can operate effectively as one integral part of a supporting services structure.

### III. ADMINISTRATION OF LAND REFORM

61. Given the conflict of interest inherent in a defective agrarian structure, the role of the administrative organization would be primarily that of protecting the interest of the weaker party from undue exploitation by the stronger party through planned changes in the agrarian structure and deliberate measures for stepping up development activities. The assessment made in chapter III of the administrative measures taken by the various Governments for implementation of land reform, however, reveals an inadequate understanding of this role by many Governments. In many countries, the widening gap between the declared policy objectives of land reform and their actual realization can be ascribed to the failure to reorient administrative machinery for land reform implementation (including administration of structural reforms), defective land records, inadequate training of staff, ineffective co-ordination with other development activities and virtual absence of follow-up and evaluation. Consequently, where no attempt has been made to adapt existing administrative structures to the needs of agrarian structural change, the result has often been a failure to achieve the ends of land reform.

#### A. Administrative organization for land reform implementation

62. The administrative systems left by many of the colonial Powers in the ex-colonies, unless adequately transformed, are found to be inadequate for achieving controlled socio-economic changes. This is true as much of large centralized and efficient bureaucratic systems as of those dominated by the owners of large traditional estates or absentee landlords or by the tribal chiefs in the context of a customary tenure structure, or of countries with constitutional

/...

and administrative systems based on the patterns of decentralization. The creation of separate ministries for land reforms or new institutes has, in some cases, helped to solve this problem, but now there is a growing realization that far-reaching reforms in the administrative structure are called for.

#### B. Problems of co-ordination

63. In countries where the land tenure reform has already been carried out, problems of co-ordination have become acute at the stage of reforming the production structure and the supporting services structure. On the other hand, in countries where a single agency has been given all three functions, significant progress has been achieved in co-ordinated delivery of the services required but there has arisen a new problem regarding the type of administrative organization to be maintained after the completion of land reforms.

#### C. Problem of decentralization

64. While on the one hand the need to control a comprehensive and complex programme such as land reform from the national to the field level has usually led to a strong trend towards centralization in the administration, particularly for meeting the opposition from the vested interest, such type of centralization has almost invariably prevented development of group initiative and action at the field level, except in areas where strong farmers' organizations have been created as an integral part of the land reform programme. Thus, there is growing awareness that land reform is a multistage process, and that there is need for centralization in the early stages and decentralization and greater dependence on the farmers' organizations at the latter stages.

#### D. Organization for integrated land reform

65. Co-ordination of land reform programmes with the wider agricultural development and rural development programmes has also been inadequate in many developing countries. Land reforms have often been introduced without the provision of a minimum complementary institutional framework in the rural areas. Consequently, services are often not provided as an integrated whole and neither are these within easy reach of the small farmer.

/...

E. Phasing

66. Simultaneous implementation of the entire programme being rarely possible, the choice between introducing a programme by phasing the intensity of application gradually over the whole country and of implementing in an integrated manner in selected areas is of crucial importance to the success of land reform. Having realized the practical consequences of these issues, many Governments, such as those of the United Arab Republic and China (Taiwan), have introduced phased programmes with conspicuous success. But in many other countries, in the absence of deliberate efforts to phase the programme, either it has only partially succeeded or the achievements have been far too small in comparison to the efforts and costs.

F. Other aspects of land reform implementation

67. Many countries have yet to take adequate steps to improve land records and introduce the practice of registration of rights. Cadastral survey of land registration and detailed recording of tenants' rights have not been attempted in many countries. In this connexion, aerial photogrammetry as a basis for deriving cadastral maps appears to offer great potentialities.

68. Remarkable progress has, however, been made in several countries in regard to the creation of specialized judicial or administrative tribunals for ensuring quick, just and efficient enforcement of land reform legislation. However, in some countries, the procedures continue to be far too cumbersome and the location of courts or tribunals is such that they are not easily accessible to the rural poor and often they are too costly in comparison to the economic means of the small peasant.

