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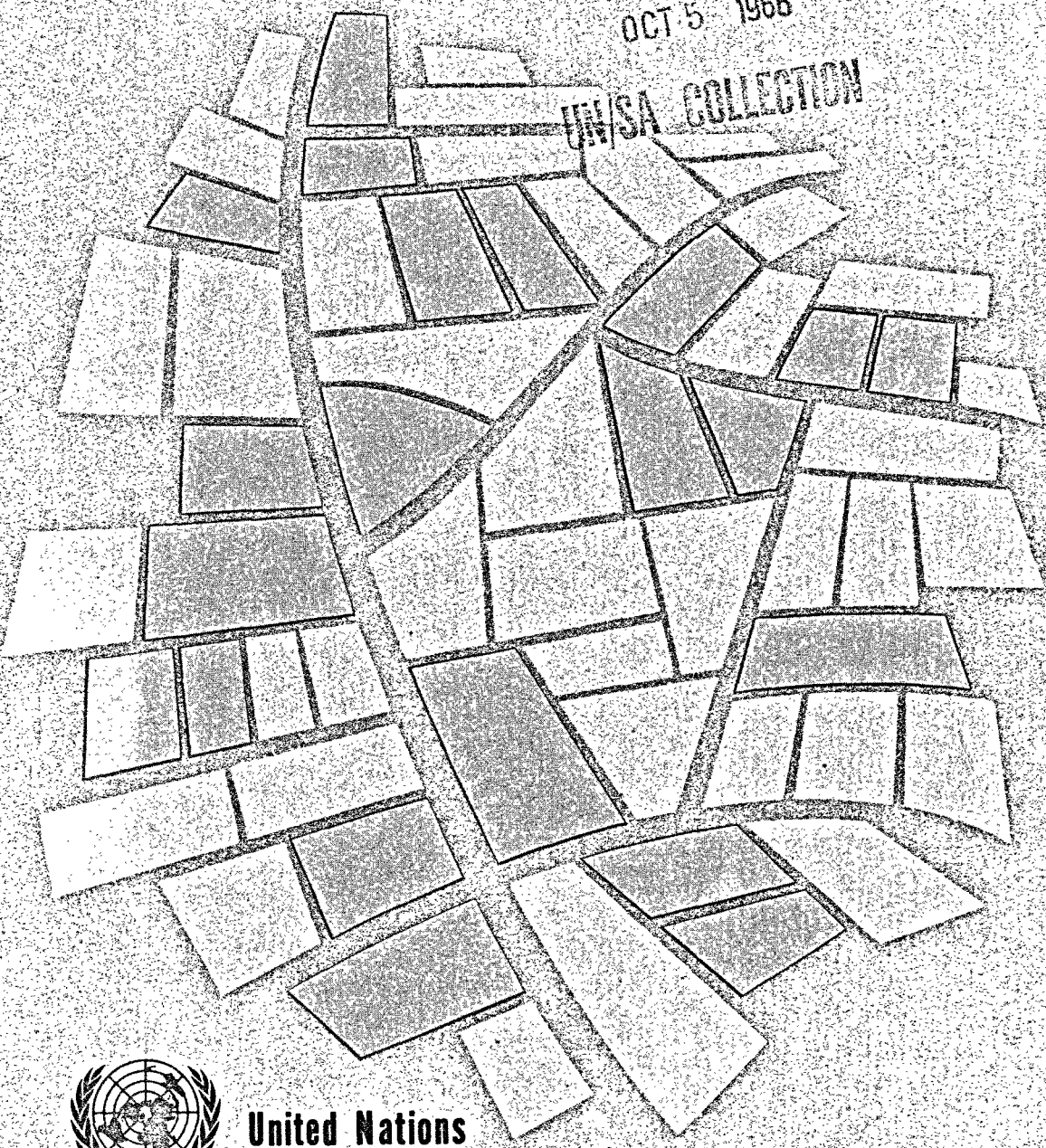
# PROGRESS IN LAND REFORM

## Fourth report

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**Department of Economic and Social Affairs**

# **PROGRESS IN LAND REFORM**

## **Fourth Report**

prepared jointly by  
the secretariats of the United Nations,  
the Food and Agriculture Organization of the United Nations  
and the International Labour Organisation



**UNITED NATIONS**

**New York, 1966**

## NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

\* \* \*

The designations employed and the presentation of material in this report do not imply the expression of any opinion whatsoever on the part of the United Nations concerning the legal status of any country or territory or of its authorities, or concerning the delimitation of its frontiers.

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## TABLE OF CONTENTS

	<i>Page</i>
<b>INTRODUCTION</b>	
A. Background to the report . . . . .	1
B. Mode of preparation of the report . . . . .	1
C. Purpose of the report . . . . .	1
D. Scope of the report . . . . .	2
E. Technical terms . . . . .	3
<b>CHAPTER I. BASIC PROBLEMS AND RECENT PROGRESS</b>	
A. Land redistribution . . . . .	4
B. Tenancy reform . . . . .	28
C. Conditions of agricultural wage-workers . . . . .	34
D. Communal tenures . . . . .	40
E. The problems of nomadic societies . . . . .	53
F. Land settlement . . . . .	59
G. Foreign-owned plantations and public-private partnership agreements . . . . .	71
H. Collective farms and State farms . . . . .	72
I. Tenure adjustments in growing industrial economies . . . . .	82
J. Land consolidation . . . . .	90
K. Problems of administration and personnel training . . . . .	92
<b>CHAPTER II. FINANCING OF LAND REFORM PROGRAMMES : COMPENSATION PAYMENTS</b>	
A. Summary . . . . .	98
B. Introduction . . . . .	99
C. Valuation for compensation in land reform programmes . . . . .	101
D. Techniques of payment of compensation . . . . .	106
E. Resources for financing compensation payments . . . . .	112
F. Institutions in land reform compensation programmes . . . . .	116
<b>CHAPTER III. LAND REFORM AND TECHNOLOGICAL DEVELOPMENT IN AGRICULTURE</b>	
A. Types of improvements . . . . .	118
B. Tenancy : does it ever facilitate technological progress? . . . . .	120
C. The need for reform in societies where tenancy predominates . . . . .	121
D. The need for reforms in agricultural systems dominated by large traditional estates . . . . .	123
E. The indirect effects of tenancy or large-estate systems . . . . .	125
F. Possible types of reforms to promote technological progress . . . . .	127
G. Other types of land reform and technological development . . . . .	134
H. Conclusions . . . . .	135
<b>CHAPTER IV. LAND REFORM AND EMPLOYMENT</b>	
A. Land tenure institutions and the level of employment . . . . .	137
B. Land tenure institutions and the nature of employment . . . . .	146
C. Conclusions . . . . .	149
<b>CHAPTER V. LAND REFORM, ECONOMIC GROWTH AND SOCIAL DEVELOPMENT</b>	
A. Effects within the rural sector . . . . .	150
B. Impact of land reform on non-agricultural sectors of the economy . . . . .	157
C. Land reform and national planning for economic development . . . . .	162
D. Conclusions . . . . .	162
 <b>ANNEXES</b> 	
I. Definition of technical terms . . . . .	165
II. Texts of recent resolutions of the General Assembly, the Economic and Social Council and the Food and Agriculture Organization concerning land reform . . . . .	167
III. Activities of United Nations agencies in the field of land reform . . . . .	171





# INTRODUCTION

## A. BACKGROUND TO THE REPORT

1. This report is a sequel to three others of the same title issued in 1954, 1956 and 1963.<sup>1</sup> In 1960, in the latest of a series of similar resolutions dating from 1950, the General Assembly revived an earlier proposal to make the preparation of these reports a regular event. The Secretary-General was asked to submit every three years for the consideration of the Economic and Social Council "... a comprehensive analytical survey ... devoting particular attention to a detailed and critical examination of the basic problems of land reform in under-developed countries".<sup>2</sup> This recommendation was confirmed with the specific request for a fourth progress report on land reform in resolution 887 (XXXIV) of 24 July 1962 of the Economic and Social Council and endorsed by the General Assembly in its resolution 1828 (XVII) of 18 December 1962.

2. These and other resolutions (the texts of which are reproduced in annex II) contained recommendations which have guided the selection of topics for this report. Thus the General Assembly resolution of 1960 referred to above urged the need for "... country studies in order to determine how tax, financial and budgetary factors, as well as the present utilization of land, can impede or expedite the execution of national land reform programmes in the under-developed countries".<sup>3</sup> This was reinforced by a more specific recommendation by the General Assembly in 1963 that there should be studies of "... the different approaches and methods of undertaking the financing at the national level of a comprehensive land reform programme including the method of financing by bonds".<sup>4</sup> Chapter II was included to comply with these recommendations.

3. Similarly chapter V and the emphasis on administrative devices in chapter I are a response to a recommendation of the Economic and Social Council, arising from its consideration of the 1963 report on world social trends, that this fourth progress report should "... devote particular attention to the role of land reform measures in national development plans and to the implementation of such measures".<sup>5</sup>

<sup>1</sup> *Progress in Land Reform* (United Nations publications, Sales Nos. : 54.II.B.3; 56.II.B.3; and 63.IV.2). An earlier report was issued entitled *Land Reform: Defects in Agrarian Structure as Obstacles to Economic Development* (United Nations publication, Sales No. : 51.II.B.3).

<sup>2</sup> General Assembly resolution 1526 (XV), para. 1.

<sup>3</sup> *Ibid.*, para. 3 (b).

<sup>4</sup> General Assembly resolution 1932 (XVIII), para. 5.

<sup>5</sup> Economic and Social Council resolution 975 D (XXXVI), para. 6; see also *Official Records of the General Assembly, Eighteenth Session, Supplement No. 3 (A/5503)*, chap. IX, p. 60.

## B. MODE OF PREPARATION OF THE REPORT

4. The report is a joint effort of the United Nations, the Food and Agriculture Organization and the International Labour Office. The first drafts of the Introduction and chapter III were prepared by the FAO, chapter IV by the ILO and of chapters II and V by the United Nations while both the FAO and the ILO contributed sections to chapter I. The co-ordination of the drafts was mainly the work of the FAO, the agency recognized by the 1962 Economic and Social Council resolution on this subject<sup>6</sup> to have the major role in this field. In the preparation of the report, Mr. R. P. Dore, of the London School of Economics, University of London, acted as a general consultant to the FAO.

5. The foot-notes to the text indicate the published sources from which information for this report was drawn; there were in addition, three other main sources. First, the replies of Governments to a note verbale of the Secretary-General which informed them of plans for the preparation of this report, outlined a provisional table of contents, and invited them to send any information which might be of value in drafting it. The following Governments responded to this request: Algeria, Austria, Byelorussian SSR, Canada, China, Colombia, Costa Rica, Cyprus, Czechoslovakia, Federal Republic of Germany, Ghana, Greece, Hungary, India, Iraq, Ireland, Japan, Jordan, Korea, Kuwait, Lebanon, Mexico, Netherlands, New Zealand, Nigeria, Pakistan, Panama, Peru, Philippines, Poland, Portugal, Republic of Viet-Nam, Romanian People's Republic, Saudi Arabia, Spain, Sudan, Sweden, Tunisia, United Kingdom, United States of America. Information was also obtained from experts of the United Nations and the specialized agencies, especially FAO, concerning countries they had recently visited, and from their unpublished reports. The third source was case studies carried out by or for the United Nations in co-operation with Member Governments of China (Taiwan), Czechoslovakia, Japan and the Romanian People's Republic.

## C. PURPOSE OF THE REPORT

6. A general review of this kind could have, broadly speaking, three objectives. It might be directed primarily towards the bestowal of recognition on all those who have in any way contributed to the cause of land reform and agricultural development and on every effort to promote harmonious co-operation in the cause of progress. Or it might itself be intended as an effort to promote the ideal of land reform, by enumerating its merits and

<sup>6</sup> Economic and Social Council resolution 887 (XXXIV).

arguing for its benefits. And then, again, it could aim to be a technical document that seeks to examine the relation between policy objectives and institutional means in order to provide information useful to those in charge of the framing of policy.

7. It has been assumed for the purposes of this report that Governments of Member States are well aware of their own efforts and will find any distribution of praise to them superfluous. It has also been assumed that there is now such a widespread acceptance of the view that land tenure arrangements should be deliberately readjusted in order to promote economic and social development, that no further pleading of the merits of that view is necessary (although it remains necessary to study and discuss the exact relationship between land reforms and development).

8. The emphasis of this report is, therefore, on the third objective. Chapters II to V are wholly concerned with analytical studies of problems and policies. The main purpose of chapter I is to describe events which have taken place since the last progress report,<sup>7</sup> but even here analysis is intermingled with description. Wherever possible, each section of chapter I begins with a general discussion of the policy problems which are inherent in certain common situations, pointing out the most common alternative solutions and the likely consequences of adopting each. Then follow concrete examples of measures which have been carried out in recent years, to show the choices which Governments have in fact made, the institutional devices they have used to carry out their objectives and, where the information is available, the actual consequences. No ideal solutions are advocated since it is recognized that most policy decisions involve a choice of lesser evils or greater goods and this choice must be made by each Government in the light of its own scale of values. (Though the attempt is sometimes made to indicate in detail what the various relevant values and objectives might be, assuming that they are not accurately conveyed by the vague ideological labels—"socialist", "capitalist", "free enterprise", "communist" etc.—current in the modern world.) The emphasis throughout is on demonstrating the causal relations between policies and their consequences, especially the unintended consequences which can be so easily overlooked.

9. The evidence is sought in the record of both successes and failures. It is a truism, indeed, that there is often more to be learned from the latter than from the former. If, therefore, this report seems to dwell on examples of policies which have not had their intended consequences, it is an indication not of political partisanship, but of the desire to add to the common store of recorded experience from which useful lessons may be drawn.

10. It is this intention, too, which has dictated the decision not to attempt in chapter I a brief and necessarily superficial mention of all developments in the land reform field throughout the world, but to concentrate on a smaller number of examples and analyse them in greater

detail, with special attention to what seem to be crucial policy problems of a general nature.

11. This has inevitably entailed a selectivity which may appear arbitrary. There were, however, two broad principles of selection of the material for chapter I. Measures were chosen for description if they represented certain unusual features not found elsewhere—especially if they were of a novel kind which might find wider applicability. Secondly, where a number of countries exhibited basically similar features and similar measures, the choice depended primarily on the accidental factor of the availability of material. Since detailed description was desired, the best documented cases were chosen.

12. The periods covered in chapter I are somewhat flexible. In principle, the chapter describes events since the third report on *Progress in Land Reform* was written in 1962. Earlier measures have sometimes been included, however, (a) if they were omitted from previous reports, or (b) if useful information concerning their consequences has become available since the last report. Chapters II-V, being general analytical studies, are less affected by considerations of time.

13. In choosing to emphasize in this report the reasons for policies and their consequences, the authors had in mind two audiences with different interests. The first comprise the representatives of Governments of Member States who, in their capacity as members of the governing bodies of the United Nations and the specialized agencies, commissioned this report and are responsible for making broad recommendations concerning the policies which Governments might adopt, and for deciding in what crucial direction the United Nations and the specialized agencies should apply their resources of research and expertise to assist developing countries in tackling their agrarian problems. This interpretation of the concerns of the General Assembly and the Economic and Social Council has also guided the references to the work of the United Nations and the specialized agencies that appear in this report.

14. The second audience envisaged is composed of those engaged in the formulation, advocacy and execution of land reform policies whether as politicians, legislators, journalists, government officials or advisers. While it is realized that political decisions must always be determined as much by the balance of pressure from interested parties as by the Olympian choice of the best means for agreed ends, it is hoped that this emphasis on policy choices and their consequences will in some way help those concerned to formulate their own policies with a greater awareness of the total range of possible alternatives and of the several probable consequences of each. Likewise, it is hoped that this audience will find the information given regarding the work of United Nations agencies in this field helpful as an indication of the type of support which can most usefully be expected from the agencies.

#### D. SCOPE OF THE REPORT

15. The best short description of the field this report is intended to cover would be : changes in land tenure systems and the accompanying changes in other (mainly rural) institutions that are necessary to achieve the objec-

<sup>7</sup> *Progress in Land Reform—Third Report* (United Nations publication; Sales No. : 63.IV.2).

tives for which the changes in land tenure are sought. That is to say, the formation of co-operatives, credit and extension systems, etc., will be considered only when they are part of, for example, a programme to establish owner-farmers on newly granted holdings, but co-operatives or credit systems in general will not be discussed. The reform of land tenure remains a constant point of reference.

16. It has already been said that this report concentrates on the causal relations between institutional means and policy ends without presuming to instruct Governments on what those policy ends should be. In practice, however, it is necessary to make a selective choice among possible policy objectives, for not all can be considered. The objectives whose realization will be considered are broadly as follow : an increase in the productivity of agriculture as reflected in the economic efficiency of its use of resources; an increase in the total output of goods and services in agriculture or in the economy as a whole; greater equality in the distribution of that output; greater social equality (greater equality of human dignity) as a consequence of greater economic equality greater personal freedom for larger number of people; and greater social solidarity. These are values in which a broad measure of consensus, in fact, exists in the modern world—a consensus reflected, for instance, in the Declaration of Human Rights. Agreement on the importance of all these values still permits, however, a very wide range of ideological positions, depending on the different weights attached to each of them. How much personal individual freedom should be sacrificed in the interests of greater equality? How much equality in the interest of greater production or efficiency? Or is it possible for all these goods to be increased simultaneously without mutual conflict? It is precisely different answers to these questions which underlie the great ideological cleavages of the twentieth century. This report will have to refer more than once to points at which critical choice of this kind becomes important.

## E. TECHNICAL TERMS

17. Rational discussion of land reform problems is frequently hampered by the fact that the terms commonly employed in the various languages of the United Nations offer very inferior tools of analysis; words are used in a variety of different senses and their contexts do not always make clear which of their meanings is intended. In English, for instance, "holding" is used to mean both an ownership unit and an operational unit; "fragmentation", like "*morcellement*" in French, is sometimes used to refer to the division of a single farm into non-contiguous plots, sometimes to the division of a single farm between two owners. Speakers of French and Spanish do have the possibility of making the same distinction as in English between "land reform" as a reform of tenure institutions (with or without accompanying reforms) and "agrarian reform" as a broad programme of change which may or may not affect tenure institutions, but in practice the words *réforme foncière* or *reforma fundiaria* are little used. Examples could be multiplied.

18. In this report, an attempt has been made to use the major technical terms in narrow and consistent senses, in order that the reader should never be in doubt as to what is intended. A list of these words, with the definitions they have been given for the purpose of this report, is included in annex I. Since they necessarily, in some cases, depart from established broad usage in the interests of narrower precision, the reader may wish to refer to this list. In particular the senses in which the words "collective", "joint" and "co-operative" farming are used differ considerably from common English usage. Although common usage is itself subject to great variations, frequent criteria of distinction are the degree of voluntariness of membership or the degree of autonomy of the members' Control. Here, since the terms are used chiefly in the economic analyses of chapters III and IV, economic criteria have been mainly used.

## Chapter I

### BASIC PROBLEMS AND RECENT PROGRESS

#### A. LAND REDISTRIBUTION

19. In its narrowest and most popular sense "land reform" means the redistribution of land. This is the type of reform which arouses the deepest political passions, for in a predominantly agrarian society a redistribution of land means a redistribution of wealth, of income, of status and of political power; in short, a revolutionary change in the social structure.

20. Hitherto, the political revolution has usually had to come first, since in agrarian societies landholders are usually the power-holders, and it is not a normal habit of power-holders to pass laws which destroy their own power. Thus, in Latin America, sweeping measures of land redistribution have been carried out only in three countries which have had radical political revolutions — Mexico, Bolivia and Cuba. In other countries, the pressure for some kind of land redistribution has become irresistible only where industrialization has weakened the importance of landed (as opposed to industrial) wealth, and where with the growth of democratic electoral systems of government, the propertyless have gained a political voice.

21. But land redistribution is not simply a dependent factor. It is not limited in its operation merely to confirming and stabilizing accomplished political changes, but also has the potential to carry such changes further. Gradual redistribution of land rights can — by a kind of leap-frog process whereby political change A makes possible land reform A<sub>1</sub>, which permits political change B and so on — help to promote gradual social change, and as such may be a potent instrument in the hands of social reformers. In England, extension of the suffrage led to both tenancy reform and to universal education, and of the bill instituting the latter, its sponsor is supposed to have said: "We must educate our masters". In much the same way, some far-sighted members of the landed élites in many countries of the modern world have observed the transfer of power to mass electorates and reached the conclusion that "we must make responsible propertied farmers out of our masters". Others have simply bowed to superior force.

22. It must be recognized that such social objectives may be the overwhelming motive behind schemes for land redistribution, far outweighing in importance any desire to improve the quantity or efficiency of agricultural production. To criticize them on the grounds that agricultural production may fall is therefore irrelevant to their authors' original purposes. In the second place, it may ignore the fact that even in strictly economic terms, the

change in the social structure which the land redistribution causes or confirms may have long-run beneficial results which far outweigh a temporary loss of agricultural production. Thus, a Mexican economist concludes that "undoubtedly the break-up of the *hacienda* was the catalyst which released and set in motion the multitude of complex forces to which Mexico owes its sustained rates of agricultural and industrial growth". It not only meant that land investment for speculative or prestige purposes ceased to swallow up the available capital, thus releasing funds for industry :

"It gave the rural population an opportunity for both horizontal and vertical mobility; it destroyed the 'caste' system; it profoundly affected the political environment and brought the country out of the colonial impasse; it opened it up to technological progress and paved the way for the beginning of road building and irrigation programs... Land reform gave Mexico a government with a new concern for the people and the nation. It did something more. It gave to many of the common people something they had never had : the idea of progress and personal ambition for a better future for their children".<sup>1</sup>

#### *Policy problems*

23. Nevertheless, it is obvious enough that if this redistribution can be carried out with an improvement rather than a loss of agricultural production, so much the better. How to ensure this, in fact, counts as the most important of the policy problems which universally face Governments devising land redistribution schemes.

24. Other policy problems vary with the type of agricultural situation; there is a big difference, for instance, between the problems posed by the systems of tenant cultivation — as in Japan, where the redistribution of ownership rights was accomplished with almost no change in the pattern of cultivation — and those of the typical Latin American combination of big estates and tiny peasant holdings, where redistribution requires some form of resettlement. Some problems, however, are common to most schemes; these are described below.

(a) The initial problem of verifying existing rights to land, the size of holdings and the way they are used. Where records are either lacking or badly defective, a difficult choice may have to be made between delaying

<sup>1</sup> Edmundo Flores, *Land Reform and the Alliance for Progress* (Policy Memorandum, No. 27) (Center of International Studies, Princeton University, New Jersey, USA), p. 7.

redistribution while establishing such records (with the danger of losing momentum, permitting opposition to mobilize and defensive evasion to be planned), or going ahead in the full knowledge that strict application of the law cannot be guaranteed.

(b) The problem of establishing the criteria which determine what land is to be secured for redistribution. The criteria must, in the first place, be such that the facts needed to apply them can be easily and indisputably verified. There is no point in setting ceilings which vary according to average yields if there are no unfalsifiable records of recent yields available. (This may lead to somewhat rough and ready criteria; the policymaker simply has to make a choice between the conflicting claims of fairness and feasibility. See especially the discussion about Iran below.) It is here, too, that attempts to unite production criteria with political objectives are likely to cause difficulty. If land which is used in a particularly productive manner is to be exempted from confiscation, the difficulty lies in finding criteria of particular productiveness to be defined in ways that are both relevant and capable of objective application. Bad criteria can lead to loss in more ways than one. For instance, the use of mechanization as an index of efficiency might lead to the waste of foreign exchange on imports of tractors which remain idle, having no other function than to be on show.

(c) The third problem is largely administrative: how to devise institutions to enforce the redistribution measures. They are almost certain to be strongly opposed by those who stand to lose from them and the latter are likely to be the people with local political power. They will obviously be tempted to use that power in order to evade the law — by concealing facts, by fictitiously dividing properties, by finding loopholes in the law or by simply ignoring its provisions. Appeal procedures and devices to protect those who use them from fear of reprisals, local supervisory committees of carefully balanced composition, the reshuffling of executive officials to reduce local influence, the establishment of State agencies to act as intermediaries in the buying and selling of land etc., are examples of the kinds of safeguards which may be used. Here again, however, if there is a lack of skilled and honest administrators, there may be a deliberate policy choice to be made between rough and ready methods which lead to speedy execution but some injustice (in the sense of unequal treatment for people in similar circumstances depending on the local situation), or alternatively, greater justice but delays of such magnitude that the whole reform is jeopardized.

(d) Likewise, there may be a similar choice between laws which apply immediately and compulsorily to a whole country (as, e.g., in Cuba, Japan or in the United Arab Republic), and flexible legislation which permits a land reform agency to select particular areas for redistribution *seriatim*. The last may again be sub-divided into the regional method of enforcing universal provisions (concerning ceilings etc.) on whole regions one at a time (as in Italy) and the project method of selecting particular holdings or groups of holdings for distribution (as in Colombia). The latter methods have the advantage of greater thoroughness and presumptively greater fairness

through the concentration of administrative resources. Their disadvantages are that they allow time for those whose interests are threatened to plan their evasive defences against the day when their area is selected for reform; they allow scope for political pressure to influence the selection of reform areas so that the most powerful interests may manage to protect themselves indefinitely and thus make a mockery of the reform; and they lead to widespread uncertainty about the future which may inhibit agricultural investment. This uncertainty about the future, however, is very much a mixed evil. In a good many countries, those likely to be expropriated invest very little in agriculture in any case and the threat of expropriation has the beneficial effect of choking off land purchase for prestige, speculative or tax write-off reasons, thus lowering the price of land.

(e) Compensation poses another set of problems. Land reforms which are part of a political revolution aimed at destroying the power of a dominant landlord class are naturally likely to confiscate without compensation. Even in less fully revolutionary reforms, if the intention is radically to redistribute wealth, too high a level of compensation will defeat that objective. At the same time, too low a level may outrage the sense of justice current in the society, intensify opposition and weaken the moral vigour of the supporters of the reform. In any case, the amount must be calculated by criteria which are simple to apply objectively. Again, the desire to receive compensation in immediate ready cash has to be balanced against the need to avoid inflationary pressure in the economy, and to ensure that the liquid capital created is used to promote economic development.

(f) A final set of problems concerns the selection of beneficiaries, the size of holding they are to receive, and the amount of State support which is to be provided for technical services, credit, etc. Here — apart from the problem of whether to proceed rapidly and roughly or slowly and carefully in a piecemeal fashion — the problems are very similar to those of all settlement schemes and the major policy choice — that is, between the objective of spreading the benefits as equally as possible and the objective of maximizing agricultural productivity—is the same.

### *Land reform in Latin America*

25. In recent years, the greatest centre of active planning for land redistribution has been Latin America. It is also the area where the need seems most pressing. In a good many countries a few thousand, or even a few hundred, owners have great estates which occupy over half the land area, while 80 or 90 per cent of the farmers have small holdings of a few hectares covering no more than 5 per cent of the land. Many of them, at that, have only squatter status and live in constant danger of eviction, but even they are generally better off than the landless labourers.

26. The consequences are many. The unequal distribution of wealth tends to perpetuate class divisions of an almost feudal caste-like rigidity. The poverty of the small farmers and landless rural workers is a cause of hunger, malnutrition, illiteracy, disease, squalor, lethargy and discontent. Agricultural production stagnates because

the owners of the under-utilized estates have no incentive to develop them and the owners of small properties (*minifundia*) have neither the resources to invest in them nor, often, the knowledge to prevent their being eroded away.

27. Several factors have helped to focus attention on the land situation. The ideological pressure of the Cuban revolution has obviously been one, as has also the not unrelated development of peasant organizations which have begun to acquire increasing political strength. A recent observer notes that "... there are only few instances where land reform has been pushed ahead by governments without the active pressure of the peasants", and that in Venezuela and Peru, as earlier in Mexico and Bolivia, the land reform laws were preceded by land invasion.<sup>2</sup> Another important stimulus has been the attention given to the need for social reforms, including land reforms, in the Punta del Este agreement. The steady growth in power of a professional middle class whose interests are not necessarily identical with those of landlords is another factor with slowly unfolding consequences. Again, there has been an increasing disillusionment with the prospects of rapid industrial growth, and a growing appreciation — as in India — that sound industrial growth must be supported by a steadily progressive agricultural base.