69. In the field of training, some countries, such as Ceylon, Chile, Ethiopia, Iraq, Syria and the United Arab Republic, have taken measures for more effective research and training of technicians, middle-level executive officers and beneficiaries, but in most other countries there is not always adequate co-ordination between training, research and evaluation. Training for land reform has also not received the importance it deserves, and a large number of countries have yet to initiate steps in this regard. Follow-up and evaluation as a means of

correcting defects in policy, action programmes and implementation, have not been attempted on any noticeable scale in most of the developing countries.

70. To sum up, the main problems in administration of land reforms are:

(a) reorganization of the administrative structure to enable it to carry out changes in the agrarian structure; (b) ensuring co-ordination between different administrative changes; (c) creation of an efficient supporting services structure, discussed in chapter II; (d) creation of an organization of a minimum complementary institutional framework discussed in chapter V, and (e) ensuring people's participation in the process of changing the agrarian structure and in the subsequent development activities.

#### IV. POPULAR PARTICIPATION IN LAND REFORMS

71. This chapter deals with popular participation in land reform programmes in the different regions of the developing world with special emphasis on the activities in the Latin American region.

##### A. Forms of participation

72. Popular participation has been rightly considered as the sine qua non of successful national development programmes. With respect to agrarian reform, this means that the rural population should be associated with both the formulation of agrarian reform policy and the implementation of measures to give effect to such policies. Popular participation efforts have in some cases resulted in agrarian reform legislation being included in national programmes, while in other cases such reforms have promoted local interest in participation efforts. Although many countries have enacted agrarian reform laws, some have been slow in implementing them; organized pressure from the peasantry is an important means of accelerating this process. The movements and forms it takes varies with the type of agrarian structure.

73. In many countries, participation has not been orderly and has often erupted spontaneously. In Latin America, the land reform legislation of Bolivia and Venezuela is a direct result of the force of peasant demands. In Colombia, Italy, Japan, Kenya and the Philippines, the Governments initiated action to ward off

/...



the potential threat of a disgruntled peasantry. Socialist countries such as Algeria, Cuba, Mainland China and the Soviet Union illustrate cases where revolutionary changes in the power structure preceded agrarian reforms. Elsewhere, impetus from Governments was more decisive than the actual peasant pressures in establishing programmes aimed at restructuring the land tenure system.

B. Means of expressing the demands

74. The means used by peasant organizations to exercise effective pressure in support of their demands include: (a) internal strengthening of the organization, after first having rallied support around specific demands; (b) massive demonstrations to express the force of the political "bargaining power" of the peasantry; (c) civil disobedience and the peaceful occupation of lands by large numbers of the peasantry; (d) strikes on rural estates or plantations by agricultural workers. However, to date, little or no attempt has been made to institutionalize these various tactics and to formulate an orderly approach to change and development.

C. Obstacles to participation

75. Peasant organizations have faced a number of obstacles in obtaining popular participation in agrarian reforms. Reforms have rarely been undertaken through planned development efforts and have achieved success only after such drastic measures as those described in the previous paragraph. In general, the political climate and institutional structure in the country strongly affect the form and efficacy of peasant participation. In many countries, legislation protecting peasant organizations is either lacking or ineffectively enforced. In some instances, in Latin America in particular, large landholders exert major control over the economic, social and political life of rural dwellers. Influential vested interests often intervene to weaken peasant organizations either directly by exerting pressure on leaders or indirectly by establishing and promoting rival organizations.

D. Institutional measures for effective participation

76. A number of countries have now officially recognized the need to introduce new forms of popular participation in rural areas. Some countries of Asia, particularly Ceylon, China (Taiwan), India and Japan have introduced programmes to mobilize community participation, such as through community development co-operatives and farmers' associations. Some other countries are using local political cadres as a means of integrating community participation with the national ideological goals. In Bolivia and the United Republic of Tanzania, agrarian reforms have been based on the active support of the non-rural sectors of the population as the programmes and the trade unions have played a particularly important role in this direction.

77. The United Nations agencies and other international organizations have stressed the need for popular participation, and a series of recommendations on the matter have been forthcoming in this Development Decade. The Inter-American Conference of Ministers of Labour (1963) and the Eighth Conference of American States Members of the ILO (1966) have examined the Latin American situation in some detail.

E. Concluding remarks

78. Effective local democracy sustained by rural community participation is an essential prerequisite for national programmes aimed at achieving satisfactory agricultural and social development. The community development process should not only be concerned with mobilizing the rural people but also with institutionalizing their participation. In developing countries, sadly lacking in technical know-how, rural participation is the key to effective national growth. But this requires meaningful incentives for active participation in national programmes which, in turn, calls for basic changes in the institutional structure, of which agrarian reform is frequently an essential element. The cases discussed in this chapter suggest that when Governments do not take the initiative in bringing about the needed reforms, the rural people themselves may channel their energies into violent attempts to obtain them. Peasant organizations, if they are to serve constructive ends, require the assistance of national

Governments willing to ensure development by promoting democratic participation in the economic, social and political life of the country.

79. The chapter concludes with the view that little can be done for institutionalizing popular participation without drastic changes in power structure if the Government is influenced by the landed elite. Changes in the power structure will imply not merely tenure reforms but also realignment of rural political power through devolution and decentralization of power from the central Government to local areas and from the rural elite to the farmers' organizations such as co-operatives.

80. Peasant organizations, if they are to serve constructive ends, require the assistance of a fairly objective national Government willing to support the weaker segments of population vested interests. Moreover, the nature of the specific activities undertaken by these grassroot groups determine their long run success in transforming and activating the vital institutional structure of rural life. Thus, popular participation in the form of tenant committees and peasant federations can be directed to exert pressure for changes of the tenancy structure; effective grassroots co-operatives can be used for changing the production aspects of the infrastructure, while peasant transport and credit societies can assist in reforming the related service aspects. If the local Government truly represents the people, it can effectively use its taxation mandate to collect the economic resources needed in transforming the entire socio-economic basis of society. These are only some of the many components required for a democratically based society; what is necessary to recognize is that each society requires a specific configuration of these elements in relation to its own social, historical and political framework.

#### V. LAND REFORM AND BALANCED DEVELOPMENT

81. This chapter analyses also the relationship between agrarian reform and urbanization, industrialization and the planning process, within the perspective of balanced development.

A. Land reform and urbanization

82. The urban population in developing regions has been expanding at an increasingly rapid rate over recent decades. This expansion was no doubt due to rural migration, which has been steady and substantial. One of the main factors responsible for this is defective agrarian structure. Urban employment, particularly in manufacturing industry, has however, lagged markedly behind the growth in urban population. Gains in employment in manufacturing industry have been small despite substantial gains in output, due to the capital-intensive and labour-saving nature of manufacturing production, particularly in Latin America as compared to other developing regions.

83. There may be possibilities for increasing employment in short runs without too heavy a capital investment. These include, first, emphasis on light industry rather than on heavy industry as a transient measure; secondly, the choice of labour-intensive technological alternatives, where feasible, and multiple-shift operation. However favourable the effect of these various capital-saving measures may be on employment, there can be no doubt that rapid expansion in industrial output and employment will have to be achieved in developing countries, particularly those with substantial and rapidly growing population. Land reform can also be geared to widening the employment opportunities in rural areas and thereby retarding rural migration.

84. In Africa, south of the Sahara, the prevalent system, by and large, is customary tenure, which has been traditionally associated with subsistence production. Further commercialization of agricultural activity is the foremost problem of economic development, and tenure reforms, not necessarily individualization, would have to be adapted to this end. Further development of cash cropping, based on appropriate modifications in communal tenure structures, would provide a cash earning alternative to employment outside the rural economy, thereby reducing the pressures leading to migration. In the Latin America region it is severe maldistribution of land rather than its scarcity that largely accounts for the poor social and economic conditions in which the vast majority of the rural population live. It is no coincidence that rural migration in the region has been the highest of all developing regions in recent years. The Asian region is characterized by a relatively high population pressure on land resources and by

inadequate food supply. Reforms of tenure structures in Asia and, to some extent in the Near East where the problems are similar, need to be aimed at reforming tenancy and absentee farming with hired labour, but land reform alone cannot cope with the problem of landless labour, which is a phenomenon of crucial political importance in some countries of the region. Wider employment opportunities outside agriculture, partly in rural and partly in urban areas, will have to be provided as a means of reducing population pressure on agriculture. Hence, urbanization and industrialization on the one hand and agricultural and rural development on the other assume equal importance.