28. Altogether fourteen countries in Latin America have enacted land reform measures since 1960: Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, Guatemala, Honduras, Nicaragua, Panama, Paraguay, Peru and Venezuela. Except for the Brazilian decrees which were soon rescinded, these laws are summarized in table 1 (see page 7). It will be seen that, with the exception of the Cuban measure, which follows the previous law of 1959 expropriating all land above a ceiling of 400 hectares with a second-wave measure lowering the ceiling to 67 hectares, these measures share certain features in common. Their provisions are, for the most part, permissive rather than mandatory; they provide a framework for land redistribution, but the extent to which it will actually be carried out depends on the will of the Government and the size of the resources it decides, from time to time, to make available. They all operate on the piecemeal principle with some kind of land reform institute which applies itself to chosen areas. They nearly all make some use of the concept of the "social function of property", the idea that the owner of land has a duty towards society to use it (a) productively and (b) in a way other than by exploiting "feudal" forms of social relations, and that failure to do so should invite sanctions. Under-utilized land is usually a priority category for expropriation, but the laws are also concerned to regulate the use of State lands, by settling the titles of squatters, and promoting further colonization. It would, in fact, be quite easy for most of the land reform institutes which have been established to use up all their resources exclusively in operations on State land.

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<sup>2</sup> Alfredo M. Saco, "Land Reform as an Instrument of Change", *Monthly Bulletin of Agricultural Economics and Statistics*, vol. 13, No. 12, p. 8.

29. Other points of similarity are that most of the laws make a point of forbidding all forms of labour tenancy, that some have provisions for representation of rural workers or owners of *minifundia* on committees charged with the direction of land reform, that the land reform institutes are usually to be equipped to carry out a wide variety of developmental tasks — irrigation, road construction, house-building and so on — on the land they acquire, and that the universal intention is to establish the beneficiaries in family farms, usually a new category of "homesteads", restricted in the freedom allowed for alienation or sub-division, being created to fit the beneficiaries.

30. Few of these reforms have been under way long enough for their impact to be assessed. Apart from the Cuban reform — which will be discussed in a later section on State farms — the Venezuelan reform programme has so far been the most extensive in its effects. The long-term target was to settle 400,000 families in a decade, the short-term target was 100,000 families by March 1964. This latter target was not quite reached because of financial stringency during 1963 while a decision to devote more resources to the consolidation of old settlements rather than to the establishment of new ones tended to slow the rate of progress. The long-term goal remains, however, and by the end of 1963 some 33,000 families had been settled on land expropriated from private *haciendas*, and another 34,000 had been settled on public land, though a good deal of this was not virgin territory, but land which had been confiscated from officials of the former dictatorial régime. The total spent on developing the land thus distributed exceeded 223 million bolivars, or something like \$US 750 per family, while the even larger amount expended on the acquisition of lands and improvements amounted to about \$1,800 for each of the families settled on private land. During 1964, some concern was expressed that the rate of land distribution appeared to be slowing down. The second cause for concern was that despite the increased attempts to aid the beneficiaries, as well as other small farmers (the number of agricultural extension agencies increased from 20 to 160 between 1959 and 1963 and credit has been offered at the rate of 3 per cent), settlers in some areas who had been unable to make a viable living out of their holdings had been abandoning their land.

#### *Land reform in Colombia*

31. Largely because of the limitations of the material available, the Colombian land redistribution programme has been chosen for detailed discussion in this report. Colombia's was the second of the Latin American reforms not preceded by a profound social revolution. The Social Agrarian Reform Law was passed in December 1961.

32. If the volume of legislative activity is any criterion, the land tenure problem has received a very great deal of attention in Colombia in recent years. As it is usually defined, this "problem" takes the typical Latin American form—the existence, side by side, of large estates under-utilized by rich owners (mostly kept for ranching, tax evasion, social status, and week-ending), and of small

TABLE 1

## Recent Latin American legislation governing land redistribution

	Venezuela	Colombia	Dominican Republic	Panama	Costa Rica	Guatemala
Title and date of main law . . . . .	Agrarian Reform Act 5 March 1960	Act No. 135 on Social Land Reform, 13 December 1961	Agrarian Reform Act No. 5879, 27 April 1962	Agrarian Code of the Republic, Act No. 37, 21 September 1962	Land and Land Settlement Act, 4 October 1962	Agrarian Transformation Act, Legislative Decree No. 1551, 17 October 1962
Universal or piecemeal . . . . .	Piecemeal, depending partly on application of prospective beneficiaries	Piecemeal by decree for project areas	Piecemeal	Piecemeal	Piecemeal	Piecemeal
Acquisition of private land for redistribution . . . . .	All land which does not "fulfill its social function" to be affected. Land so categorized: (a) if ineffectively exploited; (b) exploited indirectly through tenants ("except for good reasons"); (c) owner contravenes regulations governing conservation, employment contracts etc.	(a) If uncultivated and over 2,000 hectares in area (through extinction of private ownership); or (b) if necessary for settlement under certain conditions (through expropriation proceedings).	Institute may acquire land by amicable sale. May also request Government to expropriate it if necessary, but no conditions for expropriation mentioned	If no State land available, possible expropriation of land not fulfilling its social function (less than 2/3 under crops or forest, less than one cow per 2 hectares, or indirect exploitation on unapproved lease). Other land, too, if absolutely essential for project area	(a) When Institute deems that it is desirable to use such land for settlement; (b) all excess of actual over registered areas discovered in proposed survey of estates bigger than 1,000 hectares if uncultivated; (c) all land in excess of limits to be fixed at later date	(a) Idle land (bearing no crops, crops of very low yield, or livestock at less than prescribed stocking ratios) may be acquired: (i) at initiative of Institute; (ii) on request of local farmers, approved by Ministry of Interior, provided that owner is left with 100 hectares of this idle land; and (iii) the amount required is at least 50 hectares in area. (b) Excess land — areas occupied in excess of registered acreage, especially when found in development zones
Exemption for productivity reasons (genuinely or ostensibly) . . . . .	See priorities	See priorities	See above	See above	See priorities	All land not classed as "idle" unaffected
Area to be retained by land owner . . . . .	150 to 5,000 hectares depending on category of land, though area may be reduced in densely populated areas, no exemption for uncultivated land and exemptions may be overridden if necessary for irrigation schemes etc. Immunity can lapse if exempted land not properly cultivated within 3 or grazed within 5 years	200 hectares of which only 100 hectares suitable as crop land	See above	100 hectares provided owner's livelihood depends on his land		All his land which is not "idle," plus 100 hectares (or an area equivalent to 10 per cent of his "not idle" land) of his "idle land"



TABLE 1 (continued)

	Venezuela	Colombia	Dominican Republic	Panama	Costa Rica	Guatemala
Priorities in types of land to be used for settlement or distribution . . . . .	(a) Public lands; (b) uncultivated or indirectly cultivated private land; (c) properties which owner has begun to subdivide; (d) crop lands used for grazing. Other land if necessary to solve an agrarian problem of obvious seriousness	(a) Utilizable public land; (b) utilizable but unutilized private land; (c) private land inadequately cultivated; (d) private land adequately cultivated but by tenants; (e) adequately cultivated owner-occupied land (but some overriding considerations which may reverse these priorities — by direct sale or, if necessary, through expropriation)	Envisaged that Institute shall act predominantly to promote settlement on State land	(a) State land near urban centres or roads; (b) more remote State lands; (c) expropriated private land	(a) State land; (b) the largest uncultivated, or tenant-cultivated properties; (c) land of aborted private settlement schemes; (d) crop-suitable land used for grazing	Act suggests that Institute's activities will be confined to areas selected as Agrarian Development Zones — "areas .. suitable for complete transformation of economic and social conditions involving work beyond the capacity of private enterprise"
Method of transfer . . . . .	Any individual or group lacking land may demand allocation of public land or of specific tracts of private land denounced as not fulfilling their social function. Institute purchases private land by amicable arrangement or failing that expropriates then redistributes	Extinction of private ownership and uncultivated land, direct purchase or expropriation, if necessary, under certain rules	By "amicable arrangement"	Expropriation by State for Agrarian Reform Commission for incorporation into a development project	General expropriation procedure as for other public uses	Issue of expropriation declaration after appeals and full transfer of ownership to Institute for redistribution
Compensation amount . . . . .	Price to be based on production over last 6 years, tax value, and acquisition price in last sale of property or similar neighbouring properties, plus value of building etc.	Cadastral value with opportunity to have it revised to realistic level, owner being permitted biennial self-reassessments until re-valuation completed	To be amicably arranged	Land survey value — average over a specified number of years. At least 6 <i>balboas</i> per hectare	No more than value declared for taxation purposes as of October 1961	"Current value" of land, appraised by two valuers, appointed respectively by owner and Institute, National Mortgage Credit Fund giving third opinion, if necessary, and Council having final decision
Method of payment . . . . .	Between 10 per cent (for large amount) and 100 per cent (for smaller) in cash. Rest in bonds — 20-year 3 per cent bonds for uncultivated or indirectly cultivated land expropriated. 15-year 4 per cent bonds for such land sold amicably. Better terms, to be determined, for efficiently cultivated land acquired for irrigation etc. schemes	Depends on type of land. For (b) type land (see "Priorities") 2 per cent bonds; for (c) and (d) 75,000 to 100,000 pesos in cash, remainder in 8 annual instalments at 4 per cent. For (e), 150,000 to 300,000 pesos in cash, rest 5 instalments at 6 per cent (or, if the owner so chooses, exclusively in bonds at 7 per cent)	Ditto	Cash or 4 per cent bonds — landowner's choice	Cash or bonds at Institute's discretion	For idle land — 5 annual instalments. Bonds for future payments carry 4 per cent interest, may be security for loans from State banks provided 70 per cent of loans spent on agricultural investment. For excess land — immediate cash
Executing agency . . . . .	Instituto Agrario Nacional	Instituto Colombiano de la Reforma Agraria	El Instituto Agrario Dominicano	Comisión de Reforma Agraria	Instituto de Tierras y Colonización	El Instituto Nacional de Transformación Agraria, governed by El Consejo Nacional de Transformación Agraria

TABLE 1 (continued)

	Venezuela	Colombia	Dominican Republic	Panama	Costa Rica	Guatemala
Central or local administration . . . . .	Local courts adjudicate in expropriation cases. Committees of applicants and of beneficiaries co-operate in planning agrarian centres. Otherwise wholly centralized operation	Central operation only	Only Central Institute involved	Central exclusively	Central	Only Institute and Central Government agencies involved
Selection of beneficiaries . . . . .	"Any individual or group capable of farm work and lacking sufficient land." Priority order if choice necessary: (a) day labourers, tenants, squatters; (b) farmers with family dependents; (c) ex-soldiers or those completing service; (d) other farmers; (e) graduates of agricultural training courses; (f) farming foreigners. Some collective grants, too	Priority to those already cultivating the land affected. Some collective grants, too	18-50-years olds without property adequate to maintain family, with priority to local agricultural workers, heads of large families, literates, and those with agricultural, technological, co-operative or educational interest. Lots drawn by the equally qualified	All landless adults can claim plots, but priority (a) to local squatters, tenants etc.; (b) local workers; (c) agricultural technicians; (d) heads of families etc.; among (a) priority depends on length of local working history, size of family, capability	Tenants or squatters on land, thereafter strength of claim depends on local proximity and farming experience. Some collective grants, too	Fit Guatemalans "having no assets but their own labour", preference for those with experience, equipment, local residence, large families
Terms for beneficiaries	Purchase price = cost of improvements on it, not including cost of infrastructure facilities. To be paid over 20-30 years starting in third year, free of interest, but (a) reductions of 5 per cent each dependent; (b) reduction if cost of land purchase abnormally high; (c) reduction if annual payments would otherwise exceed 5 per cent of gross annual yield; and (d) free allocation if necessary "in order to incorporate the beneficiary into the economically productive life of the Nation". (So far in practice all grant free)	To pay cost of lands plus improvements, plus nominal overhead administrative cost, plus valorization charge if improved value more than 130 per cent over cost of land plus improvements. Over maximum 15 years at 4 per cent. For first 2 years 2 per cent interest and no capital repayment	As "the Institute deems most reasonable"	In settlement areas payments for plots = original land value plus works on plot and planning expenditure plus first year's subsistence grant. Installment terms unspecified Elsewhere: free allocation	Payment for improvements (except infra-structural) and cost price of land (if any) in equal instalments from 5th to 30th year. 5 per cent reduction per dependent. Total payments not more than 5 per cent gross crop value	Market value of land (less possible reductions up to 40 per cent) cost price of buildings, 10 per cent cash, remainder 20 annual instalments
Size of beneficiaries holdings . . . . .	Large enough for their continuing economic progress. Small enough to require little more than family labour	Big enough to cover land purchase and development costs plus adequate and improving level of living for normal family. Small enough to require only occasional hired help	Big enough for their productivity to provide "continuous and progressive development of the family"	Enough to yield family reasonable profit, allowing increasing capital and contribution to national development	Free holdings: up to 10 hectares of crop land; 50 hectares of grazing. Otherwise: big enough to ensure family's "economic emancipation" and contribution to increase in national production	Sufficient for "needs of a rural family" to live, exploit land and save, not to require more than 25 per cent hired labour. Not less than 20 hectares.

TABLE 1 (continued)

	Venezuela	Colombia	Dominican Republic	Panama	Costa Rica	Guatemala
Form of title granted	Freehold with restrictive title, but with restrictive clauses, giving Institute (a) pre-emptive rights of purchase if beneficiary wishes to sell; (b) right to revoke allotment if beneficiary fails to cultivate adequately, leases land to tenants or defaults on payments. Properties may also be declared "family estates" ( <i>patrimonio familiar</i> ), inalienable, and immune from seizure or distraint	As "family farm" ( <i>unidades agricolas familiares</i> ), titles may not be alienated or divided without permission of Institute which retains pre-emptive right or purchase	Conditional sales contract preventing sale lease or mortgage and revokable by Institute if holding ill-used or conditions of sale unfulfilled	On settlement schemes: alienation only with Commission's permission, continued possession dependent on good farming. Elsewhere: full ownership for holdings of less than 50 hectares. Provisional title conditional on development within 5 years if bigger. But mortgageable only to State banks, not to be sold for 5 years. Holdings registered as <i>patrimonio familiar</i> (up to 10 hectares) unalienable, unattachable, untaxed	Institute permission required for all sales or mortgages for 15 years or until full repayment. Thereafter, Institute has right of pre-emption, if transfer promises excessive concentration or subdivision. Annulment of grant at any time for use for non-agricultural purposes, leasing, negligence etc.	As registered "family properties" ( <i>patrimonio familiar</i> ) indivisible (below minimum size set for each region but never less than 20 hectares) and may be sold or mortgaged only with permission of Institute. Institute may expropriate, at any time, owner who violates principles of Act, or "fails to fulfil family duties"
Provision of facilities and after-care . . . .	"In general housing shall be provided". Institute may organize agrarian centres with schools and other community facilities. First-year living allowances (to be repaid later). Farm credit service and Irrigation Institute to be organized. Co-operation to be fostered and State marketing agency created. All these facilities to be open to established farmers as well as to reform beneficiaries	Institute may establish "organized settlement areas" providing full range of roads, schools, clinics, and other communal facilities. May also carry out large-scale irrigation works, finance processing industries and generally foster agricultural development of all kinds	Institute to build houses, farm buildings, possibly community facilities, roads, irrigation, drainage, electricity supply etc. To help in provision of supplies and credit and formation of co-operatives	Commission to give priority to work of establishing settlements complete with houses and community facilities. Credit and technical assistance concentrated here. Free land allocations elsewhere, without services	Full settlement development, technical and credit assistance etc.	Land grants envisaged as part of general plan for development zones, covering roads, schools, electrification, irrigation, soil-conservation, banning of liquor stores etc.
Tenancy . . . . .	All leasing of family-sized (or smaller) plots forbidden. All tenants to have right to purchase holding. Ban on clauses restricting tenants' management autonomy. No eviction without Institute's permission, protection against "indirect eviction" also widely defined. Compensation for improvements	All leases extended 5 years	Not mentioned	No regulations, but all indirect cultivation is evidence of land failing to fulfil social purpose, except for "temporary leases . . . fully justified before the Agrarian Reform Commission"	No provisions (except for forestry exploitation)	Leases to be written on standard forms and officially registered. Maximum rent 6 per cent of crop. "Idle" lands may be declassified if leased, provided contract is for at least 5 years, and other terms approved by Institute
Hired workers . . . . .	Employers must provide housing. Other regulations promised to "raise the status of hired agricultural labour". Failure to conform to Labour Act standards evidence of failure to fulfil social function	No regulations	The Institute may undertake to build residential communities in neighbourhood of agricultural enterprises, giving each a small plot	Employers on large farms to provide housing to standards set by Institute	Have a "right" to free land for seasonal sowing "according to established custom"	

TABLE 1 (continued)

	Venezuela	Colombia	Dominican Republic	Panama	Costa Rica	Guatemala
Measures affecting land not distributed	State to impose graduated tax on uncultivated unprofitable land	Pressure to raise cadastral tax base under threat of low compensation if expropriated. (See above "compensation amount".)	None	Private estates of over 50 hectares may be acquired only with approval of Commission and only on provisional title, conditional on development in 5 years	Uncultivated land over 100 hectares subject to tax rising from 1/4 per cent to 2.5 per cent of value	Land classified as "idle" bears extra tax ranging, according to value of land, from 0.75 to 2.50 quetzales per hectare per annum, rising annually to 1.35 to 4.50 range in five years
Water rights . . . . .	Census of water use to be carried out. Water to be subject to controls similar to those over land. If inefficiently used, expropriable for purposes of land reform. Users' association to be formed compulsorily if necessary	Institute or delegated agency to regulate water rights after establishment of irrigation schemes	Not mentioned	Commission may expropriate private water if needed for project purposes	No provision	Institute may modify rights to use public waters and acquire surplus private water for development
Number of beneficiaries . . . . .	1959-1963 : 33,000 families settled on private and 34,000 settled on public lands	1,450 families settled November 1964		First 100 families settled April 1964, 1,200 planned by December 1964. Also squatters given titles and assistance	During 1963, 246 families newly settled; 745 squatters given full titles and assistance	
Funds provided . . . . .	Provisions for financing Agrarian Reform contained in General Budget Act	Funds provided by budgetary allocation, bond issues and credit, amounting 1964 to 240 million pesos (\$US19 million)	Agrarian Reform Fund guaranteed by Government	Budgetary allocation of 641,000 balboas 196 (\$US-641,000) 1964-1965. Of loans of 50 million authorized by law, 12 million to be floated in 1964	Contributions from ordinary and extraordinary budgets of the Republic — amounts not specified	Special item in national budget

TABLE 1 (continued)

	Chile	Paraguay	Nicaragua	Honduras	Cuba	Peru	Ecuador
Title and date of main law . . . . .	Land Reform Act No. 15020, 15 November 1962	Agrarian Statute — Act No. 854, 29 March 1963	Land Reform Act, Decree No. 797, 19 April 1963	Agrarian Reform Act (Legislative Decree No. 127), 14 June 1963	Act No. 588, 3 October 1963 (2nd Reform)	Land Reform Act, 21 May 1964	Land Reform and Settlement Act (Decree No. 1480), 11 July 1964
Universal or piecemeal . . . . .	Piecemeal	Piecemeal	Piecemeal	Piecemeal	Universal	Piecemeal	Piecemeal
Acquisition of private land for redistribution . . . . .	<i>Latifundias</i> (estates more than 20 economic units in value. 1 economic unit = 20 x annual basic wage of Santiago worker) if they are (a) inadequately exploited; (b) forfeited to credit institutions; (c) owned by juridical bodies and indirectly exploited; (d) improperly leased (see below); (e) irrigated by State schemes (in which case half total area may be taken). Other land may be acquired for development schemes	(a) Maximum permitted holdings to be specified, but they will be greater than 10,000 hectares in the eastern and 20,000 hectares in the western region since special tax rates starting at these figures are envisaged. (b) Land which is (i) "not rationally operated" (i.e. value of permanent improvements to land less than half of total assessed value); (ii) suitable for settlement; (iii) on which owner does not propose to install settlers himself. (c) Squatter-operated land, in some circumstances	Possible if (a) uncultivated through two seasons; (b) inefficiently cultivated; (c) indirectly cultivated for no good reason; (d) estates bigger than 500 hectares of class I, 5,000 hectares of class VI land in areas where there are <i>minifundias</i> ; (e) exceptionally, other land when urgently needed for development or to solve grave agrarian problem	Institute may acquire: (a) any land not fulfilling social function, e.g. used inefficiently, (less than prescribed percentage cropped or prescribed stocking ratio) or leased to others on unapproved leases; (b) efficiently used land in excess of ceilings (see below)	All private farms above 67 hectares	In land reform project zones, subject to priority and ceiling provisions listed below	Land unused for 3 years, or peaceably worked by squatters for 3 years. Land whose output is "clearly inferior" to potential, if owner does not respond to administration in 3 years
Exemption for productivity reasons (genuinely or ostensibly) . . . . .	Experimental and training farms, land most suitable for tree crops and vineyards, the produce of which is processed in owner's factory, land involved in Livestock Development Plan	See above	See above	See above and below. All medium estates directly and efficiently farmed are exempt	Some very well farmed lands to be exempt	20 per cent reduction in area affected if farm 25 per cent above local average in four of five respects; unit yields; capitalization; proportion of income paid in wages and welfare; taxes paid; influence on local agricultural development. Plantations with attached processing plant exempt	

TABLE 1 (continued)

	Chile	Paraguay	Nicaragua	Honduras	Cuba	Peru	Ecuador
Area to be retained by land owner . . . . .	Area to be regionally determined, but not less than area valued at 10 economic units (see above) plus one economic unit for each child	See above	In any case 500-5,000 hectares depending on grade of land	See above, 50 hectares of irrigated and equivalent areas of other land unless incorporation of whole estate essential for development scheme	67 hectares	150 hectares of irrigated natural pasture land, plus a percentage of the excess. Special limits for Sierra-Selva areas	800-2,500 hectares plus 1,000 hectares of pasture whatever the state of cultivation. Owner to choose what he retains
Priorities in types of land to be used for settlement or distribution . . . . .	None specified. But Corporation already holds 1 million hectares of unallocated land (public and expropriated) inherited from its predecessor, the Bureau of Agricultural Colonization Fund	See above	Listing of aims always implies that settlement on public land shall take priority	Among private lands: (a) Idle land; (b) Indirectly cultivated land; (c) Land set aside for private colonization schemes uncompleted. Implied, though not specified, that prior use to be made of State or <i>ejido</i> land	Within zones: (a) State land; (b) Lands not or badly cultivated; (c) Indirectly cultivated lands; (d) Church lands; (e) Other private land; starting with estates over 1,200 hectares in size. But selection of zones to give priority to those densely populated, where great inequalities of landholding and feudal systems of land-use	State, municipal and institutionally-owned land to be acquired first. Other land where demographic pressure absolutely requires it	
Method of transfer . . . . .	Corporation acquires land for redistribution by public auction, direct purchase, or expropriation	Negotiated sale. Failing that, expropriation by Government decree	Institute acquires by agreed sale if possible; otherwise by expropriation	Voluntary sale or, failing that, expropriation. For latter, purely administrative procedure of Presidential order in original law replaced by judicial arbitration in amendment. If land expropriated is fully exploited additional approval of Council of five Presidentially-appointed landowners required		Institute declares intention to acquire and its own valuation. If owner objects, Institute obtains expropriation order from local court and takes possession	By expropriation decree which may be appealed to Special District Judges and for big estates to Special Bench of Supreme Court
Compensation amount	Criteria not specified, but note that landlords reserve area calculated by value. Hence higher rate of compensation claimed, the smaller the size of reserve area. Price readjustable over 10-year payment period if inflation, but not by greater percentage than increment in wheat price	Agreed between owner's valuer, and Institute's valuer, or if no agreement by jointly approved third valuer, or (if no agreement on 3rd valuer) by arbiter appointed by court. Local land prices and tax assessments to be basis of calculation	Agreed between Institute and owner; or between 2 experts appointed by each (Court supplying an expert for either party which fails to find one); or by expert appointed by court, or by expert appointed by the two experts, the latter having failed to agree. Strict time-limits of 2-6 days for each process.	Average of valuation of representative owner, of Institute and (if no agreement) a third valuer appointed by the two or (if no agreement) by Civil Court	None for those who were not directly cultivating or managing the land. For rest, 10 pesos per month per each 13 hectares appropriated, but within limits of 100 and 250 pesos and for 10 years only	Based on last 5 years' tax payments, potential yield, and "commercial value". If owner refuses Institute's evaluation, panel of 3 experts finally decides by majority decision. (1 from College of Engineers, 1 State valuer, 1 representative of Farmers' Association).	To be determined by Institute's valuer (but see appeal procedure above), on basis of cadastral valuation and average net profit for previous 5 years capitalized at 8 per cent

TABLE 1 (continued)

	Chile	Paraguay	Nicaragua	Honduras	Cuba	Peru	Ecuador
Method of payment . . . . .	In case of direct purchase, 20 per cent in cash; rest in instalments at 4 per cent interest. Expropriation in cash. A 1963 constitutional amendment to permit deferred payment for expropriation of inadequately cultivated land has not been implemented	Payment to be completed in 10 years	Cash	Cash	In cash paid monthly	For efficiently managed farms first 200,000 soles (\$US 7,500) cash, rest in 6 per cent, 18-year bonds, inefficient owner-operated land first 100,000 soles cash, rest 5 per cent in 20-year bonds, indirectly cultivated or idle land 50,000 soles, 4 per cent, 22 years. Up to 30 per cent of compensation may be paid to owner's dependent labourers	To private owners in bonds — 20 years at 5 per cent, or 30 years at 4 per cent depending on the owners previous degree of under-cultivation
Executing agency . . . . .	Corporación de la Reforma Agraria	El Instituto de Bienestar Rural	El Instituto Agrario	El Instituto Nacional de Transformación Agraria	Instituto Nacional de la Reforma Agraria supervises transfer and operations of State farms where formed	Instituto de la Reforma Agraria y Colonización	Instituto Ecuatoriano de Reforma Agraria y Colonización
Central or local administration . . . . .	Both Corporación and Instituto may create and delegate tasks to regional councils	Central, but every effort made (grant of loans etc.) to encourage private landowners to do their own settlement	Central, though local courts sometimes involved; see above	Central agencies only		Central except : (a) court involvement in valuation; (b) project zone consultative councils — 4 official delegates, one representative of landowners, one of labourers, one of local lawyers, one of local agricultural technicians	Central only
Selection of beneficiaries . . . . .	Priorities established by a points system giving preference to labourers and sharecroppers on the land being divided. Some collective grants, too	Men of "good reputation" with agricultural experience and no land. Priority depending on size of family, skill, veteran status, education. Some collective grants, too	Men 18-70, with agricultural experience and good record; priorities to emigrants wishing to return; owners of sub-standard-size property; tenants on land in question; owners of implements; members of co-operatives; fathers of large families; those able to make 10 per cent cash deposit	Priorities : (a) Local tenants, squatters etc.; (b) Owners of <i>minifundias</i> regrouped; (c) Women with families; (d) Men with families; (e) Others with agricultural experience but no, or insufficient, land; (f) Graduates of agricultural courses		In project areas : preference to squatters or dependent labourers in occupation. Thereafter, points system depending on age, family labour force, family responsibilities, agricultural experience, level of education. Elsewhere : self-like dependent labourers, sharecroppers, squatters etc. may have their land bought for them by the Institute. Some collective grants, too	Those with insufficient or no land, preference to squatters tenants, sharecroppers and dependent labourers. Some collective grants, too

TABLE 1 (continued)

	Chile	Paraguay	Nicaragua	Honduras	Cuba	Peru	Ecuador
Terms for beneficiaries	Criteria for determining price unspecified. To be paid over 20-30 years, outstanding amounts subject to adjustment, if inflation, at same rate as for landlord's compensation. Price reduced by 4 per cent for each son receiving agricultural schooling; by 2 per cent for other sons	Up to 15 annual instalment payments at 4 per cent interest. No charge for 20 hectares for man with 7 or more children, or for 40 hectares for Chaco war veteran	Price depends on size and "potential production value", 5 per cent reduction for each child. Payments spread over 15-20 years from second year. Interest-free delay in payment if crop failure	No down payment, price of land ("as low as possible") but not of public service works, to be paid in 10-20 years. Interest up to 4 per cent depending on original cost of land		Price related to economic capacity of land, or cost of acquisition — lesser of the two. Paid over 20-25 years — rate of interest discretionary. May pay in compensation bonds taken at face value (but purchased, presumably, at a discount)	Price depends on land's productive capacity. Terms depend on grantee's economic capacity
Size of beneficiaries holdings . . . . .	Big enough to allow family "to live and prosper" if necessary with employment of some hired help. Not less than 15 hectares of irrigated or 50 hectares of unirrigated land	50-100 hectares for mixed farming, 300-8 000 hectares (depending on the region) for stock-raising	Big enough to meet living needs of a normal family, and allow improvement of their social and economic conditions. Extra unit if 5 children or 4 working sons, aged 14 or above	10-20 hectares of irrigated, equivalent amounts of other land		Small enough to need only seasonal hired help amounting to not more than 1/4 of total labour requirement. Big enough for family's livelihood, payments on land, plus a certain margin of saving. Maximum of 30 per cent of a settlement area may go into medium farms 10 times normal size	Big enough to employ family, provide income to support them, pay for land and improve their farm, housing and living levels. Never less than 5 hectares
Form of title granted	Registered as "family farms" ( <i>propiedad familiar agrícola</i> ) indivisible except with authorization of Corporation, enjoying tax privileges and credit priorities. Details to be regulated. Any other small holding may be registered as "family farm" but land reform allottees subject to additional restrictions on alienation and mortgaging	Deed of ownership, normally on completion of payments, but if granted earlier may be revoked until payments completed. For 10 years from full ownership may sell, lease, or mortgage only, with Institute's permission	Provisional, converted to full ownership when plot developed and 25 per cent of price paid, but title still subject to: (a) cancellation if land misused; (b) ban on subdivision; (c) ban on sale, except with Institute's permission. As rural family estate ( <i>patrimonios familiares rurales</i> ) tax-free	Provisional title transferred to full ownership on completion of payments. As family estate ( <i>patrimonio familiar</i> ), untaxed, indivisible, to be leased or sold only with Institute's permission. Both provisional and full titles may be equally revoked for various delinquencies		Provisional allocation withdrawn for misbehaviour, or failure to pay instalments for 2 years. Sale or mortgage forbidden for 10 years or till full payment, whichever is longer. As family agricultural units ( <i>unidad agrícola familiar</i> ) subdivision and accumulation forbidden	Provisional grant dependent on development and payment of purchase price. Translated into "family agricultural estates", not transferable for 5 years, thereafter only with permission of Institute. Mortgageable only to State Banks (but not tax-exempt)
Provision of facilities and after-care . . . . .	Corporation may grant credits. Houses may also be provided and market garden centres or villages with commercial facilities created	Whole public service structure of local community created for each settlement. Institute may to provide credit (up to 7 per cent interest) and marketing service, but type or volume of funds not specified	Housing, technical advice, supervised credit. Institute co-operates with other ministries for infrastructural developments. Co-operatives supervised	Institute's function is to create new agrarian centres in selected development zones; to be equipped with schools, health centres, sports grounds, houses etc. Credit provided, technical help, marketing facilities		Irrigation roads, formation of co-operatives, marketing assistance, technical advice, credit. Institute may also build crop-processing plants	Settlements to include schools, clinics, churches. Technical advice, credit



TABLE 1 (continued)

	Chile	Paraguay	Nicaragua	Honduras	Cuba	Peru	Ecuador
Tenancy . . . . .	Leases to be at least for 6-year terms. Not applicable to share-cropping. Special exemptions provided as regards duration of leases. Landlords of certain holdings must devote 10 per cent of rent to improvement of holding	Written contracts; rent no more than 12 per cent of assessed value of land; compensation for improvements; landowner share up to 20 per cent of crop for land only, 50 per cent for land, equipment, seed etc.	Institute to set rents or percentage shares for each region and farm type	Eviction of tenants and approved squatters only with permission of Institute. Leases may not compromise tenants' independence in any one of a number of specified ways		No holdings smaller than minimum "family agricultural units" to be leased. Lease not to tie tenant to land-owner in respect of purchase of supplies, marketing etc. Security of tenure if land properly cultivated and rents paid. Rents in cash at regionally prescribed rates (maximum, 20 per cent of gross output)	Tenants under certain conditions may, within 4 years, request expropriation of land for their purchase. No new leases permitted after 8 years, except for plantation crops or in case of owner's incapacity. Share-cropping permitted if cropper provides only labour and receives 50 per cent of crop
Hired workers . . . . .	Regulations promised concerning conditions of work and welfare facilities. Owners of large estates with 100 children in dependent population must provide school	No provision	All free labour service banned	No provision		Brought within general labour laws. Payment for land by personal service prohibited	Liquidation of all <i>Huasipungó</i> and all other forms of labour-service tenures. Labourers to receive cash, or land, or land plus cash for back-wages unpaid since minimum-wage legislation came into force. Land received to carry all attendant water rights, forest rights, rights of way. Wage labourers to have guaranteed holidays, housing participation in profits. School on estates with 30 families
Measures affecting land not distributed	No holdings to be divided into units of less than 15 hectares of irrigated or 50 hectares of unirrigated land. Corporation may assist private owners to develop settlement on their estates	Progressive taxes promised for holdings of more than 10,000 hectares (eastern region) or 20,000 hectares (western region)	Uncultivated but usable lands subject to additional tax, 5.00 to 0.50 cordobas per hectare, depending on category	Idle land to be taxed from 1964 at 3 per cent of declared value, rising by 1969 to 40 per cent			
Water rights . . . . .	No restrictions	No provision	No regulations	All public waters and private waters in excess of those needed for rational exploitation of their owners' lands to be used, as necessary, by Institute		All waters State property. Existing rights for irrigating cultivated land maintained, but to lapse after 2 years' failure to use. Water rights not to be sold separately from land. New concessions to carry fees	Water rights pertaining to land grants always to be specified. Institute to advise on all legal or administrative decisions regarding water rights

TABLE 1 (continued)

	Chile	Paraguay	Nicaragua	Honduras	Cuba	Peru	Ecuador
Number of beneficiaries . . . . .	Plans as of January 1963 to settle 12,700 families in 1963-1964					Two projects under way to settle 30,000 families; 2 more similar projects in preparation; 1,750 families to be settled in four other colonization projects	
Funds provided . . . . .	Funds not specified, but to be financed by national annual budget	Funds not guaranteed in law	Not less than 5 million cordobas (\$US 700,000) State contribution plus a sum equal to the amount collected from taxes under this Act	At least 2 million lempiras (\$US 1 million) per annum		Authorization of compensation bonds up to 6,000 million soles (\$US 225 million)	The annual State budget shall provide funds, 50 million sucres (\$US 2.8 million) minimum from regular budget. Authorized loans at 8 per cent for further 50 million sucres. Additional bonds issues for payment of compensation

peasant holdings, constantly sub-divided, fragmented and clearly headed for soil exhaustion. National statistics are not available to illustrate the distribution of holdings, but surveys of seven departments found that 67 per cent of holdings were below five hectares in area, while the mere 0.4 per cent of owners with holdings of more than 500 hectares occupy a quarter of the total area. These were, moreover, not in the departments in which the largest *latifundia* (very large properties) are found.<sup>3</sup> An idea of the extent of the inequalities in some areas may be gained from the findings of the Land Reform Institute (INCORA) concerning one of its project areas in Narino Department. These, one large farm occupied 47 per cent of the land area, and thirteen others averaging 150 hectares each, another 42 per cent. There were, on the other hand, ninety-three farms in the less-than-10 hectares category sharing only 5 per cent of the total land area, and another 403 families — in this strictly agricultural area — with no land at all.<sup>4</sup>

33. This situation has forced itself into the centre of politics in a number of different ways.<sup>5</sup> In the twenties and early thirties, the problem was primarily one of continuous conflict between, on the one hand, estate owners with obscure and ancient titles, and on the other, squatters whom they sought to clear off their land, tenants who claimed freehold, or dependent *campesino* workers who sought to grow coffee on the small holdings they were allotted, and had to be restrained in case, having acquired an independent cash income, they should begin to harbour rebellious sentiments.

34. The first land reform measure of recent times was Law 200 passed to deal with this situation in 1936. It regulated title questions and squatters' rights in a way which stabilized this situation — usually, where the law honestly applied, in favour of the squatting peasants. The law also contained a provision that lands left uncultivated after ten years would be expropriated for redistribution. However, by 1946 the Government wore a different political complexion and the provision was never enforced.

35. An International Bank mission to Colombia in 1949 marks the beginning of a second phase of political activity in the land tenure field. The Bank stressed, not the injustice or political explosiveness of the situation, but the economic irrationality of an agricultural system which allowed cattle to graze on big estates in the rich plains, while the food crops were grown on the much less fertile hillsides — the only places where the peasant small holders had been suffered to gain squatting rights. The remedy was sought in a series of taxation measures designed to penalize the owners of land used in a less than fully productive manner. Most of them — in the absence of

any adequate surveying of land areas, land types or land values — were unenforceable, and the record has been described by one observer as one of “rather complete futility”, with the possible reservation that public discussion of the issue may have had some marginal effect in encouraging the trend for owners of large estates to take to more intensive, mechanized arable agriculture, and in discouraging the investment of industrial profits in land purchase for reasons irrelevant to agricultural enterprise.<sup>6</sup>

36. The social problem, though it received secondary attention despite the apparent connexion between land problems and the violence endemic since 1948 in the Colombian countryside, was tackled — or evaded — by means of “colonization”, that is the settlement of farmers on unused land. The first Institute of Colonization established in 1948 achieved little except the regularization of some existing squatter sub-divisions; the second, established in 1953, attempted ambitious plans without adequate preparation and collapsed with little accomplishment after nineteen months. The third, established in 1959, followed the opposite course of promoting modest schemes on a self-financing basis. It had settled 1,000 families before it was disbanded in 1962. Meanwhile, population increase, the fall in coffee prices and population displacement as a result of continued violence had made conditions on the *minifundia* worse than ever.

37. Renewed rural unrest in 1960, the Cuban revolution, the new respectability which the term *reforma agraria* had acquired in Latin America after the Punta del Este agreement, and the emergence of new and vigorous political sponsorship for a reform bill were among the factors which led to the crystallization of the view that land tenure problems must be tackled more fundamentally by a programme of land redistribution. The result was the Social Agrarian Reform Law of December 1961.<sup>7</sup>

38. In its provisions concerning the expropriation of land, the law is not entirely specific. The clearest provision is the determination to enforce the law of 1936 which empowered the State to expropriate all land left uncultivated for ten years, and detailed procedures are laid down for ascertaining the facts of a land's history of cultivation. Apart from that, the starting point of the law is not a declaration that no one may own holdings above a certain size, but rather that “the natural right to property” should be extended “to ever broader sectors of the rural population”, and that — if necessary — private land should be appropriated for the purpose.

39. In other words, the main task of the Colombian Land Reform Institute is to promote the settlement of independent cultivators on family farms; in order to do so, it is to use public lands, uncultivated private lands, inadequately cultivated private lands, lands adequately cultivated but through tenants and share-croppers, and lands adequately cultivated by their owner — in that order of priority. This order may be set aside to ensure

<sup>3</sup> Comité Interamericano de Desarrollo Agrícola (CIDA), *Inventario de la Información Básica para la programación del desarrollo agrícola en la América Latina en Colombia* (Washington, D.C., Pan American Union, 1963).

<sup>4</sup> Instituto Colombiano de la Reforma Agraria, *Informe de Actividades en 1962*, appendix (Bogotá, Colombia, 1962), p. 5.

<sup>5</sup> For a summary of these legislative developments see Albert O. Hirschmann, *Journeys toward Progress* (New York, Twentieth Century Fund, 1963), pp. 95-158.

<sup>6</sup> Albert O. Hirschmann, op. cit.

<sup>7</sup> Law No. 135, 13 December 1961.

that the land acquired is "entirely suitable" for settlement and "to give priority to areas where the concentration of land holdings is particularly high or where there is total or partial unemployment", but the final category of well-farmed lands may be expropriated (subject to the reservation of 100 hectares for the owner) only if they are needed to enlarge the holdings of nearby owners of *minifundia*, to resettle farmers replaced by, for instance, irrigation works, or for the ditches and roads etc. of development works themselves.

40. This may be seen as Colombia's chosen solution for the problem of reconciling the economic aim of not disturbing economically efficient holdings with the social aim of redistributing wealth. It is doubtful, however, if that was the way these provisions were conceived. It was rather that, in the light of the principle that since land ownership carries social responsibilities (a commonplace of imperial, ecclesiastical and republican-constitutional rhetoric in Latin America since the earliest colonial days), those who had not developed their land were the most antisocial and hence, if someone had to suffer to meet the demand for land, the most deserving of "punishment".

41. This attitude also pervaded the long debates which centred on the compensation issue, and determined their outcome. For compensation purposes the same four classifying categories are used as above; owners of the first category of uncultivated lands are to receive long-term low-interest bonds; the others, progressively higher interest and earlier maturity with an increasing proportion of the compensation in immediate cash.

42. In economies subject to inflation, the method of compensation can be more important than the amount, and it is not surprising that these last clauses should have been the subject of prolonged bargaining. The very difficulties involved may explain the fact that the law was passed without any specification whatever of the principles which should guide the work of the land valuers (for each property, three experts: one appointed by the owner, one by the Land Reform Institute and one by the Agustín Codazzi Geographical Institute). Landlords may have expected to find the system sufficiently open to make possible very generous assessment of "market values". However, a decree of July 1962<sup>8</sup> severely limited such possibilities. Compensation was, in no case, to be higher than 130 per cent of cadastral values — figures which notoriously undervalued land. However, in November 1963 the Government came ambiguously to their rescue with the offer of a cadastral revaluation.<sup>9</sup> The owners of more than 100 hectares (i.e., those subject to confiscation) were allowed, if they wished, to have their land revalued. In the interval, until the appraisers could deal with their case, owners were permitted to file their own new valuations which could be revised every two years. Henceforth, land would be acquired by the Institute at the cadastral value accepted for the 1964 land tax without the possibility of a 30 per cent supplement. Landlords were thus offered the opportunity of ensuring themselves against the day when the land reform

might reach them — but at the expense of the privilege they had hitherto enjoyed, of paying considerably less than their fair share of taxes.

43. The level of compensation will be a crucial determinant of the success of the reform. It is estimated that even using the cadastral value criterion at the current undervalued rates, the bond issues at present authorized would suffice only to provide land for about 100,000 families, whereas some half a million are estimated to be in need of land.<sup>10</sup> Owners are allowed to retain all forest and built-over land, plus 200 hectares of which only 100 may be suitable for crop farming.

44. The land acquired is to be partitioned among farmers in "family-farm" lots — defined as being big enough to provide a normal family not only with an adequate but with a rising level of living, and small enough to need only occasional supplements of hired labour. The beneficiaries may not alienate the land except with the permission of the Land Reform Institute which retains a pre-emptive right of purchase. The Institute can also step in and sell the holding if the heirs propose otherwise to divide it. The beneficiaries will pay not more than the cost of purchase and improvement of their land, plus a nominal statutory charge for overhead and surveys. The debt is to be amortized over fifteen years at 4 per cent, though only half of the interest will be collected in the first two years.

45. The Institute is also empowered to undertake major schemes of land improvement, irrigation, drainage, afforestation and road building; it can build silos and establish machinery services. A separate section governs situations in which the Institute takes over whole areas for irrigation development before partitioning, with provisions designed to ensure that the owner pays for the increase in value of his reserve holding too.

46. The Institute is, in fact, the core of the land reform organization. The law makes a clear choice of the piecemeal-by-decree approach. With the exception of a provision which requires the owners of estates bigger than 2,000 hectares to declare their holdings, the law is wholly permissive, to be applied to particular areas by separate decree. These are no other immediately and universally applicable provisions, although it would have been quite possible to combine the piecemeal approach to redistribution with, say, an immediate ban on labour service as a form of rent, or even the more detailed regulation of tenancy. Even if it is obvious that such provisions are bound to remain largely exhortatory, such exhortation can have some long-range effect, and the redistribution programme need not be prejudiced.

47. The law is fairly clear in its intention to secure what is the major advantage of the piecemeal-central-agency approach — that of insulating the redistribution work from local pressure. It provides for the establishment of sectional councils at the provincial (departmental) and municipal level, and their composition is very roughly regulated (they are to be mostly representatives of

<sup>8</sup> Decreto No. 1904.

<sup>9</sup> Decreto No. 2895.

<sup>10</sup> E. Feder, "The Rational Implementation of Land Reform in Colombia and its Significance for the Alliance for Progress", *América Latina*, vol. 6, No. 1, p. 99.

local bodies together with, at the departmental level, out of a dozen or so members "one representative of small rural landowners and four representatives of agricultural workers approved by local workers' federations" and, at the municipal level the parish priest); but these bodies are given no executive functions, except the potentially important one of informing the local public about the aims and progress of the land reform programme. Beyond that, they exist only to make reports and recommendations to the Institute. An informal survey made, in the summer of 1962 showed that such councils had, in fact, been generally formed, were dominated by landlords and had few ideas on agricultural reform.<sup>11</sup> The Institute, for the most part, has had to do its own propaganda. Such heavy reliance on the work of the central agency is, perhaps, inevitable given the weakness of articulate popular support for the land reform programme. Landlords find it easier than the landless to get their views represented in the Press; it must be remembered that the reform legislation was not preceded by any shift in the political centre of gravity or any major change in class relationships — not even a shift of the extent that occurred in Iran with the suspension of the Parliament in which landlords were always so solidly entrenched.

48. No clear information is available concerning the criteria which have determined the choice of land reform regions except that the Institute has been at pains, as a matter of policy, to select one area in each department. This has the intended advantage of spreading the demonstration effect, but also the equal disadvantage that a higher proportion of the time of its staff is spent on travelling and establishing itself in unfamiliar areas. The Institute staff numbered 856 in May 1964, but the Institute's salary scales, especially for the 440-odd technical personnel, were considerably lower than those in private industry and lower even than in other official or semi-official bodies, and this made it difficult to recruit staff of high quality. The choice of areas within each department must obviously be extremely difficult. The discretionary leeway allowed to the agencies must expose it to such strong political pressures that it becomes difficult, if not impossible, to choose on the merits of the case. That, at least, has been the experience elsewhere. There may even be, if compensation levels can be boosted, political pressure by landlords seeking to ensure that their land is expropriated.<sup>12</sup>

49. One of the first tasks of the Institute was to enforce the provisions of the law of 1936 regarding the expropriation of lands not cultivated by their owners. The figures collected from the owners of more than 2,000 hectares (a total of 2,082 owners) showed that they owned some 8.5 million hectares between them, out of a total of 30 million hectares of privately owned land. Of this area — even according to their own claims — they are cultivating only some 40 per cent. By November 1964, 1,200 of these owners, with a little over half the area, had been declared not subject to the provisions of the law.

Fifteen estates, with a total of 1,150,000 hectares had been acquired (or rather re-acquired), for the State; and others remained under consideration.<sup>13</sup>

50. Under other provisions, the Institute had awarded, by November 1964, 16,500 titles to "squatters" — pioneers on State land or on nominally private land which the owner was not cultivating. Some 850,000 hectares of land was involved in this operation, and some of the newly titled farmers were also given credit and technical assistance.

51. As for the Institute's own development and settlement projects, over twenty had been approved in principle before the end of 1963, and by the end of 1964 work was under way on six projects. The total funds available to the Institute from the national budget, from bond issues in its favour and from loans for farm credit, increased from 91 million pesos in 1963 to 241 million in 1964. Of these amounts 32 per cent and 30 per cent respectively were appropriated in the two years for land development, relatively high proportions (compared with 18 per cent in each year for land acquisition) which reflect the Institute's heavy emphasis on irrigation projects. Its field staff, in fact, contains 150 civil engineers, compared with sixty agronomists.

52. As for results already visible, by November 1964 the number of farmers actually installed on some 13,600 hectares of land was 1,400.

53. There was much discussion in Colombia during the last months of 1964 whether or not this represented adequate progress. It is certainly true that, given the narrow social basis of support for the reform, the Institute is in constant danger of being diverted from its intended tasks. In so far as it is forced to compromise with the pressures to which it is subjected, its energies may be shunted in two major directions. On the one hand, it may concentrate on yet more "colonization" projects designed to put farmers on distant untried soils. This was, indeed, the policy strongly urged on it by the Sociedad de Agricultores de Colombia, the organization of the owners of larger farms, towards the end of 1964.<sup>14</sup> Since INCORA had already acquired more than a million hectares of land under the provisions by which large unutilized estates reverted to State ownership, it should devote its resources, it was urged, to settling this land rather than expropriating more. The criticism was answered by Dr. Lleras Restrepo, the main author of the land reform bill, a director of INCORA and the Presidential candidate jointly approved by the two major parties. He pointed out, firstly, that some of this land, not utilized by the owner, was in fact farmed by squatters or tenants who were now being given titles; secondly, that experience had shown the dangers of colonization in remote areas with no marketing possibilities, and that, as far as the reclamation of new land was concerned, INCORA proposed to concentrate on assisting spontaneous settlers by building them roads and offering them technical and financial help (using in part a \$US10 mil-

<sup>11</sup> E. Feder, op. cit., p. 94.

<sup>12</sup> As has happened in the Philippines. See E. H. Jacoby, *Agrarian Unrest in South-East Asia*, 2nd ed. (London, Asia Publishing House, 1961), p. 223.

<sup>13</sup> These and subsequent figures from an INCORA report published in *El Tiempo* (Bogotá, Colombia), 13 November 1964.

<sup>14</sup> *El Tiempo*, 21 October 1964.

lion loan for supervised credit programmes).<sup>15</sup> It remains true that critics who argue on these lines can find a strong foundation in the law itself in those provisions specifying the priorities to obtain in the selection of land for settlement projects.

54. Secondly, the Institute has, for reasons argued in its second annual report, decided to concentrate its main thrust on irrigation projects.<sup>16</sup> It may be tempted, in concentrating on technical development, to neglect the opportunities of solving the land distribution problems in the process. It is certainly under strong pressure to do so. An example of what can happen is the first project in the Valle department. Here a large irrigation project was planned to cover 30,000 hectares. It was found that allowing 100 hectares each to the existing owners, 8,000 hectares would be released for redistribution. This might seem a small enough collective loss to pay for the benefits of irrigation on the other 22,000 hectares. However, it did not appear so to the landowners and they joined forces to keep the Institute out. They proposed to form a company to build a sugar refinery which, they claimed, would so raise the productivity of the area that the expropriation of 8,500 hectares would be unnecessary. After at first taking a very strong line and buying full-page newspaper advertisements to announce its decision to proceed with its plans, the Institute was eventually forced to come to an agreement with the owners. They could keep their land provided they built the factory, grew sugar, and paid the cost of the irrigation works plus a levy on the improved land value, this latter valorization tax to be paid in *land* made available for settlement. (Altogether, it was assumed, a much smaller area being released than originally planned.) Only if they failed to fulfil these conditions would the original redistribution plans proceed.<sup>17</sup>

55. The conclusion to be drawn from this event would seem to be that the existing balance of political power in Colombia is such that only the prospect of an immediate increase in production can be respectably accepted as a reason for land reform and that the objective of redistribution as a measure of social justice — or as a prophylactic against revolutionary disturbance — has been relegated to second place. So much was made explicit by the President of the Republic in a speech in October 1964. "We are carrying through a land reform whose primary objective is not so much to change the number of land-owners as to increase the national production in order to bring down the cost and prices of food through a more intensive, more scientific and more diversified exploitation of land."<sup>18</sup>

56. There still remains a body of opinion which insists on the redistributive purpose of the reform. As a spokesman for this group, the joint Presidential candidate, Dr. Lleras Restrepo, explained why the division of private lands had hitherto been carried out at an "undenia-

bly slow rate". It was due "in part to the excessively expensive formalities which the law lays down for the acquisition of land, to the care which it has been necessary to exercise in order not to establish farmers in lands from which they cannot derive sufficient income for a reasonable level of living, to the immunity which, except in special cases, the law gives to adequately farmed land, to the need to train administrators, and to other considerations".<sup>19</sup>

57. If a shift in the political atmosphere is a prerequisite for the legal and administrative measures necessary to overcome these obstacles, it is possible that the land invasions reported from the South Atlantic department late in 1964<sup>20</sup> might help in this direction. So also might the manifest success of the first major project in the Tolima district, where the new farmers are not only farming successfully, but have also created apparently viable co-operative organizations in a region which until recently was torn by continued violence.

#### *Land reform in Iran*

58. Following on the reforms beginning in the United Arab Republic in 1952, and the Syrian and Iraqi reforms of 1958, Iran has become the fourth near-eastern country to undertake a major reform in the last decade. Here, too, a comprehensive land distribution scheme came as the culmination of a series of measures designed to satisfy the demand for reform without a frontal attack on the interests of private landlords — but only after a decisive shift in the locus of political power. Beginning in 1951 lands belonging to the Shah were distributed among the cultivators; this was followed in 1958 by a programme for the redistribution of the public domain — State lands which had once provided the major part of governmental revenue. Finally, a law of April 1960 empowered the Government to acquire for redistribution the land of all private landlords in excess of 400 hectares of irrigated or 800 hectares of dry land. In practice, however, the law had acquired so many loopholes and qualifications in its passage through Parliament that it was almost unenforceable. Finally, after the Shah had dissolved Parliament, a new and more determined attempt to redistribute the land in the hands of large landowners came with the Land Reform Law approved on 9 January 1962. It was part of a general programme of reform and development by which the Shah, ruling by decree and referendum, sought popular support over the heads of those richer sections of the community which dominated Parliament.

59. It was estimated that large landlords — that is to say, those owning the equivalent of at least one village unit — held some 55 per cent of the cultivated area. Few of these lived near their estates; most exploited them through an agent. The method of exploitation varied, but in most cases the landlord provided not only land but also water (often by means of *qanats*, the costly underground channels through which flow some 60 per cent of irrigation water in Iran) and for more than about

<sup>15</sup> Speech at Ibagué, reported in *El Tiempo*, 29 November 1964.

<sup>16</sup> INCORA, *Segundo año de reforma agraria* (Colombia, 1963), p. 21.

<sup>17</sup> *El Tiempo*, 11 November 1963; *El Espectador* (Bogotá, Colombia), 23 November 1963; *El Tiempo*, 29 November 1963.

<sup>18</sup> *El Tiempo*, 8 October 1964.

<sup>19</sup> *El Tiempo*, 29 November 1964.

<sup>20</sup> See, e.g., *El Espectador*, 10 September 1964.

one-third of the landlord-owned area they provided seed and oxen as well, so that the tenants were mere share-cropping labourers. Sometimes individual tenants had a fairly secure right of permanent cultivation to individual pieces of land, but frequently the land distribution was changed annually. From the tenants' point of view, this had the advantage of ensuring an equitable distribution of lands of different quality over time; from the landlords', it had the advantage of preventing permanent rights of cultivation from developing. There was often more than one level of tenant. For instance, an entrepreneurial tenant, known in some places as the *gavband*, often leased the land from the landlord for a fixed crop share and provided the most important capital element — the oxen for ploughing and threshing — and possibly also the seed. The *gavband*, however, did not cultivate the land himself. He employed fixed-wage workers or share-croppers for the actual farming operations. The general principle of crop-sharing was that equal one-fifth portions should go to those who provided respectively the land, the water, the seed, the ox-power and the manpower, though these proportions varied according to relative scarcities and local traditions.

60. In a good many villages, tenants were also subject to various labour services to the landlord, or, especially where the landlord's crop-share was a modest one, owed him certain annual tribute in food or livestock in a manner typically associated with feudal systems. These villages were, indeed, very much the private fiefs of the landlord. His agent exercised a generalized political authority and, in particular, directed the tenants' labour for the maintenance of the irrigation facilities. A common rhetorical statement of the purpose of the recent reform laws is to say that the word *ra'yat* (serf) must be removed from the Persian vocabulary.

61. The Crown lands and public domain lands (which until the redistribution of the nineteen-fifties covered something over 3,000 of the total number of nearly 50,000 villages) were administered in roughly the same way by public agents. Another sizeable category of land was the endowed land (*waqf* land) — land originally belonging to private owners which had been put in trust, at first to religious institutions but in recent years with the Endowment Department of the Ministry of Education, the income being reserved either for public institutions or for private individuals. The standard of management of these lands administered by the Ministry was generally poorer than that of villages owned by private landowners, though the official administration of private trusts was usually nominal, and these estates were in effect little different from ordinary private estates.

62. The remaining villages were of mixed ownership structure, a few predominantly inhabited by owner-farmers, most containing some owner-farmers and some holdings of landowners who were usually, again, absentee. The condition of tenants on the more fragmented holdings of such smaller landowners was often poorer than in the villages owned by large holders. Where, for instance, three absentee landlords had to co-ordinate their activities to maintain a *qanat*, the chances of effective action were limited. Such landlords, moreover, lacked even that

vestigial sense of feudal responsibility which occasionally remained among the large landlords.<sup>21</sup>

63. There were many difficulties in the way of an orderly and fair reform. Land records were out-of-date, scarce, haphazard in form and unreliable with regard to acreages, only town areas having been covered by recent aerial cadastral surveys. Eighty-five per cent of the population was illiterate, and of the local administrative services one authority has said that the result of the early centralizing reforms "was for the countryside to be invaded by a horde of government officials, most of whom are inadequately paid", and who at best "live on the country, and at worst look upon office as an opportunity to grow wealthy".<sup>22</sup>

64. This was the background against which the law of 9 January 1962 was decreed. The first bold decision was to cut through the difficulties of defining on an acreage basis the area landlords might retain, by ruling that each landlord might retain only one village. (Eighty per cent of Iran's villages contain fewer than 400 people, but the other 20 per cent contain more than half the village population.)<sup>23</sup> Lesser owners of parts of villages were permitted to keep fragments amounting in total to the size of an average village. However, the owners of whole villages, in addition to being allowed to choose which whole village they would keep, were also given the alternative of keeping an aggregate of village parts instead of a single village. What advantages were gained by this provision, it is difficult to discover. The clear ascertainability of the single village criterion was thereby lost, the possibilities of evasion increased, and landlords enabled to keep the best (or from the irrigation point of view, most strategic) parts of a number of villages.