#### B. Land reform and industrialization

85. A consideration which is basic to an analysis of the relationship between land reform and industrialization is the effective demand for industrial goods resulting from increased incomes of the rural poor that would be brought about by agrarian reforms and other related measures. The factors in this income rise will vary depending on the prevalent agrarian structure and the measures needed to correct its deficiencies. In Africa, where customary tenure and subsistence production are prevalent, an increase in agricultural productivity based on tenure systems adapted to the needs of commercialized farming, would be the main factor. In Latin America, where the problem arises from maldistribution of land, redistribution would be the main factor. Redistribution is also likely to result in substantial changes in the structure of demand. In Asia, a number of factors would contribute to the rise in income of the rural family. These include, apart from redistribution through tenancy reform, a rise in productivity resulting from the transfer of redundant agricultural labour to non-agricultural occupations in rural areas as well as to urban areas. Moreover, in so far as members of agricultural families are employed in non-agricultural rural activities, family income would be raised accordingly.

86. The rise in incomes of the rural poor would stimulate industrialization generally and more particularly: (a) industries producing farming requisites; (b) industries producing consumer goods for rural areas; (c) agricultural processing industries and (d) industries producing farm requisites. To the extent that development of these industries takes place in rural areas it

contributes to diversification of economic activities in rural areas; this is a precondition for providing employment to redundant agricultural labour and for enhancing the viability of the rural economy.

87. Industries producing farm requisites, particularly fertilizers, improved small farm implements and machinery are of crucial importance to developing countries. Given the minimum level of investment, particularly in basic industries, on which alone lasting economic progress or development can be based, development of consumer goods industries is a part of multisided programmes for general economic development and has to proceed pari pasu with land reforms. Rapid development of consumer goods in advance of land reform programmes and a widened economic base has, however, little chance of success because of extreme inequalities of income and lack of effective demand for consumer goods in the context of defective land tenure systems.

88. Small or medium-scale production of certain manufactured goods in demand among farming communities, for that matter even cottage industries, may be economical in a few developing countries, both for meeting the rural demand for products and for widening employment opportunities in rural areas. Agricultural processing industries are also of strategic importance not only in meeting the urban demand for agricultural products but also in providing incentives to agriculturists and alternative employment opportunities to the rural landless. Planned locations of agricultural products processing industries for diversification of economic activities in the rural areas can play a dynamic role in the rural economy. Where appropriate - and it must be said that a great many developing countries with a small industrial base and low urbanization rates do not yet require this - the policy of "decentralized" industrialization may also be necessary.

### C. Land reform and planning process

89. While agrarian reforms discussed earlier can help to bring about reduction in inequalities within classes in the rural society, urbanization and industrialization are expected to promote balanced development between rural and urban areas and between agricultural and industrial sectors. To some extent, although industrialization will help to reduce regional imbalances, there will still remain the transitional problem of mobilizing manpower in the rural areas

/...

which cannot be immediately transferred to the industrial sector or other developed regions. Thus, agrarian reforms, urbanization and industrialization by themselves cannot solve the acute and virtually chronic problem of small peasants and the landless, unless supported by integrated measures for development of local resources within a given region and community.

90. Integrated measures for resource development necessitates: (a) alignment of national and local plans; (b) integral solution of local problems; (c) creation of a minimum complementary institutional framework for mobilization of underemployed rural labour and of savings from within the community for local investment and (d) regional planning.

91. Even in countries with decades of experience in planning, a development programme is often conceived as consisting of a series of independent development activities. This disjointed approach has either resulted in lack of emphasis on working out a national plan or, where there are national plans, the targets are first obtained for the country and then broken down notionally for smaller areas, or national targets are arrived at by combining the expected results of a number of programmes. This process fails to provide for full use of development potentials and leads to a very low degree of correspondence between expectation and achievement, particularly in agricultural planning. These defects can be removed only if the agricultural plan is derived in the main through putting together of programmes originally framed locally. At the same time, as a national plan is much more than a summation of village plans, and as no village plan would itself be possible without the general framework provided by a national plan, planning will have to be a two-way process. Thus, whereas the over-all objectives and policies would be determined for the country as a whole, the extent to which, and the manner in which, an effort in any given direction in a region will go has to be determined for each specific situation. Conceptually speaking, the levels for planning could be divided into three: (a) village, or the unit at the lowest level; (b) community and (c) provincial or national level. In most countries, there is little evidence of any planning efforts at the two lower levels.