65. Compensation was to be based on the landlord's average tax payments in recent years multiplied by a coefficient calculated separately for each region. This coefficient was to vary between 102 and 180, depending on a variety of factors: the recency of the local land tax assessment, the local practice of crop division between landlord and tenant, distance from market, etc. There were appeal procedures with recourse to a central board, but appeals were not to impede the process of purchase and redistribution. Landlords' compensation was to be paid in ten (later amended to fifteen) annual instalments of which the first was to be in cash, the rest in payment orders on the Agricultural Bank which could be discounted with commercial banks only for the purpose of providing entrepreneurial capital. The funds required are expected to be formidable — according to the official estimate some 70 billion rials (\$930 million) in total, though if the land is distributed quickly and the beneficiaries' payments can be collected, the liability

<sup>21</sup> The above information is derived from Abolghassem Dehdod, "Land ownership and use conditions in Iran", in *Symposium on Rural Development*, held in Teheran, Iran 25-30 September 1963 (Ankara, Turkey, Office of United States Economic Coordinator for CENTO Affairs), p. 59.

<sup>22</sup> Ann. K. S. Lambton, *Landlord and Peasant in Persia* (London, 1953), p. 385.

<sup>23</sup> John Hanessian, Jr., *Iranian Land Reform*, South-West Asia Series, vol. 12, No. 10 (New York, American Universities Field Staff, Inc., Reports Services), p. 3.



of government institutions will be limited to keeping one instalment ahead and providing the 6 per cent interest payments. Some of the necessary finance is expected to come from development funds, and a new decree of January 1963 provided for the sale of over 200 government factories which was expected to raise another one-sixth of the necessary amount. Landlords were to be given the option of taking payment in the shares of these factories, though it seems that this scheme has not yet been put into practice. The response to the problem of avoiding deterrents to efficient large-scale agriculture was again a provision which sacrificed refinement to ease of objective application. All land farmed by mechanized methods and by hired fixed-wage (as opposed to crop-sharing) labour was excluded from redistribution. Orchards, tea plantations and wood lots, presumably because they represented a greater capital investment than arable land, were likewise exempted. In order to avoid the difficulties of direct dealings between landlords and their tenants, the land was to be appropriated and redistributed by a newly created land reform organization, which would operate in each area after a government decree designating the area for redistribution.

66. Land so acquired was to be distributed among the cultivators. Where there were more than two levels of a tenant hierarchy involved in a given piece of land, it was the tenant who provided one of the farming elements (usually the oxen or the seed or both) who was to receive the land, rather than the secondary tenant who provided only labour. Generally speaking, these "primary tenants" were automatically allocated the particular plots to which they had tenancy rights. Sharecroppers who provided neither seed nor oxen, and cash-wage workers, had secondary claims to uncultivated land and to land on which cultivating rights were not clearly established. The provisions for securing the new owners' titles were left somewhat flexible. The law speaks of transferring the land jointly to the farmers, having in mind the systems of annual redistribution practised in a good many villages. In these cases, the redistribution has sometimes continued annually after the reform; in other cases, farmers have divided the land by lot for permanent occupancy. Where there was a permanent division of the land beforehand, cultivators have received the land they cultivated and the land reform organization is empowered to issue individual titles on the basis of a survey if it deems necessary. Here again, the obviously desirable objective of giving all farmers secure titles backed by a survey had presumably to be sacrificed to speed, given the lack of surveying resources.

67. The recipients were to pay for their land the same price as the landlords received in compensation, plus 10 per cent which was to be used for development purposes in their region. Again, the money was to be paid in ten (later amended to fifteen) annual instalments without interest.

68. Since it was obviously essential that some person or organization should take over the land and water management functions of the former landlord and his agent, the law provided that beneficiaries should be members of a co-operative in which these functions were vested.

### *Second stage*

69. A large section of the original reform law was concerned with regulating landlords' relations with their remaining tenants (the abolition of labour services, for instance, as an attempt to end degrading personal subordination). Its enforcement, however, would have made considerable demands on the impartiality and thoroughness of the enforcing administrative agencies.

70. Again, the problem was reduced by more enforceable measures in a second-stage reform decree of 17 January 1963. Landlords were given the choice of disposing of all of their remaining lands in excess of certain ceilings by: (a) leasing them to the peasants for a cash rent and on a thirty-year lease (with provisions for rent revision every five years); (b) selling them to their tenants by mutual agreement; or (c) giving to their tenants a fraction of the land corresponding to the tenants' normal fractional share of the crop and farming the remainder themselves with hired labour, loans from the Agricultural Bank being offered for the purpose. In the latter case, appropriate water rights were to go with the land, and tenants were to pay for the land and water two-fifths of their assessed market value. Simultaneous measures dealt with the *waqf* lands. Those endowed for public purposes were to be leased to their cultivators on ninety-nine-year leases (with five-year rental revision). The private endowments were to be purchased by the State and sold in the same way as ordinary private estates "if necessary".

71. Considerable opposition to these measures caused their modification and confirmation in a new ordinance of 28 July 1964. To reassure landlords, co-operatives could be required to guarantee the payments of rents if solution (a) was chosen, or the payment of the purchase price if solution (b) was chosen. Further, if solution (b) was chosen, the landlord would be granted immediately, by the State, one-third of the agreed purchase price, that sum being established as a debt of the purchaser (at 3 per cent interest) with the co-operative bank. A sum of \$1.3 million was to be earmarked as a priority claim on development funds for this purpose.

72. An additional scheme provided for villages to appoint management committees, composed of one representative of the landlords, one representative of the tenants and a third member agreed to by both parties, which would control the distribution of shares among landowners, water-owners and tenants.

### *Execution*<sup>24</sup>

73. The reform was first carried out early in 1962 in the Maragheh district. The intention was avowedly experimental and the experience gained was rapidly transformed into supplementary decrees which covered loopholes in the original draft. For example, there were decrees dealing with joint ownership, or with tax-exempt villages, and also — an ominous indication of some of

<sup>24</sup> Details are drawn from H. E. Abbas Salour, "Land Reform Activities in Iran", *Symposium on Rural Development*, held in Teheran, Iran, 25-30 September, 1963 (Ankara, Turkey, Office of United States Economic Coordinator for CENTO Affairs), p. 47.



the sources of obstruction — decrees defining the functions of gendarmes and public notaries, and demanding their co-operation in the reform work.

74. Thereafter, the reform was extended to other districts. In each administrative region (*Ostand* or part of an *Ostand*) a local land reform organization was set up to administer the reform. This was usually headed by the local Director of Agriculture and staffed by local officials. Only in a few exceptionally difficult cases were outside directors used to achieve greater impartiality. However, since the most powerful pressures may well have come from absentee landlords in Teheran, this may not have made any great difference to the expropriating process, though it could have had an effect on redistribution.

75. Opposition was strong and widespread. In the Isfahan district, for instance, all the 330 landlords affected vigorously appealed against their compensation assessments. Two features of these assessments which gave a keener edge to their anger were, firstly, that taxable values were not generally known to the landowners (taxation having hitherto been a rather haphazardly negotiable matter), and secondly, that the local conversion factor was fixed for each region as a whole, with no allowance for local differences. This opposition was not always counterbalanced by vigorous support from the prospective beneficiaries. Very active propaganda work was necessary to overcome the suspicions of the villagers fed by the rumours and threats of landlords and their agents.

76. Nevertheless, by 21 December 1963 it was reported that a total of 8,205 villages, nearly a sixth of the total number in the country, were acquired for redistribution, and over a quarter of a million farming families newly became landowners.<sup>25</sup> The second-stage operations began in August 1964 and are expected to take two years.

#### *Remaining problems*

77. These land reform measures have, however, by no means solved the problems of Iranian agriculture. In the first place, it is not clear that they have solved the social and political problem of landlord dominance. There was nothing to prevent landlords from reordering the cultivation pattern in their villages before the land reform reached them in such a way as to ensure that the best land — or indeed any land at all — went only to their friends, relatives and loyal dependants. Again, landlords who exercised their option to retain a collection of parts of villages might contrive to retain the best parts of each and even perhaps, those parts which dominate the water supplies for the rest of the village. It also remains to be seen whether the second-stage reforms will, in fact, end traditional forms of tenancy. Without adequate enforcement measures, traditional relations could still be continued under the cloak of a thirty-year cash-rent lease. And it will be remembered that the tenants of landlords who owned only parts of villages (the owners who were left largely undisturbed) were often worse off than others.

78. Again, in those districts where there was a tenancy hierarchy, the land has sometimes gone to the entrepreneurial *gavband* who did not cultivate directly, rather than to the crop-sharing labourers who have derived no benefits from the reform. Thus a new class of landlords may have been created. It is, indeed, the explicit intention of the reform not to establish equality, but to create an extended tenure ladder. As the Shah said in one of his speeches, "our aims are not to destroy small landlords. What we are doing is a means of making it possible to become small landlords. Those who become owners of land today, we hope, will become small landlords in the future".<sup>26</sup> The shift in power from the feudal magnates to the new larger class of small landlords could still represent a significant political change, however, and it may be that these new landlords, being closer to the productive process, are in fact more concerned with raising productivity than were the original absentee landlords, though there may be compensating disadvantages in an increase of social tension. Only experience will tell.

79. A second problem concerns the cost of the land to the beneficiaries of the reform. It seems likely that the sum that they will be required to pay will not be far from the market value of their land and possibly more. Many will find this too large a sum to pay off over fifteen years. Similarly, it is doubtful how secure the new leasing system will actually be even if it can be enforced, since rents have not been reduced; they are to be fixed in cash at pre-reform levels, (thus exposing the tenant to the vagaries of market fluctuations) and the landlord may evict if the rent is not paid within three months of the due date.

80. The third immense problem is to find some rapid substitute for the organizational and physical services formerly provided by the landlords and their agents. It is not clear how effective the new co-operatives will be in this respect, in view of the fact that Iranian farmers have very little experience of egalitarian co-operation. (The 1,000 or so co-operatives which existed before the reform were subsidiary organs of the Agricultural Bank, almost wholly devoted to credit services.) By December 1963, nearly 2,200 co-operative associations had been formed, but it is certain that many of these were co-operatives in name only, their sole function being to enable the tenant recipients of redistributed land formally to conform with the requirements of the law. The Agricultural Bank proposes to support these co-operatives by a scheme whereby it provides loans to the amount of ten times the paid-up share capital of the members (expected to be \$US10-\$15 per member in the first year). Members will then increase their capital by 10 per cent yearly until the Bank can withdraw and support a second co-operative. It is by no means certain that share capital of this amount would be subscribed by farmers who will also have to pay instalments for their land, and since the Government will be faced with the initial cost of landlord compensation, the funds available to the Bank might not permit the support of enough co-operatives on this scale. It is also arguable that the co-

<sup>25</sup> *Facts About Iran*, No. 187 (30 January 1964) (Teheran, General Department of Publications and Broadcasting, Government of Iran).

<sup>26</sup> *Ibid.*, No. 156 (20 November 1962).

operatives have been given too many functions. Irrigation, for instance, since it is a service which affects only holders of irrigated land and since farmers are accustomed to the precise arithmetical calculation of individual watershares, might well have been given to a separate organization.

81. In the pilot region, Maragheh, and (as of September 1963) in two others of the twenty-two regions in which land reform has started, a special regional development organization was set up for the crucial transitional phase.<sup>27</sup> This was to take over such landlord functions as the provision of seed and fertilizer, and to foster the development of co-operatives to assume these functions at the end of two years. These organizations had no funds of their own, however. Instead they were authorized to take loans from the Agricultural Bank which were to be repaid from the 10 per cent development levy included in the purchase price paid by the land reform beneficiaries.

82. The future will depend, more than anything, on whether the villages find something better to replace the landlord's political authority; in other words, whether leaders emerge who are efficient, public-spirited and concerned with development, and whose authority is accepted as legitimate. The Army of Knowledge campaign which has followed the land reform as a determined drive to eliminate illiteracy from the countryside should stimulate initiative and self-confidence in such a way as to improve the chances of this happening, so also will the new framework for village councils which was created by a legal decree of August 1963.<sup>28</sup> The new five-member councils are explicitly charged with community development and agricultural improvement as much as with "maintenance" administration, and they can levy a 2 per cent tax on village produce for these purposes. The potentialities of these councils are great. At the same time, in those villages where the land reform has left a stratified population with a few of the large landholders being the only obvious candidates for office, there are equally clear dangers — the possibility of an oligarchic system of exploitation of the poor by the rich, for instance, or, alternatively, of debilitating factional struggles between rival leaders and their dependent followers of the kind which has plagued the Indian *panchayat*.

#### *Land reform in the Philippines*

83. The Philippines is another country which, after several previous attempts to solve its land tenure problems with only limited success, has made a new departure with the enactment of a comprehensive Agricultural Land Reform Code (approved 8 August 1963) and the creation of a new administrative framework to implement it. The problems here are the problems of widespread and increasing tenancy under crop-sharing arrangements which usually leave tenants little initiative and little dignity, condemn them to a high level of indebtedness and a low level of living, and prevent improvement in their productivity. It was estimated that approximately 40 per cent of farmers were tenants in 1958 (compared

with about half that figure forty years earlier) and another 10 per cent owned only a part of their land.

84. Earlier attempts to tackle the problem — in, for instance, the Rice Share Tenancy Act of 1933 and the Agricultural Tenancy Act of 1954 — had concentrated on improving the conditions of tenancy agreements. There had also been an extensive plan for the resettlement of landless workers on public lands which began in 1954 and an Agricultural Land Reform Act which provided for land redistribution in 1955. The latter, however, applied only to the biggest estates and its effectiveness was greatly limited by lack of the financial and administrative means to carry it out.

85. The new Code is the result of a new Presidential initiative. The amendments to the original draft, which were supported by both the main political parties before the Code became law, are an indication, however, that the political power of landlords remains strong. The Philippines, therefore, comes not in that category of countries where a land reform law is the result of a decisive shift in power, but in the category of those where a land reform, if it is successfully carried through despite the strength of the opposition, might eventually result in such a shift.

86. The emphasis on reform of the conditions of tenancy remains dominant in the new Code (the intentions and efficacy of these measures in themselves will be considered in a later section), but now they are seen as the first step only. Dependent sharecroppers are to be transformed first into more independent fixed-rent lessees and then into owner-farmers.

#### *Executing agencies*

87. The Code creates a number of new agencies; a Land Authority which is to take charge of all land transfers, land valuation and classification surveys, etc.; a Land Bank which will finance land transfers, Courts of Agrarian Relations (one in each of fifteen regions) to adjudicate tenancy disputes and compensation questions, an Office of Agrarian Counsel, whose eighty special attorneys are to provide legal advice to tenants, an Agricultural Credit Administration (actually a reorganization of the Agricultural Credit and Co-operative Financing Administration founded in 1953) which is to make loans to farmers and to co-operatives, in particular taking over the functions formerly exercised by landlords, and an Agricultural Productivity Commission which is to take over all research and extension functions. These agencies are to be co-ordinated by a Land Reform Council chaired by the Governor of the Land Authority and made up of the heads of the agencies (except the legal ones) plus an appointee of the minority party. At the regional level, there will be similarly constituted regional committees performing similar co-ordinating and executive functions for their areas.

#### *The acquisition of private land*

88. The Code goes into effect a district at a time. A proclamation of the Land Reform Council suffices to designate a district as a "land reform district", but the Council is required before making such a proclamation

<sup>27</sup> See Decree 34262, 11 February 1962.

<sup>28</sup> No. 8304, 29 August 1963.

to ensure that all the necessary agencies in that district are established and properly functioning. The effects of the proclamation are: (a) to bring all tenancy arrangements within the district under the leasehold restrictions of the Code and (b) to give tenants, by virtue of the fact that they now become "lessees" under the meaning of the Code, the right to petition for the purchase of their land. If more than one-third of the lessees on any estate sign such a petition, the regional land reform committee appoints a land reform project team to inquire into the feasibility and suitability and cost of proceeding with land redistribution. On the basis of its recommendation, the Central Council decides whether to go ahead or not. It is not clear from the law how this procedure is to be reconciled with another section of the Code which stipulates that within a land reform district firstly idle land, then the biggest estates over 1,024 hectares, then those over 500 hectares — and so on — should be taken in strict order of priority.

89. Of private land, only that leased to tenants is to be redistributed; and even if the land is leased it will be exempt from redistribution if it forms part of a larger estate a substantial part of which is devoted to plantation operation (with, presumably, the tenants being at the same time plantation workers). Also wholly excluded are all lands devoted to permanent crops (the chief being coconuts and fruits) since they are exempt even from operation of the leasehold regulations. A more important category of lands — the sugar lands — are also temporarily exempted in the same way, (that is to say, the tenants do not become protected lessees) until the Land Reform Council issues a separate proclamation declaring that co-operative or other arrangements have been made to ensure that there shall be proper synchronization of sugar deliveries with the refineries. (The point here is that the marketing quotas allotted by the refineries are often in the landlord's name, though why there should be any disturbance in deliveries if the quotas are treated as a property right to be transferred along with the land, is not quite clear.) Some 20 per cent of the total number of tenants are thus excluded either permanently or temporarily from the benefits of the act. Furthermore, landlords may retain a minimum of seventy-five hectares — or the size of thirty average tenant holdings. It is not possible to calculate how many tenants will be excluded from the benefits of the reform by this decision.

90. The law directs the Land Authority to conduct a land capability survey and classification as a "necessary basis" for implementing the reform and also directs the Bureau of Lands to step up its cadastral survey programme. (At present, only about 20 per cent of the total land area is covered by this survey.) It is not clear, however, to what extent the execution of the reform is to be made conditional on the completion of these surveys.

91. Since only leased land is affected and since former tenants are expected to be the main beneficiaries, there will, presumably, be very little disturbance of actual operating units. However, relatives of the landlord have a prior right to receive holdings and the new holdings are to be "economically viable units" capable of providing a family with "a modest standard of living" and suffi-

cient leeway to cope with an occasional bad harvest. These two provisions may mean the displacement of a number of tenants who will, presumably, be settled instead on public land. The beneficiaries will buy their holdings at the purchase price plus costs of survey; the sum to be paid over twenty-five years at 6 per cent annual interest. The title they receive forbids the sale or mortgaging of their new holdings for ten years after payment is completed, and requires that even thereafter they may be sold only to those who would qualify under the law as beneficiaries. It may only be inherited integrally without sub-division.

### *Compensation*

92. Previous experience of redistribution schemes that have foundered on the former tenants' inability to pay high purchase prices<sup>29</sup> (so that the land has found its way back to large owners in a few years) suggests that the level of compensation payment (which in effect sets the purchase price) will be a crucial factor determining the efficacy of this legislation (especially since the beneficiaries are going to have to pay 6 per cent interest on the purchase price, as well as pay the costs of survey). The procedure stipulated is that the Land Authority and the landlord should reach an agreement on the purchase price and submit it to the Court for approval. (What happens if the landlord refuses to agree is not specified.) If one of the prospective beneficiaries objects to the price as excessive, the Court will then arbitrate. In doing so, it is required to consider as a basis for calculating the just level of compensation ("but without prejudice to considering other factors also") the authorized annual rent, capitalized at a rate of 6 per cent. The authorized annual rent, under the leasehold provisions of the Code, is to be 25 per cent of the average annual yield (calculated from the performance of the three years preceding leasehold reform) after deduction of the cost of seeds, of harvesting and processing. The discretionary power to decide the level of compensation which thus remains to the Land Authority and the Court is very wide, since:

(a) There are no records of previous harvests on which to base the calculation of yields over the previous three years;

(b) The law does not specify whether, for instance, the cost of harvesting to be deducted from gross yields is to include family labour costs and if so, how they are to be valued;

(c) The Court may also consider other factors besides the rental value;

(d) There is no legal provision for publication of the agreement reached between Land Authority and landlord, or any stipulated delay to give time for the lodging of complaints by prospective beneficiaries;

(e) There is no stipulation of the methods of determining which seventy-five hectares of a landlord's holding shall remain to him and hence which thirty-odd tenants shall remain under leasehold status. If the choice is effectively left to the landlord it might, to say the least,

<sup>29</sup> See, e.g., E. H. Jacoby, *op. cit.*, pp. 217 and 223.

be unwise for any tenant to become the leader of a petition of objection to the purchase price. Given these considerations it is impossible to predict the level of compensation which will actually be paid.

93. The landlords are to receive 10 per cent of their compensation in cash and the rest in bonds which may be used to purchase stocks in government corporations, Japanese reparations goods, or public land for the establishment of plantations.

#### *Execution*

94. Original plans for implementing the reform called for the first project to begin in November 1963, but a number of difficulties caused delay. The establishment of training institutes capable of accommodating a maximum of 600 officials for orientation courses was one reason for the delay. Another was the difficulty of establishing a pattern of co-ordination between the various agencies involved. A special reorganization committee was set up<sup>30</sup> and the committee eventually produced in March 1964 a decree<sup>31</sup> which established a complex but workable scheme for the distribution of authority. The first land reform area was decreed in November 1964 and three others before the end of the year, while it was expected, if landlord opposition could be overcome in two of them, to declare three more areas early in 1965.

95. The first four project areas contained between 1,200 and 2,300 tenants each. Some opposition from landlords was encountered as anticipated; they have challenged the constitutionality of the reform law in the courts, but this was anticipated by a provision in the law that its execution would not be delayed while its legality was *sub judice*. Other landlords have either tried to convert their tenanted land into building land or planted export or perennial crops to come within the exempted categories.

96. As for the tenants, in some districts as many as a third have declined the chance to acquire the status of protected lessees under the law. A normal reading of the law would suggest that the transition to the new form of leasehold was compulsory in the reform districts — as it is in most such laws with the specific purpose of protecting against the consequences of their own diffidence tenants who might have close personal relations with their landlords and consequently fear to offend them. It appears, however, not to be interpreted this way in practice.

97. A feature of the plans for the reform as they were executed in these first projects is the very high staffing density. There was, for instance, one farm technician for every seventy-five households, and one home economics adviser for every 150, as well as a range of special technical experts (for pesticides, special crops, livestock etc.) and credit advisers with each team. In one district, two credit officers, costing some \$US 1,600-1,700 per year in salaries and expenses, were wholly employed in handling about \$US 9,000 worth of loans to some 500 farmers. It is doubtful whether finances

will be available to extend operations on a scale as expensive as this over very large areas of the country. It is equally doubtful whether qualified staff will be available. (The law, partly in order to shield appointment boards from political pressure in favour of unqualified individuals, requires all reform technicians to be agricultural college graduates, though high school graduates may also be employed if college graduates are not available.) At this rate of staffing density, it is estimated that 50,000 officials would be needed to extend the provisions of the Code to the whole country. There are at present some 9,000 individuals available and agricultural colleges are producing about 1,000 graduates a year, though the supply of agricultural high school graduates is considerably greater.

#### *Probable efficacy*

98. As compared with earlier land reform measures the present law offers better prospects of fulfilment and of making substantial changes in at least four respects.

(a) The amount of land landlords are permitted to retain is reduced to 75 hectares compared with 300 hectares (private individuals) and 600 hectares (corporations) in the law of 1955;

(b) The guiding (but not binding) principle for adjudicating compensation amounts is to be a capitalized value of actual productivity, not market value; since land prices are inflated compared with other capital goods, this difference could be considerable.

(c) The administrative structure both for changing the tenure situation and maintaining the new situation afterwards is specified in detail by the reform;

(d) The law binds the Government to provide the Land Bank with substantial amounts of capital. At a rough calculation, the amount specifically guaranteed by the Code (400 million pesos) would, at the (not unreasonable) price of 3,000 pesos per hectare, enable the purchase of about a quarter of the total area of land in the hands of tenants.

99. The final Code, however, is a good deal more solicitous of the landlords' interests and a good deal less drastic in the changes it introduces than the President's original draft, due to amendments introduced by both the major political parties. Among the amendments introduced are :

(a) The removal of clauses designed, by new assessments and tax levels, to raise land taxes and so depress land values. These were of very special importance because the increasing tendency to put spare capital into land purchase as the only safe investment had in some areas doubled land prices over five years — with generally deplorable results for economic development of a kind well known;<sup>32</sup>

(b) The raising of the landlord's retention limit from twenty-four to seventy-five hectares;

(c) The provision exempting permanent crops and (at least temporarily) sugar lands from the operations of the law;

<sup>30</sup> Administrative Order No. 72.

<sup>31</sup> Administrative Order No. 75.

<sup>32</sup> O. J. Sacay, "The Philippine Land Reform Program", *The Philippine Economic Journal*, vol. 2, No. ii (1963), p. 172.

(d) The adoption of the system of piecemeal application by district in place of original plans to apply leasehold regulations immediately and to the whole country.

#### *Choices made*

100. One fact will already be apparent. Whatever the motives and pressures which have caused the law to take this form, the law is in effect, drafted to imply a solution of the social reform versus productivity dilemma so as to give clear first priority to productivity. Change is to be introduced gradually and avoided altogether if it entails the risk of a fall in production. Hence, the exclusion from the scope of the law of plantations, of leased lands planted to permanent crops and (at least temporarily) of sugar lands. Hence also, the decision not to go ahead with land redistribution until the area concerned is sufficiently saturated with technical and financial assistance to avoid any fall in production as a result of the withdrawal of the landlord's credit and managerial functions.

101. Since in all these respects the emphasis on maintaining productivity coincides with the interests of landlords, it is not clear how far this policy choice has been determined by a concern for the health of the national economy and how far by self-interested political pressure.

102. The choice of the piecemeal-but-thorough as opposed to the universal-but-uncertain approach to redistribution is obviously related to the emphasis on productivity. It may in this case, however, have serious consequences. The degree of thoroughness envisaged necessarily entails that it will be many years before the reform touches some parts of the country. Apart from the danger that a political change may block the source of funds, the Code contains no provision to freeze the tenancy situation between the passage of the law and its application by proclamation to a particular district. There is, therefore, nothing to prevent landlords who are averse to losing their land from turning their estates (nominally or genuinely) into plantations and their tenants into hired workers. The Code also contains a Bill of Rights for agricultural workers, guaranteeing a minimum wage, the right to bargain collectively, and so on, which might be thought of (a) as a deterrent to the creation of new plantations since it adds so substantially to labour costs or (b) an assurance that if the tenants do become hired workers they will not necessarily lose in the process. It is not clear, however, how enforceable these provisions will be or, if they are enforced, what difference they would make; the minimum wage of 3.50 pesos a day is not much above the going rate and the law says nothing about the partial payment of wages in goods or services (in housing, for example). It is probable that the main effect of these provisions will be to give moral support — and as a consequence, probably also a real increment of bargaining power — to the unions of agricultural workers which are already in existence. Whether this will amount to a deterrent to the landlord who would otherwise switch to plantation operation remains to be seen.

#### *World Food Programme*

103. The Philippines is the first example of a country where a World Food Programme project is being develop-

ed in support of a land redistribution scheme. Food was provided under the Programme for former sharetenants in the province of Bulacan with the intention that it should replace that part of the credit normally provided by landlords and which was devoted to subsistence. (The working capital credit was provided by the new Agricultural Credit Administration.) The food was provided to the farmers as a loan, loan repayments being credited to a special fund for the promotion of livestock husbandry in the area.

104. Two methods are envisaged whereby the World Food Programme may support land redistribution programmes. The first is that adopted here; the second is the "price control reserve" system whereby Governments are provided with a reserve of food commodities which they can release onto the market in case land redistribution is followed by a fall in production or a fall in market deliveries which seriously raises prices. The second method was avoided because although it aids the non-agricultural sector by preventing a spiral of rising prices and wages, it does nothing for the beneficiaries of land redistribution; in fact, it damages their interests because it prevents their smaller harvests from being partially compensated for by higher prices. The second method also presents difficulty in finding the right means of putting the commodities on the market. The problems of finding fool-proof ways of doing so which eliminate the possibilities of corrupt personal gain are considerable.