92. At the local levels integral solution of programmes requires an interdisciplinary approach. Conservation and optimum utilization of natural resources, improvement of productivity, optimum utilization of underemployed

human resources and mobilization of local savings for local investments are some of the main guidelines for evolving integral solutions.

93. The creation of a minimum complementary institutional framework that is capable of undertaking the above functions becomes a necessary precondition. The main elements of such a structure would be the farmers' organizations and the structure of supporting services discussed in chapter II, local government units and Government-employed technicians or specialists working in the community. Their main objectives would be: (a) facilitating involvement of the rural family in the development process; (b) systematic assessment of the community needs; (c) serving as an efficient system of communication between the rural families and the different agencies, institutions and organizations and (d) provision of an institutional framework for determination of priorities at the local level and mobilizing savings for meeting the investment requirements of the community.

94. The nature and characteristics of such an institutional framework would, of course, vary with the type of tenure system, the type of production structure and the type of supporting services structure, as has already been observed, in the chapters dealing with administration (III) and with popular participation (IV). Issues regarding decentralization of administrative structure and the nature of people's participation need to be examined in the context of the land problem and the stage of land reforms. Thus, the type of institutional framework which is conducive to balanced development within a given area would vary considerably from country to country and sometimes even within a country from one region to another. In conclusion, what is required is reorientation of the planning process towards two-way planning, with popular participation at lower levels through farmers' organizations, whereby proper integration of local and regional plans and national plans can be achieved.

#### D. Concluding remarks

95. Severe regional (subnational) imbalances, particularly between rural and urban areas, are characteristic of developing countries generally, and there are indications that the discrepancies are growing wider. Unless this trend is reversed, there can be serious social strife disruptive of economic and social life. A balanced approach to urban and rural development in the conditions



prevailing in the developing countries has two major implications. First, the urban development effort should be intensified in the coming years rather than slackened, as is sometimes suggested, and this is especially true of industrialization which is needed, among other things, to provide productive employment to the rapidly increasing labour forces. Secondly, and most importantly, balanced development implies that far greater effort should be devoted than has been applied so far to economic and social development in the neglected rural areas where most of the population lives and will continue to live for many decades to come. Apart from agricultural development, which is covered elsewhere in this report, there is need for diversification of the rural economy involving, among other things, the establishment of suitable industries in selected regional centres; and for building up social facilities and services to a point where the gap between rural and urban areas in this respect is reasonable. 96. Finally, it would be apparent from the preceding discussion that problems in national development should be analysed in terms of: (a) social stratification within the rural areas and (b) regional components such as rural and urban development, and developed and underdeveloped areas, and not merely in terms of sectoral components, as is often done in the vast majority of developing countries. The implications of this observation for planning and policy formulation are important, if obvious.

97. The preceding analysis also suggests a number of areas of activity of particular relevance to the interests of international organizations. In the field of research, there is need for periodic comparative studies on development of rural institutions and rural over-all economic and social development, including analysis of prevailing conditions and related development policies, and evaluation of the results of such policies. In the operational field, technical assistance possibilities are obviously very vast. Perhaps special mention should be made of the need for regional planning within the context of national planning in developing countries, and of the valuable assistance made available in this regard by international organizations, particularly the United Nations. The World Employment Programme, to be launched by the ILO on its fiftieth anniversary, will help mobilize world opinion in favour of planning for widening the employment base of development planning. Another equally important aspect is the recent emphasis

/...

on mobilization of human resources in the operational programme of FAO which will go a long way towards reorientating social and economic objectives in production-oriented programmes; this is a particularly welcome development at this stage when the United Nations is on the verge of entering the second Development Decade.