#### B. TENANCY REFORM

105. Land redistribution is one answer to the problems of an agriculture characterized by sharp class divisions between wealthy landlords and poverty-stricken tenants and operating in consequence well below potential levels of productivity. Some argue that there is a better solution which entails less danger of disrupting the production process, makes fewer demands on the uncertain managerial capacities of former tenants and is usually politically easier to carry out; namely, the legal regulation of conditions of tenancy in order to create harmonious mutually beneficial, and productively progressive relations between landlord and tenant. Those who like to argue from historical models urge that the agrarian history of England provides ample demonstration of the wisdom of such a course. The English tenant farmer today belongs to the prosperous middle class.

106. There are several flaws in this argument. Firstly, few of the countries which present urgent problems in landlord-tenant relations have the kind of balance between land, population, urban employment opportunities and available external food supplies which would keep the level of rents — even if the law left the market free and unregulated — as low as it was in England in the nineteenth century.

107. Secondly, the rural areas of a good many of these countries are closer to what might be called a "feudal" stage of development than was nineteenth century England. That is to say, economic differences carry greater differences of political power and social prestige; material dependence carries overtones of personal servitude; and the idea of equality before the law being consequently much

weaker (and often with good reason since the chances of securing an impartial judgement from the courts are weaker, too), the likelihood of a tenant actively seeking to exercise rights which the law confers on him is a slight one.

108. A third consideration is that it might seem possible to compensate for such expected diffidence on the part of tenants by external policing of the law. But a country where landlord-tenant problems are acute is almost by definition a country which simply cannot afford the administrative costs of fielding an inspectorate large enough to perform the task. And even if it could find the necessary salaries, it is likely to have much more productive uses for administrators with the degree of skill and honesty and independence which this job requires. The administrative cost of effective tenancy regulations is bound, in fact, to be greater than the administrative cost of land redistribution, for the latter is a one-shot affair which enables the tenure administrator to withdraw as soon as the new titles are signed and sealed (leaving — apart from the new tasks created for extension workers, credit administrators and so on — only the accounting problems of dealing with land purchase instalments). The administrative costs of policing tenancy regulations are, however, indefinitely recurring costs, and indefinitely expandable costs since infinite possibilities of evasion are offered by such a multifaceted contract as that between landlord and tenant.

109. In short, tenancy regulation is by no means always enforceable, as the number of dead tenancy laws entombed in the world's statute books will amply testify. Nevertheless, this does not mean that such laws are of no use, for they can have an exhortatory moral influence, and that exhortatory moral influence can have marginal but cumulative effects on the balance of power in the social bargaining process. A landlord needs to have a very hard-boiled contempt indeed for the central government if he can hear of new regulations and continue to impose the same harsh conditions of tenancy with exactly the same ease of conscience and the same ruthless ability to brush off tenants' objections as before. The resentful tenant who is always on the verge of protest may just be encouraged to go over that verge by the knowledge that the law is on his side. The exhortatory effect can, of course, be greatly magnified if it prompts tenant to create formal organizations for their mutual protection. The difficulties in the way of effective tenant organizations are great — the difficulty of introducing any kind of sectional or class-oriented division into solidary traditional communities; the communications problem in rural areas and the consequent problem of leaderships; the diversity of interests between tenants, sometimes part-owners, sometimes personal clients of their landlords, and so on. These difficulties are great; but at some times and in some places they have been overcome, and a tenancy law can help to overcome them. It can provide a shield behind which tenants can gather, and a banner which provides them with the courage to demand collectively what they are too weak to demand individually.

110. If, however, the policy-maker expects this to be the chief effect of his legislation, it is better if he is clear and self-conscious about his intentions, for the requi-

rements of an enforceable law and of an exhortatory law are different. An enforceable law needs to be detailed, allowing for all reasonable exceptions to general provisions so that it should not, by making too many hard cases, be brought into contempt. It needs to concentrate in its regulations on easily ascertainable aspects of tenancy contracts so that the adjudication of disputes can be simplified enough to be feasible. It calls for a good deal of institutional invention — of devices like the filing of written contracts with inspectorates, the election of local control committees as in Argentina, China (Taiwan) and Japan, or the payment of rents through a tenants' union<sup>33</sup> or a government office instead of directly — in order to make its provisions enforceable. An exhortatory law, on the other hand, needs less refinement and greater directness. It is necessary that its provisions should be, though precise and unmistakable, forthright, simple and easily understood.

### *Tenancy regulations in the Philippines*

111. Of the recent tenancy codes analysed in table 2 (see pp. 30-31), that of the Philippines is the most comprehensive and as such is worth considering in detail. It is one which seems clearly intended to be enforceable. The provisions are detailed, occupying some 34 of the 173 sections of the new Land Reform Code,<sup>34</sup> and it will be remembered from the discussion of the law above (see paras. 83-102) that its provisions are to apply in a given region only after the necessary arrangements have been made for enforcing it. On the other hand, it is doubtful if the system envisaged — fifteen Courts of Agrarian Relations and eighty special attorneys (agrarian counsels to assist tenants in these Courts for the whole country — will prove adequate to enforce the provisions, and in some respects, there is doubt whether the provisions are enforceable.

112. In any case, the regulation of leaseholds is intended to be, for many tenants, only the first step towards ownership — a period, as it were, of probationary training during which they can acquire skill and confidence as managers of their own affairs. (See the discussion above of land redistribution in the Philippines.) Hence, also, the provision of this Code that tenants have a pre-emptive right to purchase their holdings "under reasonable terms and conditions" if a landlord intends to sell, a right reinforced by the further rights of redemption — if the land is sold to a third party the tenant has the right to buy it within two years. These provisions would be even more effective if there was a loan scheme designed help tenants buy their land.

113. One of the main innovations of the law is the abolition of all share rents. The "rents certain" which are to be substituted may, however, be paid either in cash or in kind, and if the real intention is to abolish share rents it is difficult to see why the law should stipulate that the tenant must notify the landlord of his intention to harvest three days in advance. The level of rents also has a

<sup>33</sup> As, for instance, in the Ceylonese "cultivation committee" system. See Paddy Lands Act No. 1 of 1958.

<sup>34</sup> Agricultural Land Reform Code (Act. No. 3844), approved 8 August 1963.

TABLE. 2 Major provisions

	<i>Ecuador</i>	<i>Guatemala</i>	<i>Haiti</i>	<i>Honduras</i>
Law . . . . .	Land Reform and Settlement Act	Agrarian Transformation Act	<i>Code de Travail</i>	Agrarian Reform Act
Date . . . . .	11 July 1964	17 October 1962	6 October 1961	29 September 1962
Applicability . . . . .	All leases. But for 8 years only, after which all tenancy forbidden except for plantation crops or in case of owner's incapacity	All except irrigated land or special-quality land producing high yields	All leases of farm land	All tenancy
Contract :				
Written or oral. . . . .	Sharecropping contracts in writing	Written. Original filed with mayor's office. Forms provided	Either, but must be written if value of annual product more than 2,000 gourdes	No regulation
Term . . . . .	All present contracts to continue for 4 years or until tenant exercises right to purchase	No regulation	Not specified	No regulation
Renewal . . . . .	No regulation	No regulation	Automatic renewal unless 3-month notice	No regulation
Landlord repossession . . . . .	No regulation	No regulation	Inspectors may grant on landlord's complaints	Eviction only with consent of National Agricultural Institute. Failure to pay rent grounds for eviction if less than 50 per cent crop lost and tenant has no other source of income
Rent :				
Cash or kind . . . . .	No regulation	Either	Unspecified	No regulation
Fixed or share . . . . .	Sharecropping permitted, but only if landlord provides seed and all other costs	No regulation	Share	No regulation
Regulation of level . . . . .	50 per cent of crop in case of sharecropping as above	No more than 6 per cent of gross production	Unspecified	No regulation
Compensation for improvement . . . . .	No regulation	No regulation	If employer notifies breaking off of contract, tenant may claim 150 per cent of value of works which will exclusively benefit landlord	For all approved improvements on basis of fair expenditure
Disputes . . . . .	No regulation	No regulation	Tenant may appeal to <i>Tribunal de Travail</i>	All rent-paying tenants have purchase option. No other provisions other than rent to be imposed on tenants
Other provisions . . . . .	Tenant has right of pre-emption. Various categories of tenants may also claim compulsory purchase			None
Inspectorate . . . . .	No regulation	None	Provided, but tenant must appeal for his visit	



Recent tenancy legislation

	Iran	Paraguay	Peru	Philippines	Portugal				
Regulations		Agrarian Statute	Land Reform Act	Agricultural Reform Code Act No. 3844	Act No. 2114. Laying down basic principles for rural tenancy contracts				
July 1964		29 March 1963	21 May 1964	8 August 1963	15 June 1962				
presently tenanted land which landlord chooses not to sell to tenant		All contracts for indirect cultivation	All leases. Areas smaller than family holding size may not be leased	To districts named by proclamation after enforcement provisions have been completed	All leases of farm land				
specified		Written, specifying all terms	May be registered in Property Register	Either, if written a copy to be lodged with municipal treasurer and Agrarian Counsel	<table border="0"> <tr> <td>For farmers using family labour :</td> <td>For others :</td> </tr> <tr> <td>Either</td> <td>Either</td> </tr> </table>	For farmers using family labour :	For others :	Either	Either
For farmers using family labour :	For others :								
Either	Either								
years. Rent renegotiated every 5 years		To be specified in contract	At least 6 years	Unspecified	1 year minimum Minimum 6 years Maximum 30 years				
specified		To be specified in contract	No regulation	Automatic	Automatic for 1 year maximum. Landlord may not oppose first three renewals Automatic for 3 years unless prior notice				
tenant fails to pay rent, after 3-month grace period		60-day delay in court proceedings for Institute to mediate in disputed evictions	Under Civil Code provisions only for cultivation by owner or son if they have no other land, and if lessee is not growing food crops (unless latter fails to pay rent)	If tenant fails to pay rent, use land for agreed purposes etc., on application to Agrarian Court. For personal cultivation by landlord on 1 year's notice (small holdings) or payment of "disturbance compensation" (large holdings)	Allowed if tenant fails to fulfil contract, or "jeopardizes productivity" of land				
in either but fixed in cash terms		No regulation	Tenant may not be obliged to pay in kind	Either	Either				
fixed		No regulation	No regulation	Fixed	Fixed				
average net receipts (rent less taxes) actually received by landlord in previous 5 years		Cash contracts — 12 per cent maximum. Share tenancy contracts — 20 per cent. Lease-labour (share-cropping) contract — 50 per cent	Fixed by zone. Maximum 20 per cent of gross output	Maximum 25 per cent of yield less cost of seeds, harvesting, processing	Farmers' association may request establishment of joint commission to fix floors and ceilings subject to Government approval				
specified, but tenant may ask the local agrarian office to overrule a landlord who refuses permission for improvements		No regulation	For all necessary and useful improvements assessed by Institute, up to fixed proportion of rent payments	For standing crops and half value of "useful and necessary improvements"	At cost or surrender value, whichever is least, but not more than 3 years' rent				
		See landlord repossession	No regulation	Courts of Agrarian Relation in which tenant represented by Agrarian Counsel	Arbitration Commission. District judge plus representative of Secretary of State for Agriculture and representative of Farmers' Association				
		No regulation	No condition other than rental payment to be imposed on tenant. Tenant has right of pre-emption	Tenant's right of pre-emptive purchase. Regulation of charges for landlord's provision of equipment, loans etc. No such provision to be made condition of contract					
		None	No regulation	Energetic Agrarian Counsels could act as such	None				



stipulated maximum — 25 per cent of the value of an average yield less the cost of seeds, of harvesting and processing. The yields and costs of the three years preceding application of the law are to provide the basis of calculation, but the maximum is obviously flexible since there can be disputes over the level of past unrecorded yields; moreover, the law does not specify whether family labour costs are to be included in the cost of harvesting, and if so how they are to be evaluated. Rent payments may be deferred (but not cancelled or reduced) if the harvest is a very bad one.

114. One of the objects of this law is to give the tenant the dignity and the scope for initiative, of managerial independence. Such independence is at present often circumscribed by the fact that the tenant depends on the landlord for his seed and for the loan of animals and equipment, and has to accept the landlord's direction concerning the crops he plants and the way he plants them; he is usually the more constrained to obey the landlord's instruction by the consideration that the landlord is the only channel through which he can market his crops and the fact that he is continually in the landlord's debt.

115. The new Codes does not attempt to dissolve this nexus of dependency but only to modify it. Thus, loan contracts between landlord and tenant must be in writing in a local dialect and signed by the tenant. The law does not forbid arrangements whereby landlords lend instruments and work-animals to tenants, or whereby tenants pay part of their rent in labour; it only forbids landlords to require such arrangements as a condition of contract and insists that if a tenant borrows tools he must be required only to pay a fair rent (6 per cent of capital value). The law does not suggest that tenants might appeal to the Courts if the landlord should try to impose such conditions; it only — hardly a generous concession — confers on the tenant the right, in that case, to terminate the contract. The landlord may still, by implication, specify the use of the land in the lease, since failure to use the land for agreed purposes is one of the stipulated grounds for eviction. The landlord also has a specifically stipulated right to suggest that the tenant should change to a different crop, but in this case he can only take the tenant to the Agricultural Court and ask the Court to mediate if the tenant refuses. Likewise, the landlord may require that the tenant adopt "proven farm practices", but he may only evict the tenant for failing to do so if the Agricultural Court finds him justified — and it is not clear what criteria of justification the Court is expected to apply. Likewise, the *right* of the tenant to deal directly with millers and processors is clearly specified, but the landlord may still deal on the tenant's behalf with respect to crops which must be sold before the rent can be paid, provided that he gets the tenant's written permission first.

116. The tenant and his heirs are granted security from eviction, regardless of the nominal terms of the lease, except for the reasons implicit in the previous paragraph, or because of failure to pay rent, or because the landlord wants to cultivate the land himself or to convert it to some useful non-agricultural purpose. In every case, however, the landlord must first convince a Court of

Agrarian Relations that he is justified. If he is evicted, the tenant has a right of compensation for standing crops and for unexhausted long-term improvements.

117. The enforceability of these conditions would be somewhat enhanced if leases always had to be written, (a stipulation which was, as a matter of fact, already made in the Philippines by the Share Tenancy Act of 1933). The present act, however, does not require this; it stipulates only that if the lease is put on paper one copy should be registered with the local municipal treasurer and another filed with the office of the Agrarian Counsel.

118. It is possible to argue that the minor adjustments to the situation of the tenant which this law attempts to make are "realistic" — they stipulate the best possible bargain which could be obtained given the economic and social conditions prevailing in the Philippines. On the other hand, it is precisely minor adjustments of this kind which are the most difficult to enforce. One could, for instance, enforce more easily a ban on landlords leasing oxen to tenants than a rule that the hiring fee should be at 6 per cent of their capital value. Perhaps the potentially most effective clause of the law is that prohibiting landlords from doing anything to inhibit the development of unions of tenants. If the Agrarian Counsels concentrated their whole energies on making sure that this stipulation was widely known and on enforcing it with exemplary thoroughness, so that tenant unions increased in strength and independence, thus magnifying immensely the exhortatory effects of the law, the ultimate effect on the terms of tenancy might be greater than that of the whole of the rest of the law put together.

#### *Tenancy regulations in India*

119. Some of the difficulties of tenancy legislation were recently reviewed by the Government of India's Planning Commission.<sup>35</sup> Its general conclusion was that "the impact of tenancy legislation on the welfare of tenants has been less than was hoped for", and a principal reason has been the frequency of "voluntary surrenders" by tenants, many of which were "open to doubt as *bona fide* transactions". Its earlier recommendations in the Second Five-Year Plan had been, firstly, that all so-called "voluntary surrenders" should be checked and registered by the revenue authorities before they could be accepted as valid; secondly, that landlords should not be enabled to repossess, even by the tenant's voluntary surrender, areas greater than they had a legal right to resume; and thirdly, that those legal rights to resume should be very much restricted by sharply redefining the concept of "personal cultivation" — in every state the only permitted reason for repossession — to ensure that it included actual *manual* cultivation by the owner and by setting time-limits and acreage limits to the resumption right. A few states had followed the first recommendation (though implementation had again left much to be desired), two had followed the second, and as for the third, some states had newly imposed limits to the area landlords could repossess and had imposed a time-limit, but none had done anything to sharpen the definition of "personal cultivation"; this was one of the biggest loopholes.

120. Even with improvement in the legislation, however, the difficulties of execution would remain. The enforcement of tenancy legislation has had to be left to the revenue administration, and one observer has remarked : "Even in those areas where . . . there was a systematic land record and fairly strong revenue administration, it proved inadequate to enforce the tenancy legislation which it was called upon to do in addition to its normal revenue functions."<sup>36</sup>

#### *Tenancy regulations in France*

121. Many of the most difficult problems of tenancy legislation concern the landlord's right of resumption. Even when a tenancy law is fully intended to be enforceable, and is drafted with the greatest care with every intention of protecting the tenant as the weaker party, and is administered by a fully developed system of legal enforcement giving tenants free and easy access to the courts, its operations do not always coincide with its drafters' intentions. An example may be seen in the loopholes which were gradually prised open in the 1946 French Tenancy Law and finally plugged by a new amendment in 1963.

122. The original law guaranteed tenants a minimum nine-year contract with the automatic right of renewal, except that : (a) renewal could be refused if the tenant failed to keep his part of the contract in certain specified ways, and (b) the landlord could repossess the land, not only at the end of the contract, but also at the end of each three years during its duration, if he intended to cultivate the land himself or give it to one of his children. In either case, however, the landlord had to give eighteen months notice by registered letter, giving reasons, and the tenant had a right of appeal to the local court.

123. In effect, the interpretation of the statute given by the courts amounted finally to what some writers have called "the disintegration of the law"<sup>37</sup> They had, for instance, accepted personal verbal notifications as a satisfactory equivalent for a receipted registered letter. Secondly, they had held that when a tenant fights a repossession notice, the burden lies on him to prove that no member of the landlord's family could possibly cultivate the land. And they have on occasion refused to accept as evidence of the landlord's *bona fide* intention to cultivate the land himself, either his physical incapacity, his lack of any farming experience, or his declared intention of never taking up residence in the district. If having got the tenant out, the owner did not cultivate it or give it to a son, the former tenant could claim restitution or the payment of damages only if he had no alternative farm to cultivate — and after eighteen months he usually had found himself an alternative so that the landlord could generally get away with his fraud.

<sup>35</sup> Chapter XVI of the Third Five-Year Plan, reprinted in *Progress of Land Reform* (New Delhi, Planning Commission, Government of India), pp. 261-273.

<sup>36</sup> V. M. Dandekar, "From Agrarian Reorganization to Land Reform", *Artha Vijnana*, vol. 6, No. 1 (March 1964), p. 64.

<sup>37</sup> Pierre Viau, *Révolution agricole et propriété foncière* (Paris, Éditions ouvrières, 1963), pp. 129-132. The following details derive from this source.

124. The new amendments<sup>38</sup> seek to remedy this situation in a number of ways. Firstly, the eighteen-month notice must now be given not in a registered letter, but by formal serving of notice (usually by a court clerk). Secondly, the notice must contain a clear statement of the landlord's reasons, including — if repossession is claimed for cultivation by a family member — the name, age and profession of the prospective cultivator and an indication of where he will live when he has taken over the holding. The notice must also quote in full the clauses of the law which set out the tenant's right to challenge the notice to quit. Thirdly, the law clearly states the obligation of the family member for whom repossession is claimed to actually cultivate the land from a suitable local residence — directly and not by remote supervisory control — and to do so for at least nine years; it further specifies the range of family members who can serve as substitutes for this prospective beneficiary if he should become incapacitated. What really puts teeth into these requirements is that, if the beneficiary fails to fulfil these obligations and the tenant has therefore, in the eye of the law, been fraudulently evicted, he may now claim damages or restoration of lease rights if he had no alternative land to cultivate at the time the notice to quit was served.

125. In these ways the position of the tenant has been greatly fortified. Students of the law's operations report, however, that its provisions regarding the tenant's right to compensation for unexhausted improvements do not always work in the way the law intended, because the tenant, if he is to get his due, must stand pat on his rights in a manner hardly compatible with traditional relations between landlord and tenant. Some landlords have taken advantage of his failure to do so. Thus, when taking over a tenancy, a tenant is supposed to get an inventory which forms the basis of the terminal assessment of his improvements. Many landlords let it be known that they dislike this practice as a symbol of mistrust of their good intentions. Where there is competition for tenancies, a tenant may not insist, only to find eventually that the landlord uses the absence of an inventory to evade paying for improvements. Similarly, a tenant may claim for major improvements only if the landlord agrees to their execution by acknowledging a registered letter stating the tenant's plans. Again, some landlords react strongly to such letters; "Are you suggesting that my word is not good enough?" they ask. Some tenants agree sheepishly that the landlord's word, of course, is good enough, and go home thoroughly ashamed of their temerity, only to find some years later that the landlord denies all knowledge of the improvement and refuses to pay on the grounds that his permission had not been sought.<sup>39</sup>

126. This conflict between human friendliness and litigious insistence on rights is one which affects all contractual relationships in modern societies, and in this case, as in others, it is always the economically stronger and the socially more prestigious party who is best able to exploit the uncertainties which arise as a result. There might be legal remedies for these features — requiring,

<sup>38</sup> Law No. 63/1332, 30 December 1963.

<sup>39</sup> Pierre Viau, *op. cit.*, p. 133.

for instance, that an inventory of the farm should be filed along with a tenancy contract in some official registry at the beginning of a tenancy. But such procedures would be cumbersome and expensive if they were to be effective. Besides, they conflict with the general assumption underlying the legal system of modern States that every citizen is equally capable of protecting the rights which under the law are equally given to everyone.

#### *How useful is tenancy reform?*

127. If these difficulties attend the enforcement of tenancy legislation even in the most advanced economies and in a society which practically invented the ideal of egalitarian citizenship and extended it to every section of the nation including tenant-farmers, much greater difficulties in under-developed countries are easily imagined. There are, in fact, some who argue that tenancy reform amounts to little more than ameliorative tinkering with the symptoms and only serves to postpone the necessary task of tackling the fundamental causes of agricultural ill-health in countries which suffer from a concentration of land ownership. Like settlement or "colonization" schemes, it provides a spurious sense of having "disposed of" problems, when in fact it only reduces the pressures for solving them immediately; it serves as a dose of morphia which persuades the patient that he really can put off having his appendix out.

128. As against this view it can be argued, as it was argued above, that even a mainly exhortatory law can strengthen the tenant's bargaining position. Furthermore, a reform of tenancy in no way inhibits a subsequent attempt to redistribute land; it in fact prepares the way for it. Socially, it prepares the way by strengthening the position of tenants, giving them the confidence to create representative organs which can express their claims to access to land ownership. Economically, even if it does not reduce the incomes of landlords — if it only leads to a general uncertainty — it is likely to bring down land prices, and so help to ensure that when land redistribution is carried out the pressure for high compensation levels is reduced.

#### C. CONDITIONS OF AGRICULTURAL WAGE-WORKERS

129. In many countries the tenant and the hired agricultural worker share a common — or at least interrelated — fate. Often tenants are themselves wage-workers for a part of the year; at the very least, tenancy and wage work often provide alternatives for the same group of people. Even more important, the leasing of land to tenants or its direct cultivation by hired workers may be alternatives open to large landowners. It is for this reason that attempts to improve the conditions of tenants are unlikely to succeed unless there are complementary measures to aid wage-workers. The difficulties of enforcement are similar, and again, as in the case of tenants, those countries where workers' conditions are most miserable are precisely those countries where the situation is least amenable to alteration by legislation.

130. Again, the problems of poverty among rural workers usually coexist with problems of productive inefficiency. They are at their worst on those large, ill-

exploited estates whose owners' indifference to the possibilities of improving their farming methods hinges on their ability to take advantage of an abundant supply of cheap unskilled labour.

131. For dealing both with the social problem and with the production problem, the attempt to legally regulate conditions of labour is, like tenancy legislation, an alternative to the actual redistribution of land ownership.

132. Generally speaking, the conditions and web of rules prevailing in the industrial sectors of the developed countries provide a model, however distant, for this legislation; this is natural since the modern history of labour legislation begins in industry. The same range of subject matter is covered — hours, wages, holidays, employment of minors and women, insurance, injury compensation etc., plus some specifically rural features deriving from the isolated and scattered nature of rural settlements.

133. Very often, however, the first task is to establish the kind of employment situation to which this model may be even remotely applicable, that is to say, to transform what is in some societies a hereditary relation between master and dependent serf into a contractual relationship in which each party is seen as having rights to be defined. Thus, for instance, a new law for Portuguese colonies (see table 3, pp. 36-37) finds it necessary to ban forced labour and the use of penal sanctions for refusal to carry out a work contract. Similarly, in the recent reform laws of both Peru and Ecuador, there are provisions which forbid arrangements whereby labour services are rendered in return for the right to use land (in the Peruvian law such arrangements are explicitly described as "feudal"); and in the Ecuadorian law, in order to emphasize the contractual nature of the work relationship, it is required that all work contracts should be in writing.

134. As table 3 shows, under the various legislative measures enacted recently, hours of work and minimum wages are the most common items to be regulated. In a majority of cases — especially in Latin America and French-speaking Africa — the provisions are basically identical both for agricultural and industrial workers, though the special circumstances of agriculture are sometimes recognized, either by provisions for compulsory overtime in emergencies (Philippines), by making the permissible work-hours longer (Paraguay, Central African Republic, other African countries), by giving the Minister of Labour power to make exceptional regulations for agriculture (Guinea), or by fixing only the total number of annual hours without specifying any weekly or daily maximum (Gabon and the Malagasy Republic — subject, however, to determination by ministerial decree).

135. Other codes do not apply directly to the work relation itself, but impose on employers the obligation to improve the general conditions of life of their workers — by housing them, providing clinics or canteens, or schools for their children. Thus, the Chilean Land Reform Act contained, as its one concrete provision in the first instance, a requirement that estate owners should build schools. Similarly, the Pakistan decree applying to tea

plantations emphasizes the provision of schools, clinics, canteens etc., and has few regulations concerning hours and none concerning wages and collective bargaining.

136. The need to tackle illiteracy and to improve health and the amenities of life will hardly be disputed, and the alternative means of achieving these objectives by taxing the wealthy estate owners and providing State schools and medical facilities may be neither politically nor administratively feasible. Nevertheless, a side-effect of these measures may be to increase the worker's dependence on his employer and reduce his bargaining freedom, a side-effect which may not be of negligible importance in countries which are attempting to transform traditional status relations of master and servant into modern contractual relations of employer and employee. Even in Europe, the abolition of "tied cottages" (houses provided by farm employers to their employees and which must usually be vacated on termination of employment) has been the subject of heated political controversy in England as early as 1893 and as recently as December 1964,<sup>40</sup> and an Italian law of 1960 was designed to provide State help in place of that furnished by employers for the housing of agricultural workers.<sup>41</sup>

137. The enforcement of these laws raises difficulties as in the case of tenancy legislation. On the one hand, enforcement depends on adequate inspection, on the other, on the understanding and organization of those to be protected.

138. As for inspectorates, the difficulties of developing countries — lack of qualified inspectors, lack of funds for their salaries, lack of means of transport to reach remote farms — are obvious. In the circumstances, regulations which require the provision of physical facilities can be more easily enforced than those concerning hours of work and wages. A day's visit is enough to check whether houses have piped water, or whether a school has been built, or even whether a school is in fact making any inroads on the illiteracy of the child population; but an inspectorate cannot easily be sure that no one works on Sundays. Also enforceable are measures such as those in Brazil, Haiti and Malaysia, which require employers to contribute to State-operated welfare or compensation funds.

139. As for action by the workers themselves, it is usually the case that either they have little bargaining power to facilitate enforcement of legislative measures, or, if they do, their action seldom ranges beyond simply gaining the legal minimums. Nevertheless, provisions regulating minimum wages or maximum hours can have an important declaratory effect, giving workers the incentive or the confidence to form associations to bargain for their own protection. The provisions guaranteeing the right to form associations, to bargain collectively and to strike, at least have a negative importance in this regard. They may not of themselves create unions, but they do limit the ability of employers to summon police or soldiers during a dispute and use physical coercion to strengthen a weak case. The fact that in Guatemala

agricultural workers, although allowed to form unions, are forbidden to strike (so that police can be called in) may well cancel out the beneficial effects on the workers' situation of the other provisions of the Labour Code.

140. In some of the developing countries, unions have already emerged as effective forces. For instance, in the Republic of Viet-Nam in 1960 and in Malaysia in 1962 and again in 1964, rubber workers successfully concluded collective agreements to improve their wages, while in the Republic of Viet-Nam the agreement was even broader in scope, containing provisions guaranteeing the union's bargaining rights and regulating recruitment, family allowances, maternity leave, housing, nurseries and schools. In many countries of Central America, too, the banana plantation workers represent the core of the trade-union movement. But sometimes it has been difficult for unions to organize within the confines of certain plantations where management has systematically opposed the formation of independent worker representation, as is true of those plantations associated with the United Fruit Company in Costa Rica. Here the company has been willing to provide its workers with advantageous social conditions and relatively high wages, but under the condition that they refrain from union activities. In either case, whether yielding to union pressure or forestalling it, it is more often the big modern plantations which are profitable enough to be able to afford to make concessions. A recent survey of Honduras agriculture showed that the banana industry, employing 17,000 workers, had a product worth 4,175 lempiras per person employed; for the rest of agriculture, the product per worker was 455 lempiras.<sup>42</sup> As a consequence, a good many of these plantations offer their permanent workers a considerably better living standard than is common in the surrounding countryside. This observation is substantiated by recent events in Guatemala where parts of the huge holdings of the United Fruit Company have been sold to nationals. On the new smaller plantations it seems that employment opportunities, wage levels and social benefits have worsened for most of the work force. The superiority of the larger enterprises in this regard may be such that (as in some of the more progressive sugar enterprises of Brazil) wages and conditions are actually better than either government regulation or the bargaining strength of workers could have achieved, if only because employers have decided that welfare is the best policy.<sup>43</sup> In these cases, the traditional "feudal" paternalism sanctified by custom has given way to a new calculated paternalism on an impersonally institutionalized scale of exactly the same kind as is found in some industrial enterprises, especially in such countries as Italy and Japan.

141. The distinction implied here between extensively farmed old-style "feudal" *haciendas* and efficiently farmed "capitalist" plantation enterprises does not give a complete picture of wage employment in Latin American agriculture. There are also intermediate types. In Guate-

<sup>40</sup> See John Barr, "Tied Farm Cottages", *New Society* (25 February 1965) (London).

<sup>41</sup> Law No. 1676, 30 December 1960.

<sup>42</sup> *Informe oficial de la misión 105 de asistencia técnica directa a Honduras sobre reforma agraria y desarrollo agrícola*, vol. I (Washington, D.C., Pan American Union, 1964), p. 7.

<sup>43</sup> W. W. Hutchinson, "The Transformation of Brazilian Plantation Society", *Journal of Inter-American Studies*, vol. 3, No. ii (April 1961).

TABLE 3. Provisions of

	Brazil	Chile	Cuba	El Salvador	Guatemala	Haiti	India
Law . . . . .	Rural Labour Code	Land Reform Act	Decree No. 2473	Labour Code Decree No. 241	Decree No. 1459	Labour Code	No. 53
Date . . . . .	2 March 1963	15 November 1962	23 February 1960	23 January 1963	13 October 1961	6 October 1961	12 December 1961
Applicability . . . . .	Labour relations between rural workers and employees (excluding small farms employing only family members)			All employment relations			Factories, nes, plants
Obligations of employer :							
Hours . . . . .	8 per day. Compensation for overtime: reduction in hours of work on following days or cash compensation (normal rate plus 25 per cent)			8 per day, 48 per week, 50 per cent overtime bonus		8 per day, 48 per week, 50 per cent overtime bonus	
Holidays . . . . .	Weekly rest. Annual holidays, 7-20 working days depending on length of service			Weekly rest, Sundays (double pay if work done) or others if necessary)		Sundays and legal holidays; 15 days paid holiday per annum	For before after birth
Wages . . . . .	Wage in cash not less than 30 per cent of the minimum wage for the region			Minimum prescribed by Wages Commission	Minimum wages to be fixed in accordance with principles of the ILO Convention No. 99	Minimum prescribed by a Wages Council	
Housing . . . . .	Deductions for rent only when accommodation fulfils minimum conditions of health and hygiene			No stipulation		If provided, to be sanitary, good shelter, with separate bedrooms for parents and children of each sex	
Other facilities . . . . .	Rural workers' assistance and welfare fund — medical, funeral, sickness or disability pensions	Owners of large estates with 100 or more children must build them a school	Permanent workers entitled to free land grants during dead season	Workers may keep livestock, form co-operatives		Payment in kind not to equal more than half total remuneration. Land-use not to be considered part-payment. School if 50 children on estate. Weekly visit of doctor if 20 employees	
Compensation . . . . .				Employer liable for each injury or death		Accident and sickness insurance scheme. Employer pays 5-6 per cent of wages	
Union organization . . . . .	Right to organize			Right to organize or bargain collectively and strike under certain procedures		Right to organize or strike guaranteed	

ating agricultural wage-workers

Madagascar	Mali	Pakistan	Paraguay	Peru	Philippines	Portugal	Senegal
our Code	Labour Code	Ordinance XXIX	Labour Code (Act No. 729)	Agrarian Reform Law	Agricultural Reform Code Act No. 3844	Labour Code for Overseas Territories*	Decree 61-347
October 1960	19 August 1962	1 June 1962	31 August 1961	11 May 1964	8 August 1963	27 April 1962	6 December 1961
		Tea plantations with 25 acres or 30 or more workers			All farms except that provisions marked + apply only to farms of 12 or more hectares	All agricultural workers who receive wages	Agricultural occupations and similar
0 per annum	48-hour week	No night work for women, children under 15	Maximum : 12 hours a day including a break of at least 1 and a half hours; rest periods provided by the law except during sowing, harvesting, moving herds, branding, marking or gelding period		8 hours per day. 25 per cent overtime bonus for emergency work	48 hrs. per week (36 for those under 18). No night work for those under 16	Order No. 4315/I.T. of 1 July 1953 applies (2,400 hours per annum)
	Same provisions on wages for agricultural and industrial workers	1 day per week. 1 day paid holiday for 30 days worked (20 days for those under 17)	Minimum set by a wage board		Sundays and legal holidays. 25 per cent bonus if workers agree to work	2 weeks holiday with pay	Granting of certain exceptional leaves of absence (up to 10 days a year)
		Water supplies and facilities for building houses to be provided	Employers must provide good housing, sleeping accommodations and food. Stables, sheds, barns, etc., shall not be used for accommodation		Fixed at 13.50 pesos per day. Adjustable by Wage Board	Employer must provide free housing in accordance with local customs and standards of hygiene	
		Schools, canteens, recreational and medical facilities		Agreements granting the right to the use of land in return for the rendering of personal services are voided. When land expropriated for reform, labourers may receive up to 30 per cent of the sum paid in compensation		Provide services for the improvement of health and education, medical assistance and maternity benefits	
					Industrial compensation provisions apply	For occupational accidents and sickness	Benefits for sickness and accidents
Same right to organize as industrial workers	Same right to organize as industrial workers		Right of association granted		Guaranteed rights to organize and bargain		Definition of trade union rights and facilities for exercising these rights

\* Angola, Cape Verde Island, Mozambique, Portuguese Guinea, São Tomé and Príncipe, Timor.

	Brazil	Chile	Cuba	El Salvador	Guatemala	Haiti
Obligations of employer :						
Others . . .	Special protection for young persons under 18. Landowners employing more than 50 families of workers must set up and run primary schools	Other regulations concerning houses, welfare etc., promised		Employer to provide sick pay (75 per cent of wages for 60 days after 1 year's service). Funeral benefit etc.		No workers under 14. Special protection for those under 18
Inspectorate .	Provided			Provided		Provided
Penal provisions . . .				Provided		Provided

mala, where the reforms begun in 1952 were aborted by the subsequent counter-revolution, the jolt of the initial reform policies is said to have led to a new type of "speculative farming". A number of entrepreneurs are renting land for a single year, growing whatever crop currently offers the best market opportunities with whatever labour is locally available and then moving on. This development "not only makes the rural worker's subsistence more precarious and his family life more unstable, since he cannot even count on a shack to live in, but also breaks the old paternalistic tie with the employer, which formerly gave a certain amount of psychological security".<sup>44</sup> We shall return to the special problem of the temporary worker.

142. When either legislation or trade union pressure is effective in improving the situation of the workers, there may be side-effects or defensive reactions on the part of employers which partly cancel out the new benefits. Thus in Malaya,<sup>45</sup> the regulations requiring compulsory insurance of all workers on estates with more than thirty employees and requiring that they be given adequate public holidays, maternity benefits etc., have led to a good deal of sub-division of estates.<sup>46</sup> Sometimes this is pseudo-subdivision, a purely paper transaction which simply evades the law and leaves the workers no better off than they were before the laws were passed; sometimes it is real sub-division which may be accompanied by an actual worsening of the workers' position.<sup>47</sup> Similarly, in some instances in Latin America, landowners have evaded laws protecting their dependent workers by dismissing them from permanent employment. Thereafter, with or without a change in their cropping pattern, they relied on casual temporary labour with a consequent

deterioration in the employment opportunities available. Similarly, in the Philippines, it is feared that minimum wage legislation has set wages so high that estate owners will be induced to mechanize, thus reducing employment opportunities. Legislation must always, therefore, be framed with the possibility of these devious side-effects in mind, so that by anticipation their unfavourable consequences may be mitigated.

#### *Developments in industrial countries*

143. The discussion so far has been concerned with those countries where legislation and trade union organization are making their first impact on a situation in which wages and working conditions have been determined by custom or by the decisions of employers who hold a predominant bargaining position *vis-à-vis* unorganized individual workers. In the industrial countries where formal institutions are already well established for the regulation of these matters by government or collective bargaining, the main problems concern the mechanisms necessary to provide a continuous upgrading of conditions so that farm workers do not fall behind in the general national rise in levels and standards of living. In some countries this is accomplished largely by legislation or administrative regulation. Thus, in Denmark, a law of 1961 increased the annual number of days of paid holiday from six to eighteen (from six to nine for six-month contracts) and imposed standards for housing to be provided by employers.<sup>48</sup> Similarly, French decrees have raised the minimum wage in agriculture, including a prospective increment decreed in October 1962 to be effective from January 1964.<sup>49</sup> In the German Democratic Republic, the Labour Code of 12 April 1961 brings agricultural labour under the same regulations applicable to all wage-labour. New Zealand also regulates housing for agricultural workers and shearers and has recently established an inspectorate to see that the standards are met.<sup>50</sup> In other countries, the major mechanism

<sup>44</sup> 1963 Report on the World Social Situation (United Nations publication, Sales No. : 63.IV.4), p. 133.

<sup>45</sup> Now Malaysia.

<sup>46</sup> The Employment Ordinance (No. 38 of 1955); the Employees Provident Fund Ordinance (No. 21 of 1951); and the Workmen's Compensation Ordinance (No. 85 of 1952).

<sup>47</sup> Ungku Abdul Aziz, *Sub-division of Estates in Malaya, 1951-1960*, vol. I (Kuala Lumpur, University of Malaya, Department of Economics, 1962), p. 178.

<sup>48</sup> Law No. 156, 31 May 1961.

<sup>49</sup> Decrees of 26 May 1962 and No. 62-1263 of 30 October 1962.

<sup>50</sup> Agricultural Workers Act and Shearers Accommodation Act 1962.

Continued)

Madagascar	Mali	Pakistan	Paraguay	Peru	Philippines	Portugal	Senegal
		No employment of children under 12	Young persons between 12 and 14 may be employed in agriculture under specific limitations. Special protection for those under 18		No dismissal of workers during disputes		
		Provided			None	Provided	
					None	Provided	

of adjustment is collective agreement between workers' and employers' organizations. Substantial wage increases have recently been negotiated in Belgium (9 per cent), Austria (10 per cent), Norway (11 per cent) and Sweden (15 per cent), while in Finland and Sweden women's wage rates have been brought closer to those of men. In Austria, additional items negotiated were an increase in the Christmas bonus and the ending, in certain provinces, of the partial payment of wages in kind. In the Netherlands, in addition to a wage increase, hours of work have been reduced to 2,965 hours per year for cowherds and 2,500 hours for other workers. In Italy, a collective agreement increased the number of days of paid holiday from eight to ten. In Poland, collective agreements are negotiated between the Syndicate of Agricultural Workers and the Ministry of Agriculture; a recent agreement limits the work-day to eight hours (seven from December to February) as well as increasing the number of days of paid holiday.

144. Finally, some countries have statutory bodies in which the Government as well as workers' and employers' representatives take part. The Agricultural Wages Board in England and the Belgian national committees for different branches of industry have recently reached decisions increasing wage rates, while in England these decisions have also included a reduction in the working week.

#### *The special problem of the temporary worker*

145. The special nature of the problems of the temporary worker in agriculture is mentioned above. His is often the least enviable position of all, since he is generally excluded from such benefits as welfare legislation and trade union pressure may bring to the permanent worker. In Latin America, some of the most miserable conditions are to be found among the small cultivators with one or two hectares on an impoverished hillside who belong to no particular *hacienda* but provide a pool of seasonal labour for the local estates — and sometimes for more distant estates or mines as well. These are the people whose land is being most quickly eroded, whose holdings are being most rapidly subdivided with growing

population pressures, and whose opportunities for casual labour are diminishing as the corps of full-time wage-earners (wage-earners in spite of themselves because they can find no land to farm) continues to grow.<sup>51</sup> Even in the United States, the position of temporary farm labour continues to cause concern. Since considerable information is available, and since it illustrates the difficulties of protecting migrant labour even in the world's richest country with the most productive agriculture, the situation in the United States is worth considering in detail.

146. The wage-worker in agriculture faces tremendous difficulties, the majority of which are beyond his control. Very rapid technological progress is mechanizing the harvesting of more and more crops, thereby reducing employment opportunities; the domestic wage-worker has faced heavy competition of temporary immigrants from countries with lower levels of living — the British West Indies, Mexico, Puerto Rico — who have accounted for over 30 per cent of the temporary work force.<sup>52</sup> Unemployment in the non-agricultural sectors of the economy has been concentrated among the unskilled, limiting the possibilities of job opportunities for those who would desire to leave agriculture. Low wages, poor working conditions, and migration itself have established a vicious circle from which the individual migrant can seldom escape.

147. Given the nature of employment and the conditions of farm labourers, union organization has seldom passed the initial stages. Control in the interest of American workers, therefore, has depended upon state and Federal Government action. Since 1960, this has predominantly been done through the regulation of the number of foreign workers admitted and of their working conditions. The Puerto Rican Contract Farm Labor Program

<sup>51</sup> See United Nations, *1963 Report on World Social Situation*, op. cit., pp. 132-133. )

<sup>52</sup> Fay Bennett, *The Condition of Farm Workers in 1963: Report to the Board of Directors of the National Sharecroppers Fund*. In 1962 there were estimated to be about 380,000 indigenous migrant workers and something over half that number of temporary foreign immigrants.



brings the Federal Government directly into the field of recruitment, and provides the immigrant with employment guarantees, injury compensation and health insurance, as well as with a guaranteed minimum wage which rose between 1959 and 1963 from 77 cents to \$1 an hour. Under the Mexican Labor Program which may soon expire, the Federal Secretary of Labor is given some powers to limit the number of *braceros* in the whole programme and in those areas where their employment would "adversely affect" conditions of domestic workers. He may also from time to time fix minimum wages for temporary foreign workers. Some improvements have been brought about, but, depending upon administrative discretion as they do, such policies have been amenable to political pressure. For example, a decision to impose a 93-cent minimum wage in Florida in late 1963 was, under pressure from vested interests, suspended until April 1964 — when the season was over. The wage dropped back to its previous 60 to 70-cent level.<sup>53</sup>

148. Direct assistance for migrant American workers takes the form of legislation regulating housing, health and the education of the hundred thousand children of school age who follow the crops with their parents. Housing is a state matter, however, and only twenty-nine of the thirty-nine states with a peak employment of more than a thousand migrant workers have enacted housing standard laws for migrant workers, many of whom "still must work and live in shocking conditions". The ban on the employment of children is contained in the Federal Fair Labor Standards Act, and here the difficulty is one of enforcement. In 1962, inspectors found several thousand migrant children illegally employed, and three-quarters of them were below the school grade normal for their age. Federal assistance to provide schooling for immigrant children is the subject of legislation already drafted but not yet enacted. For other aspects of the migrant workers' livelihood, the aim is gradually to incorporate them into Federal social welfare schemes; in particular, the Migrant Health Act has made an important beginning in extending health services to them.<sup>54</sup>

#### D. COMMUNAL TENURES

149. Communal forms of tenure exist in many parts of the world, but one can conveniently distinguish three different situations.

(a) Those parts of the world where the land held in communal tenure represents a small proportion of the total—and usually not the best—land and almost no one depends wholly on the use of such land for a living (e.g., most parts of Europe);

(b) Countries where, although the majority of the population hold land in individual tenures, minority populations (often referred to as aborigines, indigenous tribes etc.) still hold land in common on which they depend for their livelihood (e.g. China (Taiwan), India, many countries of Latin America).

(c) Countries where communal tenures remain the predominant form, as in many African countries.

150. In the first group of countries, communal tenures generally pose no grave social or economic problems. In the second, the policy problem is often defined primarily in terms of protecting the indigenous minority from exploitation by the economically more advanced majority. (In India, for instance, where some 30 million people were classified as tribal in the 1961 census, most of the legislation is concerned with banning the alienation of land to outsiders; some of these laws date from the nineteenth century, though in some states they were reinforced in the late 1950s.) Otherwise, the problems are the same in the second as in the third group — namely problems of adjusting the tenure pattern to the quickening pace of economic change. It is in the third group of countries that the issues are most discussed and most frequently the subject of legislation. They will also be the main concern in this section.

#### *Africa : the evolution of the system and the nature of the problem*

151. African systems of tenure have always been evolving, but the pace of change in recent years has been greatly accelerated as a result both of economic forces and of government action. Some countries have recently passed laws to ensure that those changes should be orderly and in directions consistent with their political aims and many more are preparing such legislation.

152. The common elements of existing tenure institutions are not easy to describe.<sup>55</sup> For the most part, they may be called communal in a sort of negative sense; that is to say, no single individual has the kind of right to a particular piece of land which enables him to sell it or give it away outright and forever. Such absolute property rights reside with groups, not individuals (and a sense — often religiously sanctioned — of holding the land in trust for future generations may well make it unthinkable the group should sell the land either).

153. Every full member of the group has the right to some land. Full membership in the group may be determined solely by kinship, in rare instances solely by residence or marriage, or by a mixture of the two. Groups may vary in size from two or three persons to several thousand, their allocation of land-use rights among their members may be authoritarian or conciliar, and in big groups, there may well be a hierarchy of authorities with paramount chiefs holding over sub-chiefs, and sub-chiefs over lineage or compound heads, reserve sanctions and ultimate reversionary rights to the land of lower echelon sub-groups should the latter ever cease to use their land.

154. The mechanisms of the system are clearest in what might be considered its archetypal form, when: (a) there is shifting cultivation with permanent cultiva-

<sup>53</sup> *Ibid.*

<sup>54</sup> *Ibid.*

<sup>55</sup> For general accounts, see Sir Gerard Clauson, *Communal Land Tenure* (FAO Agricultural Studies, No. 17), (Rome, FAO, 1953); and *Indigenous Peoples; Living and Working Conditions of Aboriginal Populations in Independent Countries* (International Labour Office Studies and Reports, New Series, No. 35) (Geneva, International Labour Office, 1953).

tion confined to small compound gardens, and (b) settlement is sparse and land plentiful.

155. An example may be taken from the practices of the Tiv in Northern Nigeria.<sup>56</sup> Residence here is in compounds inhabited by groups of agnatic kinsmen and their wives. A compound may contain the living members of a lineage of four or five generations' depth, but usually much less, the average compound containing fewer than twenty persons. At the beginning of each season, the members of the compound, under the direction of the compound head, select an area of the bush fallow which seems according to certain vegetational criteria to be ready for use and they mark out individual plots for individual wives. There will be some co-operative work of the whole compound in brushing the land; husbands will help their wives in certain operations, and some operations, in turn, will be done communally on each field by a variety of groups (by sections of the compound or even sets of age-mates from different compounds), but, for the most part, cultivation is the work of individual women to whom particular fields are assigned. After the harvest, the land lies fallow and new areas are assigned the next year.

156. The position of those who have a right to the land in this situation may be summed up as follows: every man born into the compound has a right to sufficient land for each of his wives to grow enough food for their needs. Strangers who wish to live in the compound may also be given land, and it would be rare, say, for a man to be refused land if he went to his maternal grandfather's compound. Such rights, however, are temporary; they would lapse as soon as the "stranger" leaves the compound and may even be revoked, if his land is needed by a lineage member. A member born in the lineage, on the other hand, never loses his right, and can return after years in the diamond mines, for example, and still claim an allocation of land. It follows that there is no concept of inheritance of land; the right to a share is conferred automatically by birth within the lineage. The only heritable property of importance, in fact, are one's seed yams, for the size of one's stock of seed determines one's prestige and level of living and (together with the number of dependants whose labour one can mobilize) the size of the fields one can obtain. (One can be fairly certain of getting a fair allocation. The sanction against a chief's arbitrariness in this situation is the fear that disgruntled members of the compound will simply move off and build a new compound in virgin bush, leaving him "sitting alone", spurned and unsupported.) Although individuals own no land, they may be said, however, to have a personal property right in the labour they have invested in a piece of land. A yam field belongs to a woman and her husband until the harvest, and its inviolability may be symbolized by magical boundary symbols. (Similarly, a man who undertakes the laborious work of enclosing an area of bush with a cordon of burnt land in preparation for a bushfire hunt of the animals within

the circle establishes property in that land until the hunt is over.)<sup>57</sup>

157. In this situation of land abundance, not even the compound is looked upon as having very definite ownership rights over particular pieces of land (any more than most societies recognize ownership rights over that equally abundant commodity, air). Instead, each compound has a diffuse right to sufficient land. If it finds itself running short of mature fallow, it can ask a neighbouring compound for the use of land to which, by virtue of most recent cultivation, that compound has a prior claim. Since neighbours are always kinsmen, even if the common ancestor may be several generations back, the request is unlikely to be refused. In granting it, however, the neighbouring compound may itself run short of usable fallow and be forced to turn to its neighbours on the other side, and so the chain reaction could go on until the peripheral compound pushes out into virgin land. Thus, the boundaries of the areas regarded tentatively as the "property" of the particular compound can easily shift.

158. Customary practices somewhat similar to these still exist in many parts of Africa, but the area in which the land-man ratio is such as to make them possible is rapidly diminishing. This ratio has been changed both by population increase and by the increase in cash cropping which requires additional fields over and above the area traditionally required for subsistence.

159. The immediate result of this increased population pressure has been a hardening of the boundaries between each community, in which case a sense of a particular group's property in a particular area of land clearly emerges although, depending on the local political structure, the only boundaries immutably fixed may be those around relatively large areas, the chief or council of that area retaining the authority to adjust the boundaries between individual units within it. Such, for instance, is the case in the so-called "communal tenures" of Sierra Leone, where a paramount chief may exercise control in this way over an area containing as many as 20,000 people. The tendency is, however, for the boundary-hardening process to descend to progressively lower levels; first, to the area belonging to each village agglomeration and, finally, to the land belonging to each individual compound — the unit of common residence — which may contain fifty or sixty kinsmen but in most parts of Africa is probably about twenty strong. In Sierra Leone, these stages are distinguished, in contradistinction to communal tenures, as "semi-communal tenures" (fixed boundaries of village agglomerations) and "family tenures" (fixed boundaries of compounds), respectively.

160. This hardening of boundaries is only an unpleasant necessity to all involved — except to tidy administrators. People do not see themselves as being newly guaranteed firm possession of the land inside their boundaries, but as being excluded from what lies outside. As long as possible, they prefer to keep things fluid. Thus,

<sup>56</sup> See Paul Bohannon, *Tiv Farm and Settlement* (London, H.M.S.O., 1954).

<sup>57</sup> See P. de Schlippe, *Shifting Cultivation in Africa: the Zande System of Agriculture* (London, Routledge and Kegan Paul, 1956)

the Tiv will acknowledge the existence of a boundary between their cultivated fields and those of a neighbouring compound, but if what lies between them and their neighbours is fallow they say: "That side we do not have a boundary; we have an argument."

161. This process of boundary-hardening can occur simply as a result of a change in population density without any change in agricultural techniques or attitudes. The serious "problem" aspects of this trend are twofold. In the first place, as populations increase within fixed boundaries, the possibilities of soil degeneration due to a shortening of the fallow period become serious. The dangers are greatest when — as is commonly the case — customary practices do not define what is fallow in terms of a fixed period of years, but as "until such and such a cover or a certain density of earthworms appear". Such flexible criteria are more easily adjustable to urgent need. Secondly, it may lead to regional inequalities. Some groups manage to stake claims to larger areas than others and some populations may expand faster than others. The hardening of boundaries prevents people in crowded areas from moving to vacant lands elsewhere.

162. There are social consequences, too. The traditional sanction against the arbitrariness of chiefs — the threat that his kinsmen would move elsewhere — is weakened when there is nowhere to move to. "Deterioration affects the human society as well as the land. Individuals get more vociferous to protect their rights and the old community society breaks down into a jostle for survival."<sup>58</sup>

163. The second major factor precipitating changes in land tenure is the switch from shifting cultivation (or lengthy bush fallow) to permanent cultivation (either with permanent tree crops or with fixed crop rotation). This, in itself, would tend to lead to "individualization" — the further process of boundary-hardening whereby individual men acquire fixed plots within the communal area of compound or village — as a result of the mere application of traditional custom. A man traditionally had a property right to the accumulated investment of his labour in a particular piece of land, a right which lasted until the fruits of his labour were finally harvested. Where there are permanent crops, or where one year's crop is always looked upon as in some sense a preparation for the next year's crop, or where, as in the case of contour-ridging or of rice fields with controlled irrigation, the labour investment in actually making the field is of permanent value, that moment of "final harvest" when the land should revert to the community's pool may never come.

164. In point of fact, other factors have also aided this trend towards individualization besides the mere application of traditional custom. The transition to permanent cultivation has often been accompanied by the development of cash cropping, an increased involvement in a money economy and the growth of urban centres. All these factors enhance the tendency to assign monetary values to particular pieces of land. So, too, did the impor-

tation by colonial governments of European ideas of freehold rights. At the same time, cash cropping brings an increasing involvement of the menfolk in agriculture. (Often, where crops were introduced by the fiat of the colonial administration, the cotton field was the man's responsibility — since dealing with the government was a man's job — while the subsistence fields remained the woman's province.) This, together with a higher proportion of monogamous marriages resulting from new values and changing consumption patterns, and the increased mobility of the population, lends much greater importance than hitherto to the simple nuclear family of husband, wife and children. Thus are created the social preconditions for the kind of self-perpetuating, single-son-inheriting, peasant-family system (with each small family owning individual "ancestral" plots) which is commonly found in many parts of Europe and Asia.

165. Individualization proceeds, as it were, by stealth. A man may have a cocoa plantation on his lineage's land; he may regard it as his own and he may pass it on to his sons or his brother just as he traditionally passed on other items of personal property, stocks of seed or standing crops. But it is not until he or his descendants try to sell the land that his lineage's reversionary right is critically tested. Whether or not the individual's right to sell is recognized depends on his status within the lineage (the chief of an authoritarian group is unlikely to have difficulty); on the length of his occupation of the land; on the value of the present crops on it (there is rarely any question that the *trees* a man plants are his individual property); on local precedents; or on the policy of land administrators who may be called on to adjudicate. In many parts of Africa, the free sale of land is now fully accepted. In parts of Ghana, it was common even in the early nineteenth century.

166. It will be useful in the subsequent discussion to use Clauson's terms<sup>59</sup> for the various stages of development suggested above; "primary communal tenure" for situations in which although farming is usually entirely individual, there are no continuing rights to specific parcels and fallow reverts to community disposal; "secondary communal tenure" for situations in which individuals have inheritable rights to specific plots (including "their" fallow) but have no rights to alienate, and "individual tenures" for situations where even the community's reversionary rights have gone and the user of the land may also sell it. As a rough generalization, it may be said that in modern Africa the first kind of tenure has now become unusual except in the most sparsely populated areas least affected by commerce; the last named is found in the most developed areas particularly where there are permanent crops, and the second intermediate form is statistically the dominant one.

167. Increased commercialization has not always led to greater individualization. The assignment of money value to land has sometimes reawakened communities to the value of their heritage. In Nigeria, for instance, over the last decade, lawsuits have been fought against individuals who personally redeemed a piece of "pledged", or, more accurately speaking, "pawned" communal land

<sup>58</sup> A. Gaitskell, *Report on Land Tenure and Land Use Problems in the Trust Territories of Tanganyika and Ruanda-Urundi* (FAO/59/2/951).

<sup>59</sup> See Sir Gerard Clauson, *op. cit.*

(the original loan having been used for communal purposes) requiring them to accept reimbursement from the community lest they should be assumed to have established an individual right. In some areas of Nigeria where those who were not members by birth of the community have "begged" land for plantations etc., the traditional form of *kola* tenancy — a loose arrangement whereby permission to use the land is requested by symbolic gifts to the chief of the community — has long since given way to written tenancy contracts which make clear that the "stranger" has no right of sale, but guarantee him compensation for improvements if he gives up the land. There has also been a backward process of "tribalization" of land in some areas, with paramount chiefs claiming a right of eminent domain over the land of many villages or compounds which previously considered themselves to exercise autonomous control over land. It is noticeable, however, that it is the paramount chiefs who are most anxious to assert this "tribal basis".<sup>60</sup>

### *Individualization : the advantages*

170. The second problem represents the most crucial policy choice and the answer to it will depend in part on the political intentions of each Government. The general case for fostering individual rights rests on many grounds. There is, first of all, the argument that economic development depends on rewarding and encouraging enterprising individuals, even at the expense of the less able or the less enterprising. The historical analogy may be appealed to : "British agriculture did not begin to improve until the enclosures enabled the more efficient members of the community to engross large holdings, while the less efficient came to work under their direction as landless labourers".<sup>61</sup> A good many people have shared the comminatory irritation of the British East African Royal Commission which saw great obstacles to African progress in "the parochial and exclusive attitude adopted by Africans towards one another particularly with regard to land holding, and the unduly paternalistic and protective attitude exercised by its governments in a well-meant, but possibly misapplied, attempt to protect Africans from untoward effects of economic competition".<sup>62</sup>

168. The policies of Governments towards these developments have varied. Some have been concerned to preserve community rights as a means of preserving intact their social structure and traditional systems of chiefly authority. Others, being more concerned with economic development, have argued that this is best achieved through individual tenures. The issues which these developments pose for African Governments may be summarized as follows :

(a) In areas where population is still sparse and boundaries have not hardened between communally-owning groups, how far is it necessary, desirable, or possible to seek their definition and registration?

(b) How far should one give legal recognition to and seek (by adjusting them to changed modern conditions) to stabilize communal tenures; or, alternatively, how far should one facilitate or encourage the dissolution of communal tenures into individual holdings?

(c) In so far as communal tenures are recognized, what legal steps have to be taken to preserve the rights of individual members within the communities and make sure that the tenure system does not hamper economic progress?

(d) If individual tenures are to be recognized, what kind of tenures, subject to what restrictions, should they be?

### *The registration of communal tenures*

169. The first problem is important for two reasons; firstly, in order to avoid future disputes when expanding communities begin to push up against each other; secondly, in order to clarify existing land rights so that unused areas can be brought into useful cultivation — particularly, for example, by State-sponsored settlement schemes.

171. Secondly, it is argued that communal tenures even of a secondary kind not only do not encourage initiative; they positively discourage it in many ways. A common type of example is that cited from the United Republic of Tanzania : an enterprising farmer took over a large part of the land abandoned by his kinsmen in a hopelessly eroded state, checked the erosion with contour-banks and tie-ridding, established a viable crop rotation, planted trees, added livestock and effectively established a highly productive farm. Later his kinsmen returned and claimed some of the land which he had brought under productive cultivation. They proposed to use it again for the type of inefficient farming which had caused the erosion in the first place.<sup>63</sup> Similarly, from Sierra Leone are reported cases of "strangers" who have built up valuable orchards on land granted them by a local chief but are forced to give them up as the community expands and as the land is needed for the chief's agnatic kinsmen who can claim a superior right. If such disadvantages arising out the lack of real security of tenure can occur in cases even of secondary communal ownership, the situation is even worse in the case of primary communal tenures, especially on grazing land. Where — as is usually the case — common use is not matched by communal organization for control, no one can prevent overstocking and consequent erosion; no man has the incentive to improve pasture when the benefits will accrue only marginally to him and mostly to his neighbours, nor is it easy to improve stock effectively when there can be no segregation of herds.<sup>64</sup>

<sup>60</sup> See R. J. H. Pogucki, *Gold Coast Land Tenure* (Accra, Lands Department, Government of Ghana, 1955).

<sup>61</sup> G. B. Masefield, "Farming Systems and Land Tenure", *Journal of African Administration*, vol. IV, No. 4 (October 1952) (London), p. 12.

<sup>62</sup> African Studies Branch, "The East African Royal Commission and African Land Tenure", *Journal of African Administration*, vol. VIII, No. 2 (April 1956), p. 78.

<sup>63</sup> A. Gaitskill, *op. cit.*, p. 15.

<sup>64</sup> For an example, see G. B. Masefield, "Farming Systems and Land Tenure", *op. cit.*, p. 10.

172. Thirdly, in densely populated areas with secondary communal tenures, the individual holdings to which men have established rights are frequently badly fragmented. The granting of individual titles would provide the opportunity for consolidation — as has been the case recently in Kenya.

173. Further, individualization can be the opportunity for introducing whole new systems of farming. An example is reported from the Republic of Niger where a communal holding was split into individual holdings, each carefully planned to contain ten similar fields, and detailed guidance was given for the establishment of a suitable crop rotation. The clean break with the past provided the opportunity for innovation on a broad front.<sup>65</sup>

174. Fourthly, individual farmers cannot obtain agricultural credit on the security of their land if they have no individual land holdings to pledge.

175. Fifthly, the uncertainty about title is costly in emotion, energy and money. In 1955 the Kisù tribe spent £13,000 — a quarter of the value of their coffee crop — on fighting court cases over land.<sup>66</sup>

176. Sixthly, it is argued that among people with an authoritarian type of traditional social organization, communal tenures provide the material basis for maintaining the power of the chiefs of each landholding group, and in societies where social equality is considered desirable, or where it is assumed that progress depends on a general shake-up of the social structure, this may well be thought undesirable.

177. Seventhly, communal tenures maintain sentiments of communal solidarity which necessarily imply separateness from and sometimes hostility towards other communities, especially if they belong to different tribes.<sup>67</sup> Inasmuch as inter-tribal animosities prevent the creation of a sense of nationhood in many of the new African States, communal tenures represent an obstacle to progress and unity. Frequently the maintenance of communal tenure systems strengthened by colonial policy has, after independence, made the establishment of a national land policy more difficult.

178. Eighthly, communal tenures may be thought to inhibit the development of an effective administrative bureaucracy. Where tribal authorities retain control over the major natural resources, their power may well exceed that of government officials.

179. Ninthly, it is argued that communal tenures are an obstacle to developing the genuine co-operation which is necessary for agricultural development. Communal tenures are usually exploited by highly individualistic methods; it is rare to find joint-group farming and group sharing of the proceeds. Moreover, the argument runs, true co-operation can only come from an appreciation

on the part of independent individuals of their common interests, and as long as communal tenures persist, individuals cannot be truly independent.

180. Then again, it is urged that communal tenures are bound to lead to overpopulation and soil degeneration. Migration tends to be only temporary since members of the group never lose their rights to repossess land. Overpopulation comes more surely because it comes more gradually. In a family smallholding system, the question of whether to split the land between two sons is a sharp and dramatic one, and division may, if the holding is small, be avoided. In a communal holding, especially if it is of the primary kind, the question is always less clear-cut — whether, for instance, the holding should be shared between nineteen or between twenty persons.

181. Nor is this simply a question of rural overpopulation. Most developing countries recognize the need for family limitation if *per capita* income is to rise. If birth control campaigns are eventually contemplated, they are more likely to be successful in rural areas if farmers have individual holdings, since the desire to keep their holding intact gives them a strong motive for not wanting too many sons.

#### *Individualization : the disadvantages*

182. The arguments against accelerating the emergence of individual tenures are equally varied. Firstly, it is suggested that any encouragement of the process of splitting communal holdings into individual tenures is likely to lead to land-grabbing and inequality. Whereas in most parts of the world, the political pressure for land reform comes from the discontent of the masses, in Africa, political pressure for the legitimization of individual tenures comes generally (except in Kenya) from the frustrations of the few. If those few are not just enterprising but also rich and the possessors of political power (chiefs, for instance), there is every chance that they will secure for themselves an unfair share of their country's resources. Here again, the history of the British enclosures may be appealed to in a different sense — the British aristocracy was not noted for the modesty of its claims to enclosed land, nor over-scrupulous in using its political power to secure them.

183. Secondly, even if this aggrandizement could be avoided by laws which provide only for the recognition of individual holdings which have fully emerged as effectively cultivated farm units, the likelihood remains that without control of transfer, individual holdings might soon be mortgaged and lost to moneylenders. "The surest way to deprive a peasant of his land is to give him a secure title and take it negotiable," said a British working party on land tenure.<sup>68</sup> The result could well be the aggregation of large holdings on the one hand and of landless unemployed, on the other — and without any guarantee that, as in post-enclosure England, farming on the large holdings would be more efficient.

<sup>65</sup> R. Tourte, "Rapport de Mission en République du Niger" (Rome, FAO, 1963) (mimeographed).

<sup>66</sup> *Report of the Development Centre on Land Policy for East and Central Africa*, (Fort Portal, Uganda, 7-24 October 1960 (EPTA Report, No. 1368) (Rome, FAO/ECA, 1961).

<sup>67</sup> For an example of increasing inter-village tension as a result of greater population density, see P. H. Gulliver, *Land Tenure and Social Change Among the Nyakakusu* (East African Studies, No. 11) (Kampala, East African Institute of Social Research, 1958), p. 31.

<sup>68</sup> *Report of the Working Party on African Land Tenure 1957-1958* (Nairobi, Government of Kenya, 1958), para. 101.

184. Thirdly, it can be argued that the doctrinaire individualization of existing communal areas can lead to inequality and inefficient land use. Thus in Kenya, individualization measures were applied not only to densely populated Kikuyu areas where there was an effective demand for it, but also to the sparsely populated Nandi areas where there was no such demand.<sup>69</sup>

185. Fourthly, it can be argued that the communal possession of land keeps alive a sense of responsibility to society and towards the land as a common heritage which should be preserved for future generations.

186. Fifthly, in societies with only rudimentary police and administrative services, and with only the beginnings of an educational system, it may be urged that traditional chiefly authority may provide the only means of social control which can maintain order and ensure peaceful social development, although misuse of chiefly authority with respect to communal land has frequently occurred as, for example, in Sierra Leone.

187. Sixthly, the system provides social security. The ill and the incapacitated are cared for as members of the community.

188. Seventhly, it may be argued that increasing tension and disputes may be inherent in the density of the population, and not in the matter of the form of tenure. Individuals may even within a communal system, have absolutely clear rights; disputes more commonly arise over inheritance — a matter of the civil law, not the land law.<sup>70</sup>

189. Finally, it can be argued that although cultivation within communal tenures is usually individual, the system does keep together a community which provides mutual help in certain agricultural operations and opportunities for concerted effort in common practical and festival pursuits. As such, it should be preserved as a desirable basis for more elaborate forms of co-operation.

190. The issue, it will be obvious, is complicated and has wide-ranging implications. It is not surprising that few present African Governments have firmly committed themselves either to promote or not to promote individualization.

#### *Internal regulation of communal tenures*

191. The third problem — the internal regulation of communal tenures — is a problem of ensuring justice and also a minimum interference of the communal system with attempts at agricultural improvement. The crucial questions concern the duties of compensation — of individuals to communities if they take more than their share of the land, and of communities to individuals if it is decided that land improved by individuals must be reclaimed for other uses. It is in this context that the question of how far customary law should or can be modified by statute law becomes most important.

<sup>69</sup> *Report of the Development Centre on Land Policy for East and Central Africa*, op. cit., p. 19.

<sup>70</sup> See P. H. Gulliver, op. cit., p. 28.

#### *Types of tenures for individuals*

192. The fourth problem is one which has been much discussed, frequently in the form of the relative merits of leasehold and freehold. This formulation can be somewhat misleading, both because of different concepts of leasehold (in English law an alienable right *in rem*; in French law an inalienable right *in personam*) and because the freeness of freehold is, in the modern world, largely illusory. Even the State which practises the most individualistic free enterprise nowadays imposes on landowners some restrictions on the use of their land — restrictions ranging all the way from a ban on using it to build arsenals or brothels to the obligation of paying heavy taxes for the land or of using it to grow certain crops. There are, therefore, two separable issues; firstly, what kind of restrictions on ownership need to be imposed, and, especially, should there be restrictions on the right of sale?; and secondly, are these restrictions best imposed in the form of general legislation affecting all land (or at least all land in certain categories defined in universalistic terms), or are they best imposed through individual contracts for a term of years concluded between the prospective individual land-user and the State or a government agency?

193. Firstly, should restrictions be imposed? The general problems of State interference with the agricultural use of land in the interests of technical efficiency (as in the wartime British legislation providing for the dispossession of inefficient farmers) will be considered in another section. Here the main point at issue is whether the holders of individual farms in African societies emerging from a system of communal tenures should have the right to sell their land on a free market. (Here also there is a danger of verbal confusion in the discussion of this question, particularly in former colonial territories, where the word "alienation" which in Europe means simply giving away or selling to another person, often carries the specific meaning of alienating to Europeans.)

194. The related credit problem (how can a farmer obtain credit when he cannot pledge inalienable land?) is by no means insuperable if the State is prepared to take over the task of providing agricultural credit. The State — or approved co-operative organizations — can then control the reallocation of forfeited land, and it is also possible to exercise administrative discretion in the public interest when deciding whether mortgaged land should be forfeited or whether further credit should be extended.

195. Fundamentally, a decision on this issue of the freedom of land sales depends on one's view of the "English enclosure" arguments sketched above. Would a *laissez-faire* policy with a free market in land lead to more efficient farming and a maximization of the productivity of both land and labour? Or would it lead to a combination of large under-used prestige estates and towns filled with landless unemployed in the Latin American pattern? Or would it, as in many parts of Asia, lead to widespread tenancy, with agriculture starved of capital and the farmers starved of food, because a large



part of the agricultural surplus is absorbed in the luxury consumption of non-producing gentlemen landlords? The prognosis in each particular situation will depend on the level of technical skills available and how equally they are distributed among the population, on the attitudes towards farming prevalent in different strata of society, on the availability of markets, on the man-land ratio and on the government's administrative capacity to apply measures of control. The prognosis having been satisfactorily made, the policy-maker may still have to decide — if the prognosis should suggest a choice between greater gross productivity or greater social or economic equality — how much of each he wants to have.

196. Whatever restrictions are chosen there are no universally valid reasons for preferring a system of registering ownership rights and restricting them by legislation to a system of individual leases, or vice versa. In either case, the effectiveness or justice of the restrictions will depend more on the efficiency and probity of the officials who enforce them than on the legal forms chosen. There are, however, a number of considerations which will affect the decisions in particular situations. Where the concepts of leasehold and freehold are familiar, it may be thought that even a secure leasehold may give farmers a sense of insecurity or of second-class citizenship (although the Dutch experience where farmers accustomed to freehold readily accepted leaseholds on land reclaimed from the Zuiderzee may indicate that where there are substantial material advantages — Dutch farmers are getting substantially bigger holdings — this may be of secondary importance). It obviously depends, however, on the faith the farmers have in the lease-granting Government and on the relative importance they attach to considerations of material profit and loss, or alternatively to prestige.<sup>71</sup> A way out of this could be the creation of a new category of land rights with some such attractive and resounding title as "freedom land rights", but there is the practical difficulty that the new nations have some existing system of rights and existing administrative procedures for their registration, and since they can rarely afford to waste administrative manpower, any new system must at least allow for the simple and cheap conversion of existing rights and procedures. (Though there is nothing to be said for the perpetuation of the British system of private conveyancing which has grown up in many ex-British territories, despite the fact that the advantages of the Torrens system have been universally recognized for the last hundred years.)

197. Again, one must consider the educational effect. A law may declare in general terms or even specify precisely the responsibilities to society involved in land ownership. And yet no one may ever read the law. If the principles are spelled out in each individual lease, however, even illiterate farmers are likely to have someone read it to them. To be sure, they may also be spelled out in the titles which confer ownership rights — though if no power is retained by the issuing authority, there is less incentive to read them.

198. The major consideration involved in the freehold-leasehold question, however, is that of the scope of administrative discretion. In countries which have Parliaments, the restriction of ownership rights by general legislation attracts great political attention and may stimulate opposition; changes in leasehold conditions may be effected more discreetly by administrative action. Similarly, if the system is to allow for land transfers, either on the foreclosing of mortgages or as a result of dispossession of inefficient farmers, it is psychologically easier to reallocate leases by administrative discretion; it is a general feeling that marketable ownership rights should only be disposed of by auction. Equally, if there are to be controls on, say, land sub-division which are ultimately enforceable only by the threat of dispossession, it is easier to revoke a lease than to confiscate a freehold. By and large, then, a leasehold system gives greater power to State officials than a freehold system. Whether this will lead to more rapid economic development depends on the society in question. If the bureaucracy is both honest and more energetic and forward-looking than the society at large (as it may well be in societies with a small educated elite and a largely illiterate population) then the results may be economically beneficial. If not, then the cost in corruption resulting from the expansion of administrative discretion may outweigh the value of the benefits gained.

199. A further question arises if the leasehold system is adopted: should the leasing authority be the central Government or a local body? In the district near Mt. Meru in the United Republic of Tanzania, the allocation of leasing powers to a local council proved an effective means of transition from communal to individual tenures, and the advantages of control by local land boards were urged by both the East African Royal Commission on land tenure and at the Arusha Conference. However, the administrative officers present at the Uganda Land Policy Centre expressed strong opposition to the principle of delegating important powers to local boards, on the grounds that they restrict the formulation of national land policies consonant with national development plans.<sup>72</sup> Again, the solution to this question must depend on the particular situation. As a very rough generalization, other things being equal, it can be said that the decisions of central authorities are likely to be more impartial than those of local authorities, but they are less likely to be speedily delivered and less likely to be enforced.

200. These issues were among those thoroughly discussed at a Development Centre on Land Policy, sponsored by the Food and Agriculture Organization and the Economic Commission for Africa, which was held in Sierra Leone in December 1963 to January 1964.<sup>73</sup> The participants, who were drawn from a variety of West African countries and international organizations, reached a substantial measure of agreement on a number of points of which the following were the most important:

<sup>72</sup> *Report of the Development Centre on Land Policy for East and Central Africa*, op. cit., p. 57.

<sup>73</sup> *Report of the Development Centre on Land Policy for West African Countries* (EFTA Report, No. 1860) Freetown, Sierra Leone, 28 December 1963-9 January 1964 (Rome, FAO, 1964).

<sup>71</sup> *Report of the Study Group on Problems of Individual and Group Settlement for the European Region*, Tel Aviv, 25 April-10 May 1956 (FAO, Meeting Report, No. 56/11/8172), p. 58.

(a) Governments should resist the temptation to "leave well alone" in the hope of avoiding "disturbance" of the situation. The situation is not static and stability cannot be gained by inactivity. Intelligent and imaginative reform can direct change into constructive channels.

(b) Any reform law, however, must (i) provide for the gradual transformation of tenures from one form to another, not expect an immediate universal application of any particular procedure and (ii) be flexible enough to allow any tenure form to accommodate itself to changing economic and social conditions.

(c) Any steps taken towards the written registration of tenures (whether individual or communal) must be designed so as not to exceed the capacities of the staff available to do the job impartially and efficiently. While written registration normally enhances the landholder's sense of security and reduces the cost of settling disputes, these advantages can be easily outweighed if registration leads to land-grabbing by the powerful or to a freezing of the land distribution in a pattern inimical to economic development.

(d) For this reason, if for no other, customary tenures (usually of a communal kind) will continue to coexist with registered or title-proven tenures for a long time to come. This does not, however, rule out the usefulness of attempts to codify customary law or change customary tenure practices. It was urged that customary law should not be given exaggerated respect; in the absence of written precedents, and given the changing nature of customary law, judgements often tend to be *ad hoc* and variable and to lack that predictability which law must have to be useful. Moreover, the formulation of a national land policy becomes difficult when there is widespread local variation in customary practices. On the other hand, legislation which tries to ride roughshod over preferences and principles which are strongly held to, is not likely to be enforced.

(e) Any changes introduced in traditional communal tenures should try to retain the valuable elements of co-operation which they contained and to transform them into new co-operative forms.

(f) Any land law should make it as easy as possible for the State to acquire vacant land for land settlement purposes.

(g) The land tenure system should permit the possibility of plantations operated by local or foreign capital, provided that they are operated in partnership with the Government and under adequate safeguards which ensure that they make a useful contribution to economic development.

(h) There should be some control over the alienation of land wherever individual rights are established to prevent speculative land accumulation and to protect the inexperienced farm operator.

(i) The discussions made clear the lack of adequate information on many crucial matters concerning the existing situation, and it was generally felt that more studies were urgently needed.

### Recent legislative developments

201. The most ambitious attempts to provide a new comprehensive legal framework to regulate the land tenure system come from East Cameroon.<sup>74</sup> A general basic law was decreed in January 1963<sup>75</sup> and of the twelve additional decrees necessary to fill in the operating details, three had been enacted by the end of January 1964.

202. Perhaps the most important object of the law was to free land for sponsored settlement schemes. Over three-fifths of the total land area of some 43 million hectares is totally unused for agriculture, even making generous allowance for fallow and pasture. Under French rule, these unused areas were declared to be the State's domain, but the unpopularity of this measure became obvious after the establishment of a popular assembly. In 1959, a new law limited the State to lands actually in public use and recognized the customary rights of traditional collectivities to *all* other land, except for that very small area — about 0.2 per cent of the total, mostly consisting of urban land or foreign plantation concessions — which was owned by individuals holding registered titles.

203. The difficulty of deciding which group owned how much of which piece of no-man's-land, and frequent extravagant demands for indemnity when land was sought by the State, were obstacles to land settlement. The new law confines the collectivities to such lands as they are actually cultivating together with "areas judged indispensable to a subsequent extension of cultivation to take account of growth in population and the possibilities for development". (*"Superficies jugées indispensables à une extension ultérieure des cultures pour tenir compte de l'augmentation de la population et des possibilités de mise en valeur"*.) All other lands are to be designated as the "national collective patrimony" and are to be available for concession although collectivities may retain hunting and fishing rights over such land, for which they may claim indemnity if the land is subsequently reallocated. It is possible that as much as 30 to 40 per cent of the total area will eventually find its way into the national patrimony.

204. The exact nature of the title which the collectivities will hold remains to be specified in subsequent legislation, as also the precise criteria for staking out the "expansion boundaries" of collectivities; the latter will obviously pose one of the greatest difficulties for the reform. However, it is not necessary that the whole operation should be done immediately. It is not even necessary that it should be done for all the collectivities contiguous to areas where settlement schemes are proposed, since the law also provides for particular pieces of land (even developed land) to be incorporated into the State's private domain by administrative procedures. A decree of 30 January 1964 defines these procedures, and specifies the composition of the commissions which are to adjudicate claims to land which it is proposed to ac-

<sup>74</sup> See A. Bessis, *Rapport au Gouvernement du Cameroun sur les problèmes de la réforme foncière au Cameroun oriental* (EPTA Report, No. 1872) (Rome, FAO, 1964).

<sup>75</sup> Décret-loi n° 63-2, of 9 January 1963, ratified and modified by Décret-loi n° 63-6 of 3 July 1963.



quire.<sup>76</sup> The *prefect*, or a representative of the administration of the Department, is to be the chairman, and the other members are one official each from the Directorate of State Lands, the Ministry of Public Works and the Ministry of Agriculture, a surveyor, and two councillors from the council of the municipality. They are empowered to grant compensation for the land itself, within somewhat narrow limits, if any developed land larger than five hectares in area is to be appropriated. Some compensation may also be given for buildings and crops.

205. The procedures by which land so acquired for settlement will be allocated to settlers are defined in detail in a further decree of 30 January 1964.<sup>77</sup> This provides two methods by which land can be allocated by the State. The first applies only to land already in the State's private domain; it consists of a sale — by auction or by agreement — which gives to the purchaser a secure registered title. The title contains, however, a clause specifying the State's reserved right to reclaim the land if it is not "developed" within a variable maximum period. For five years after the delivery of the title (even if the reserve clause has lapsed), agricultural land is inalienable; all promises of sale made, during that time are void, and the land may be offered as a loan security only to State credit organizations.

206. A second method is the one obligatory for all lands belonging to the national collective patrimony. It consists of a provisional concession of exploitation rights which obliges the concessionary to develop the land within three years. At the end of this period, or before, if he requests it, he may have his concession made definitive. The title which he receives, however, will also contain a clause forbidding alienation for five years.

207. The commission which is charged with ascertaining whether the development is sufficient to justify making the concession definitive (or, in the case of the first method of immediate sale, whether it is sufficient to justify deletion of the clause specifying the State's reserve right to reclaim the land) is to consist of the *prefect* or his representative as president, officials from the departments of the Directorate of State Lands and Public Works, and representatives of the concessionaries concerned.

208. Rents will be charged to concessionaries during the provisional period and they are expected, in principle, to bear the costs of surveying, registration, stamp duty and so on.

209. Besides these measures to facilitate land settlement, other interesting features of the reform concern its solutions for the individualization question. The policy, in brief, is to encourage the *de jure* recognition of individual rights in *de facto* existence, but to do so under safeguards which prevent the engrossing of large areas as well as land speculation.

210. Briefly, any member of a collectivity which owns land may, if he thinks he has an individual right to a portion of that land, apply to a commission for legal

verification of that right. The Commission which judges such applications (which are to be supported by a formidable set of documents giving details of the history of the land, its user and his neighbours) is constituted in the same way as for the adjudication of the limits of collectivity lands (see above). It must give due notice of its receipt of claims for the verification of individual rights, visit the spot, tour the perimeter of the claimed area and give its judgement only after inviting all objections and counter-claims. There is a right of judicial appeal against its decision, though at the expense of the objector, should he fail to carry his point.

211. The decree of 30 January 1964 which specifies these procedures in detail gives no guidance as to the principles by which the judgement is to be guided.<sup>78</sup> The procedure is clear enough if the opposition to an application rests on a challenge of the facts of the applicant's case — for instance, to the effect that the cocoa trees were first planted not by his great-grandfather but by his father. But if the conflict springs from differing conceptions of what the rights assured by customary law are (the applicant holding, say, that having had cocoa trees on a piece of land for fifteen years gives him an exclusive right to grow manioc on it too, and his neighbours objecting that in their conception of the law it does not constitute such a right) then, it appears, the commission is free to determine on an *ad hoc* basis for each separate occasion, does and what does not constitute a verifiable right. A clause in the basic decree-law, however, permits the State later to fix by statute the governance of the land of collectivities and, in effect, to establish State control over their land management; when this is done, the law will, presumably, provide guide-lines for such decisions. The drafting of such a law bristles with difficulties, however since there is wide variation in existing practices. Among the Bamiléké in the west, for instance, land already is freely bought and sold and individual rights are in practice acknowledged. In the north, the superior reversionary rights of the collectivity are still maintained.

212. When rights are so verified, the applicant receives a "land booklet" (*livret foncier*) which amounts to a secure, though inalienable, title and is centrally registered. The holder may, however, then apply for a full title (*titre foncier*), that is, registration of land ownership under the regular provisions of the civil code. Such titles are limited, as in the case of land settlements, by a clause forbidding sale for a period of five years, though they can be accepted as security by State credit agencies.

213. The basic law also envisages the enactment of a separate law limiting the disposition of all private landed property in order to combat land speculation and to protect individual rights.

214. How these laws will operate in practice remains to be seen. They provide a framework for the gradual clarification and registration of all rights to land, give the powers to maintain its equitable distribution and prevent speculation and unproductive accumulation. The process of registration is bound to be very gradual, however, because of the shortage of surveyors who must verify

<sup>76</sup> Décret n° 64-8/COR.

<sup>77</sup> Décret n° 64-10/COR.

<sup>78</sup> Décret n° 64-9/COR.

all areas to be registered. It is estimated that at the rate at which the cadastral survey was surveying holdings for registration in 1960-1961, it would take 900 years to cover only those parts of the country at present cultivated. Even standards of accuracy were lowered, the technical problem would still be immense and herein lies the major difficulty of the policy which the law adopts on individualization. The principle of normalizing existing *de facto* situations has the obvious advantages of fairness and enforceability. On the other hand, the piecemeal registration of odd individual farms here and there is infinitely more expensive in surveying and adjudicating costs per acre than a block registration scheme, particularly if, as in Kenya, a block survey is made by aerial photography after clear boundary markers have been built or planted.

### Ghana

215. The much more complicated land tenure system in Ghana has been substantially altered by a series of laws in recent years.

216. On the question raised earlier — should leasing controls maintained for agricultural or social purposes be exercised by local bodies or by central Governments? — the Ghanaian legislation takes a strong stand in favour of the central authority. Thus, ultimate control over the so-called “Stool Lands”; *Stool* means a chief held in the name of traditional authorities is now vested in the State. The administration of some of these lands had already been highly rationalized. Thus, the land held in trust by the Asantehene, the paramount chief of the Ashanti, could only be leased, not granted in freehold, and only in registered forms prescribed by an ordinance in 1955. However, under the Administration of Lands Act of 1962,<sup>79</sup> this land together with all other land held in the name of traditional authorities now becomes subject to the disposition of the President, and the allocation of land within the town area of Kumasi is to be directly controlled by the central administration. In other cases, there is no change in the ownership position and no interference with the internal distribution of land among members of the traditional authority's group, but the Minister charged with jurisdiction over “Stool Lands” has to give his consent to any private disposal of “Stool Lands” by a *Stool* or by someone holding customary tenure on “Stool Lands”. Local authorities retain only the right to receive a portion of the revenues received by the State for the lease of such lands.

217. This same Act, like the legislation pertaining to East Cameroon, is also designed to free land for development by the initiative of the central Government, but instead of cutting down the area of customary communal tenures, it leaves the nominal ownership position untouched, but empowers the President “when it appears to [him] that it is in the public interest so to do”, to “declare any ‘Stool Lands’ to be vested in him in trust” (Article 7), and he may then “authorize the occupation and use of any [of this land] for any purpose which, in his opinion, is conducive to the public welfare or the interests of the State”. (Article 10) The powers of the executive are strong. It is, for instance, the Minister who decides, finally and

without recourse to appeal, where disputed boundaries between adjacent “Stool Lands” may lie (and hence which community may claim compensation for expropriation), and apart from a maximum acreage provision (which for agricultural purposes is twenty-five square miles in each grant, of which no individual may receive more than four grants), there is no legal regulation of the terms under which the State may grant appropriated lands to individuals. There are, however, provisions for appeal to a judicial tribunal concerning the amounts of compensation to be paid when land is so appropriated. Another Act extends similar executive powers of appropriation to all other land in Ghana not in the “Stool Land” category.<sup>80</sup>

218. At present, the Minister with jurisdiction in these matters is not the Minister of Agriculture, but the Minister of Justice.

219. The “individualization” problem was dealt with in Ghana by a brief Act<sup>81</sup> which goes further than the East Cameroon legislation in two respects; firstly, by specifying criteria by which an individual tenure can be established when disputed, and secondly, by weighing those criteria in favour of the “individualizer”. Within certain areas which the Minister may from time to time prescribe by legislative instrument, anyone who “acquires land” for the purpose of farming, and farms it within eight years from that date, may, provided that no one else had farmed it in the eight years before his acquisition, be considered to have a “valid title”. If the nature of his “acquisition” is disputed — on the grounds, say that he was given only a temporary right to cultivate communal land — the court may still acknowledge his full title if it would cause him “hardship and injustice” to give up the land. The court may, however, require him to pay some compensation to the rival claimants.

220. Ghana offers the rare example of a country which has perpetuated and confirmed with very little modification the legal traditions inherited from its colonial past with respect to land registration systems. The Land Registry Act of 1962<sup>82</sup> establishes a system whereby registrars are to register duplicates or copies of private deeds of sale, wills etc., and the registration thereby validates the document and confirms the validity of the ownership rights therein described. Thus, whereas most African countries are establishing a more simplified system of land registration based on a master cadastral map, Ghana has continued the British system with all the additional legal complications (and employment for lawyers) involved in the search for and proof of title.

### Kenya

221. The Registered Land Ordinance of 1963 marks no new policy departure in Kenya, but it does represent the final results of some years of experiment in procedures of land registration.<sup>83</sup> As a technical piece of legislation establishing a variety of institutional devices to prevent ambiguity and dispute, it would repay study by any

<sup>80</sup> State Lands Act 1962; Act No. 125, 14 June 1962.

<sup>81</sup> Farm Lands (Protection) Act, 1962, Act No. 107, 24 February 1962.

<sup>82</sup> Act No. 122.

<sup>83</sup> Ordinance No. 25 of 1963.

<sup>79</sup> Act No. 123, 14 June 1962.

country establishing such a system *de novo*. In so far as it is reflected in this Act, Kenya's position on the policy issues outlined above may be described as follows. Firstly, the Act makes it possible to individualize tenures piecemeal; it may be applied to single areas one at a time. In itself, therefore, it neither hastens nor delays the process of individualization. Where the law is applied, however, it is envisaged that the whole of a given area would be registered as separate individual tenures; there are no provisions to recognize individual claims as they arise while leaving the surrounding land under customary jurisdiction. It will, therefore, tend to accelerate individualization in some areas and retard it in others. The Act in itself imposes few restrictions on those who receive titles. They may mortgage their land or lease it, though both mortgages and leases (the latter if they are actually or potentially of more than two-years term) must be registered. The mortgages may foreclose and force public auction. The Act does, however, show concern about the dangers of sub-division. Although it specifically disclaims any intention to alter inheritance customs, it allows the Minister to impose restrictions on the number of persons who may share joint proprietorship of any single piece of land (restrictions enacted by local orders which must be ratified by local councils). There are also provisions which specify procedures if laws stipulating minimum areas and frontages below which pieces of land may not be subdivided are subsequently enacted, but these have not yet reached the statute book.

#### Chile

222. Tenure problems similar to those in Africa have recently been regulated by special provisions of the Chilean Land Reform Act.<sup>84</sup> These provisions apply to the two provinces of Atacama and Coquimbo, where a form of secondary communal tenure had developed since the eighteenth century arising out of the absence of legal sub-division among the heirs of those who received land grants in the colonial period and also from the incorporation of other families by marriage. The areas are characterized by minuscule plots of irrigated land (operated individually by members who have recognized rights to them and in fact pay taxes on them) together with commonly used pasture and dry-farming land. The *comunidad* itself has had no legal existence (its claims being maintained solely by the original grants together with affidavits presented by heirs of the grantees) and has thus been unable to benefit from credit facilities, State loans for irrigation etc.

223. Article 40 of the reform law and a subsequent regulatory decree<sup>85</sup> provide the means for these communities to acquire a juridical personality and regulate their internal structure (the creation of a *junta general de comuneros* and its directorates), the manner of their external representation, and the conditions under which their bye-laws may be changed or their property disposed of. They also provide for the free determination of the boundaries of the joint holding and of the individual interests of the members within it.

224. In this case, one of the major reasons for strengthening the communal nature of the tenure system is that the holdings are so small that division would lead to excessively tiny holdings. Thus, once a community is given legal personality in the new form, individualization of tenure can proceed only if one-third of the members with claims to one-third of the land jointly request it, and if there is enough land for these to be given "economic units".

#### Northern Nigeria

225. A rare example of a region of a country which, whatever the motives of policy, has in effect ruled out the granting of alienable freehold rights is Northern Nigeria. Under the Land Tenure Law of 1962, the Minister of Land and Survey assumes many of the powers which were formerly exercised by local tribal authorities. He may issue a "certificate of occupancy" both to those actually cultivating land and also to those who wish to settle on vacant land. The certificate is issued only after an examination of competing claims, survey and registration on a cadastral map. The statutory rights conferred by the certificate give full security of tenure against the claims of anyone else except the Minister (who may evict for specified causes), but are only for a term of years the length of which depends on the amount of improvement the land is likely to require but which in any case, is not to be more than ninety-nine years. These rights may only be transferred with the consent of the Minister. The Minister may also levy a rent for the land.

226. Here again the main difficulty of the scheme (apart from the hostility of those whose rights are to be circumscribed) is the administrative bottleneck. "Certificates of occupancy" were recently being issued at a rate of 100 a month at which rate it would take 3,000 years before all the present 4 million landowners could be dealt with.

#### Territory of Papua and New Guinea

227. One of the last surviving colonial administrations — that of Papua and New Guinea — has also introduced comprehensive regulation of these questions in recent years, although here, where resentment against plantations owned by expatriates is widespread, the problems of registration and individualization do not, perhaps, rank as the major land tenure problems to be solved.

228. The system of land adjudication and registration established in 1952 was modified by four new laws between 1962 and 1964<sup>86</sup> but not made substantially simpler. It provides, among other things, for the following:

(a) The registration of communal tenures in a separate register. This, as well as settling possible disputes between communities, will effectively demarcate the two categories of "administration land" and "native land" within that portion — actually the overwhelming proportion — of the total area not registered in individual tenure. The boundaries will be of the chain-and-compass

<sup>84</sup> No. 15020, 15 November 1962.

<sup>85</sup> *Diario Oficial*, 27 March 1963.

<sup>86</sup> Lands Registration (Communally-owned Land) Ordinance, 1962; Land Titles Commission Ordinance, 1962; Land Ordinance, 1962; Land (Tenure Conversion) Ordinance, 1964.

kind, not the more expensive "Guaranteed" boundaries of the Torrens system.<sup>87</sup> The register will record not only the area of a group's lands, but also the communally sanctioned use-rights of particular members of the group within the area and also the rights of other groups on it (such as hunting and fishing rights). The register will presumably provide some basis for compensation claims if the land is requisitional while the Administration will presumably be able to take the absence of any recorded right on a piece of land as a right to use it for its own purposes.

(b) The grant of leases and licences for the use of Administration land. Grants have hitherto been for the most part, made to non-native entrepreneurs, though it is not intended that this should always be so.

(c) The requisition of native land by the Administration, either by purchase or lease, if the land is not likely to be required by the present or future owners. Land thus acquired as Administration Land becomes available for leasing.

(d) The demarcation of communal land into individual holdings, with guaranteed individual titles, to be encouraged as "a most efficacious method of promoting the agricultural development of a country and the economic well-being of its people".<sup>88</sup> Individuals may apply for titles to land over which they can claim unchallenged ownership. Their titles will, however, normally be limited by (i) protective clauses which forbid sale to non-native individuals or the permanent transfer of land through mortgage or debts (a mortgagee is intitled only to three years of use-rights); and (ii) restrictions on fragmentation and joint ownership; and (iii) a general provision subjecting all land transactions to approval by the Administration.

(e) The declaration of "adjudication areas" in districts where there is considerable intensity of land use and frequent disputes. A demarcation record for these areas will record individual use-rights including all those (such as hunting rights) which fall short of full ownership.

229. The acquisition and leasing activities are the prerogative of a Land Board; all adjudication of the boundaries of communal lands, of the compensation due when the Administration acquires land, or disputes over use-rights to communal land is the work of a Land Titles Commission. Likewise, it is the Commission which establishes "adjudication areas" and receives application for individualized titles. The Commissioners are Australians; the Demarcation Committees, to which are delegated the task of staking out rights in adjudication areas, are to consist of not less than three persons, two of whom must be natives.

230. The first years of operation have shown once again that a land tenure system can only be as good as the available administrative staff are capable of making it. Ten Commissioners had to do all the work of adjudication for the whole territory, and they were in practice so preoccupied with the priority tasks involved in government land purchases and the arranging of leases that they had little time left to deal with disputes either between

communities or between individuals, let alone to arrange for the registration of individual rights which were not in dispute. Some of the Commissioners who keep lists of outstanding disputes have twenty or thirty years' work on their books — and this solely of recorded disputes. The new system confirms earlier court decisions which took away from the local patrol staff their former task of giving quick on-the-spot settlement of disputes. They could, in theory, be appointed as deputy commissioners with jurisdiction in minor matters, but this is in practice seldom done. The result, in the words of one authority, is that to date the new system "has actually resulted in more disputes and less security of title".<sup>89</sup>

231. The insecurity is also clearly responsible for a loss of potential production. Many groups which have both the desire and the knowledge to grow cash crops hesitate to do so because they cannot be certain that the other right-holders to the land they use for food crops would continue to show their present tolerance once the land began to field a sizeable income from cash crops.<sup>90</sup>

232. A sense of grievance results. One of the most prominent of the elected Papuan members said in the Legislature in 1962, that "there is no area of government of Papua and New Guinea in which public confidence, public relations and public trust between the Government and the people are so bad as in the matter of land".<sup>91</sup>

233. The sources of grievance lie partly in the past when some lands were confiscated and others declared, "waste and vacant". Others have recent origins: firstly in the priority given to Australians in the grant of concessions; secondly, in the impossibility of getting binding decisions on disputes, and thirdly, in the fact that when it does adjudicate claims the Land Titles Commission is believed — on the evidence of former judgements given by its predecessor, the Native Lands Commission — to give more weight to the past than to the present. Warfare, the method of settling disputes common until fifty years ago ensured a continuous rough adjustment of land to population. The Commissioners — who are the modern substitute for warfare — operate, however, within the traditions of English law whereby it is temporal priority which determines the superiority of conflicting claims. Hence, the group which can claim to be the earliest to hold undisputed use-rights over a piece of land may be given ownership rights even though they have since abandoned the land to the use of others who have greater need.<sup>92</sup> (This conflict between historical priority and present need is a general one in all adjudication operations. It will be recalled that Cameroon, one of the few countries to make explicit the criteria for evaluation, requires an assessment of future needs also to be taken into account.)

<sup>89</sup> R. G. Crocombe, "Land Tenure in Papua-New Guinea", *Réalités du Pacifique*, vol. 1, No. iii (January 1964), p. 1.

<sup>90</sup> See R. G. Crocombe and G. R. Hogbin, "Land, Work and Productivity at Inonda", *New Guinea Research Unit Bulletin*, No. 2 (August 1963) (Canberra, New Guinea Research Unit, Australian National University), pp. 72-74.

<sup>91</sup> Territory of Papua and New Guinea, Legislative Council Debates, Fifth Council, Fifth Meeting of the First Session (Hansard, 1962), p. 461. Speech by Mr. John Guise.

<sup>92</sup> R. G. Crocombe and G. R. Hogbin, "Land, Work and Productivity at Inonda", *op cit.*, p. 72.

<sup>87</sup> Land Registration (Communally-owned land), 1962.

<sup>88</sup> Preamble, Land (Tenure Conversion) Ordinance, 1964.

234. A fourth source of grievance lies in the fact that jurisdiction is left so predominantly in the hands of Australian Commissioners. There is one possible paternalistic justification for this practice which is often used in colonial situations, namely, that premature devolution of authority in these matters would entail greater risk of the more powerful members individually engrossing rights which by custom belong to the whole community. This seems, however, not to have been a dominant consideration in the drafting of these laws judging from one of the provisions concerning the procedure by which the Administration acquires native land: it may appoint a member of the community owning the land in question to act as that community's agent; that agent is then empowered to negotiate in compensation matters, to sign away the land on behalf of the community and to take payment of the compensation money; the Commission is specifically relieved of any obligation to enquire into what he does with the money thereafter.

235. One particular case,<sup>93</sup> which may not be as rare in future as it is now, has thrown into relief the dangers of assuming that modern farming can only be associated with individual tenure or with plantation operations and that there is no half-way house between that and traditional communal-tenure subsistence-farming. On the initiative of an illiterate ex-policeman with no knowledge of cost-accounting and no position of inherited power but only a shrewd business sense, considerable energy, and an ability to communicate his enthusiasm and his vision of future prosperity, a group of five villages were persuaded to pool their savings to buy first one and then a second tractor. In time they developed a successful sweet potato farm of nearly 2,000 acres, producing crops to the value of £6,000 a year and considerably increasing the income of the 500 people who, from time to time, joined in working it; for this purpose, the villagers had come some distance from their hill villages to a plain area, establishing a camp there and moving back and forth for longer or shorter periods between the camp and their home village. Their tenure, however, was precarious. Having bought what they thought to be permanent land-use rights from tribe X (with the help of a government official), the land was later discovered to have been already purchased by the Administration from tribe Y. The project was allowed to continue on a month-to-month basis provided no permanent crops were planted. (Coconut groves are the farm manager's next project.) At one stage, it was planned to take part of the project land for European settlement, but this plan was abandoned. The decision was finally taken in 1962 to register the land in five individual units to be given to the official leaders of each of the participating villages as individual farms. The carrying out of this decision seemed certain to end the enterprise, since none of the individual farms would be able to secure the marketing contracts of the present larger unit and the capital equipment and the managerial ability of the present farm would be uneconomically wasted on a smaller unit.

236. The objections of the administrative authorities can be understood. The manager, the man in whose name the marketing contract was held, was not a chief and so could not easily be given trusteeship of a native reserve. On the other hand, this was not a joint-stock company. A farm run largely by illiterates, however shrewd, could not manage detailed cost-accounting; accurate audit was impossible; the manager, although he lived modestly, did not separate his household budget from the farm budget. Articles of association defining membership and election procedures had been drawn up with government help but were a dead letter. The scheme was viable because it utilized traditional community bonds of mutual trust; those who contributed capital, for instance, were confident that the obligations would be recognized in some form of repayment some time or other. To Western administrators, this is not the sort of group which can be easily recognized as a juridical entity capable of holding rights in land. In these transitional cases, however, there seems every argument for relaxing the rigour of Western legal concepts; where the rough and ready forms of traditional co-operation can provide the basis for real economic advance, it argues a sad lack of imagination not to develop tenure forms which can accommodate and encourage such efforts.

#### *Dahomey*

237. It may, indeed, be a matter of dispute just how far the traditional bonds of community solidarity can be mobilized for new types of co-operative organization planned to promote agricultural development. Two countries, at any rate, have taken these possibilities seriously to the extent of framing legislation to take advantage of them, namely, Dahomey and Tunisia.

238. Two laws passed in Dahomey in August 1961 lay down such a framework.<sup>94</sup> They are to be brought into application in planning zones which appear, on the basis of soil and other surveys, to have possibilities of development. When a decree establishes an area as a planning zone, the first step is to make a cadastral map and to amplify it with an inventory of the individual ownership of parcels of land within the area. In the process of doing this, however, individual holdings are to be consolidated so that no individual is accredited more than one parcel of each soil type, and at the same time a certain area is to be reserved for communications and communal development.

239. Then, however, instead of individual titles being separately issued, "an aggregate title" is issued to the group as a whole which, under the provisions of the second law is constituted as a co-operative.

240. Each individual, however, gets a copy of the part, of the aggregate title referring to the parcels in his name so that there is some flexibility in the arrangement and if the eventual dissolution of the co-operative seems desirable the procedures will be simplified.

241. These co-operatives will receive long-term loans for the development of their zones and for the management of the farms, and for five years the State will pro-

<sup>93</sup> It is described in R. G. Crocombe and G. R. Hogbin, "The Erap Mechanical Farming Project", *New Guinea Research Unit Bulletin*, No. 1 (April 1963).

<sup>94</sup> Nos. 61-26 and 61-27.

vide salary for a director of development works. Able-bodied men with rights to land enumerated in the aggregate title who are under fifty-five and have no other source of income are required to participate full-time in the co-operative's work, or else to lease their land to the co-operative.

242. The system is also designed to supply a corrective to the inequalities of land ownership between different groups. If a co-operative is decreed to be unable to carry out all the necessary development work on its land, voluntary labourers will be brought in to share in the work, forming a "co-operative of non-owners". If the owning co-operative is unable to do as much as half of the development work needed, it is obliged to lease or sell a part of its land to such a co-operative of non-owners"

### Tunisia

243. A very similar system has also been established in Tunisia more recently. In this case, the new system was a result of reflection on the operation of an earlier law of a more conventional kind — the law of 1957 which protected customary rights on communal land and provided for the establishment of committees of management to oversee them, but laid down procedures whereby individuals could acquire registered individual titles if their plots were developed. Since a number of nomadic and semi-nomadic peoples are affected by this law, it will be considered in the relevant section below.

## E. THE PROBLEMS OF NOMADIC SOCIETIES

244. One particular form of communal tenure has problem aspects of a special kind, namely, the form found in North Africa, the Middle East and Central Asia in association with a nomadic way of life. Nomadism is a question of degree.<sup>95</sup> About 1.2 million people in the Sahara, large numbers in other parts of Africa, and perhaps another 5 million in the plateaux of South-West Asia count as in some sense nomadic, but there are not many at the extreme end of the nomadic scale — that is, those who have no particular place which they consider as their "home base" and move over a wide area wherever, from time to time, the prospect of grazing for their flocks seems brightest, without any regular seasonal route. Most have some place — usually a water-hole or well — where they spend more time than any other and which they consider to be their home; most move in accordance with a more or less regular annual cycle from one grazing ground to another; many are also small-scale cultivators, planting at their home base perhaps a winter crop of wheat or barley or sorghum and coming

<sup>95</sup> The following account of the general problems of nomadism is based on the special number on *Nomads and Nomadism in the Arid Zone* of the *International Social Science Journal* (vol. XI, no. 4, 1959); the articles by R. Capot-Rey, Mohamed Awad, Fredrik Barth and O. Brémaud with J. Pagot in *The Problems of the Arid Zone: Proceedings of the Paris Symposium* (Paris, UNESCO, 1962); ILO, Technical Meeting on Problems of Nomadism and Sedentarisation, Geneva 6-17 April 1964, *Working Paper* (TMNS/1964/1 and 2) and *ibid. Report* (TMNS/1964/D. 5) and I. M. Lewis, "Land Tenure Conditions in the Agricultural and Water Survey Project Area in the South of the Somali Republic" (preliminary report to FAO) (1964) (mimeographed).

back some months later to harvest it, or even maintaining an orchard of irrigated date palm; sometimes several members of the tribal group remain behind in the permanent base when the herds move off; sometimes even, among groups which are more commonly called pastoralists than nomads, the majority stays and only a minority, the younger men, move off for a season with the herds.

245. The land tenure situation is a complex one because of the impermanence of settlement. First, as regards areas which are, if only occasionally, cultivated, there are fairly clearly defined areas which are looked upon as the property of particular lineage groups. Usually each group which normally moves as a unit would have its own area. Within that area, plots may be taken — or allocated by the sheikh — for cultivation by individual members of the group. As in sub-Saharan communal tenures, where date palms are planted or cultivation otherwise becomes more sophisticated and permanent, a sense of individual rights to heritable individual plots may develop, and has developed increasingly in recent years.

246. Water sources may similarly be held in common by such groups, although very often nomads have the right only to water their herds at oases owned by settled farmers (and perhaps to graze them on the stubble of the latter's fields) in exchange for dung or milk or, perhaps money (instead of, as was often formerly the case, in exchange for "protection" — which may, in fact, have allowed the nomads to claim much more than water by way of tribute from the oasis cultivators).

247. Grazing areas are also held in common and, unlike arable land, also exploited in common. Grazing rights, however, are much less clearly defined for three obvious reasons; firstly, because the areas involved are much larger and therefore difficult to define precisely; secondly, because the uncertainty of the rainfall in these regions leads to such variability in the quality of pasture that even tribes with a relatively regular transhumant pattern may not use the same grazing areas consistently every year; thirdly, because when tribe A uses land adjacent to tribe B there is rarely in such desert situations any dominant State power which can prescribe and enforce a boundary line between them. Boundaries, therefore, must rest on mutual tolerance, agreement and custom. In drought years, when pasture is really scarce and the herds are starving, agreed custom is apt to break down, conflict arises and only the relative balance of physical force which A and B can respectively command will determine the (temporary) boundary between them. (Although if tribe A has a preponderant advantage, the extent to which it will press it against B, or alternatively against C, may be modified by the closeness of its kinship ties with the one or the other.)

248. Since in the crucial drought years survival may well depend on a tribe's armed strength, nomads have a justified reputation for turbulent aggressiveness. It is not that they take the law into their own hands; until recently there never has been any law to usurp. The emergence of strong national State organizations in the area has, however, led to inevitable changes. No State can easily tolerate the existence within its borders of groups which are a law unto themselves. Modern States,



moreover, are conscious of frontiers whereas nomads are not, and groups which cross frontiers, especially groups which make armed incursions across frontiers, can be a cause of troublesome international incidents.

249. The original and primary sense in which nomadism becomes a "problem" for Governments, therefore, is as a problem of pacification. National Governments have frequently claimed State ownership of all grazing land, thereby reserving to State authority the right to allocate the use of such land. They have attempted to establish a network of police posts which would enable them to enforce these powers. It is significant that for many years the department of the Government of Egypt (now the United Arab Republic) specially designated to deal with the problem of nomads in the desert region was a branch of the Ministry of War.

250. The problems of pacification and policing are obviously much simpler if the nomadic groups can be induced to give up their itinerant existence and settle down in one place; this has frequently been an explicit goal of government policy pursued by various means of enticement or coercion. Over the last half-century, it has had considerable success in a number of countries; over 90 per cent of Egypt's nomads were settled by the 1920s, so have been the majority of the Kurds of Iraq and Iran, of the Bakhtiari of Iran and of the nomads of Turkey.<sup>96</sup> In the USSR, where nomadism was early condemned as a cause of cultural and economic stagnation and as a preservative of what came to be known as "patriarchal-feudal" relations, a positive policy of settlement had succeeded in settling nearly all of the nomadic population of Kazakhstan by the mid-1930s.<sup>97</sup>

251. Quite apart from government policies, the circumstances of the modern world have often forced the nomads to settle; trucks have taken away their function as organizers of caravan transport; State policing has taken away their ability to "offer" settled agriculturalists expensive "protection"; growing populations of agriculturalists have encroached on their pasture. With his economic resources reduced, it may need only one drought to reduce the nomad's livestock below the strength of the two camels necessary to transport his tents. "The spectacle of tattered tents [permanently settled] on the edge of the palm groves is a sign that the 'proletarianization' of the pastoralists is an accomplished fact."<sup>98</sup>

#### *The case against nomadism*

252. There are two other reasons, besides pacification, why Governments may adopt a deliberate policy of sedentarization for nomads. The first is that they should be fully integrated into the civil and political life of the nation and, for their own good, brought within the orbit

<sup>96</sup> L. Krader, "The Ecology of Nomadic Pastoralism", *International Social Science Journal*, vol. XI, No. iv (1959), p. 508.

<sup>97</sup> A. Tursunbayev and A. Potapov, "Some Aspects of the Socio-Economic and Cultural Development of Nomads in the USSR", *ibid.*, pp. 513 and 517.

<sup>98</sup> R. Capot-Rey, "The Present State of Nomadism in the Sahara", *The Problems of the Arid Zone: Proceedings of the Paris Symposium*, op. cit., pp. 305-306.

of government educational and welfare services. The second is that their way of life is economically inefficient. In other words, nomadism may be considered bad because: (a) it wastes human resources or leaves them undeveloped; (b) it wastes or uses inefficiently the available natural resources and keeps the nomads themselves poor.

253. The first argument has to contend with the apparent fact that a good many experiments have shown strong resistance to sedentarization on the part of nomads. Most of them apparently prefer their nomadic way of life, even without schools and hospitals. What right, then, have others to interfere? Who, to quote one writer somewhat consciously playing the devil's advocate, has the right "to transform these lordly people who command our respect by the dignity of their attitude and the wisdom of their rare utterances into a rabble seeking jobs or doles?"<sup>99</sup>

254. There are two classical answers to this kind of argument: the *étatiste* and the individualist. The *étatiste* runs as follows: every nation has a right to insist in the national interest that its members should develop their capacities — keep themselves healthy and productive, educated and available for military service. The individualist answer is that parents do not have property in their children, and no parent has the right to deprive his child of the chance of an education — as nomads, by their mobile life, inevitably do.

255. The second charge against nomadism — that it represents an inefficient use of natural resources — is much less amenable to discussion in general terms since it is quite patently apparent that some nomadic groups are more efficient resource-users than others. The following assertions can be made with some certainty:

(a) Some nomadic groups succeed in gaining for themselves what is, by local standards, a reasonably high income. Thus, for instance, the Basseri of Iran commonly have flocks approaching one hundred sheep or goats per family of six persons, representing, together with their tents and donkeys and equipment, a capital value of some \$1,400. Such a flock normally yields from wool, clarified butter and lambskin, an annual income of around \$550, as well as a good deal of meat, buttermilk and curds for family consumption.<sup>100</sup> Studies in the Sahara have shown the nomads to have higher levels of living than the sedentary cultivators in the same region.<sup>101</sup> Nevertheless, in national terms the performance of the livestock industry in these countries is less than spectacular. According to FAO estimates, the *per capita* consumption of meat in Jordan, Libya, Syria and the United Arab Republic for various years between 1957 and 1962 ranged between ten and twelve kilograms, about half of the consumption figure for Southern Europe, a third of the figure for such Latin American countries as Brazil and Chile, a quarter or a fifth of the figure for Northern

<sup>99</sup> *Ibid.*, p. 307.

<sup>100</sup> Fredrik Barth, "Nomadism in the Mountain and Plateau Areas of South-West Asia", *The Problems of the Arid Zone: Proceedings of the Paris Symposium*, op. cit., pp. 344-346.

<sup>101</sup> R. Capot-Rey, "The Present State of Nomadism in the Sahara", op. cit., p. 304.

Europe and a tenth of the figure for Argentina and Uruguay.<sup>102</sup>

(b) Very often nomads use resources which by any other mode of life would be unexploitable. Thus in the Sudan, for instance, there are swamps and clay soils which offer nutritious grasses in the dry season. They cannot be used, however, unless the cattle can be taken away elsewhere during the rains. Similarly, only the nomad has the expertise and the incentive to plant a catch crop in inaccessible *wadis* which might, or might not, come to fruition. As one writer has said of the Sahara, "we have no right ... to let a region which feeds a million individuals return to the desert, at a time when a third of mankind is suffering from hunger".<sup>103</sup>

(c) Nevertheless, the nomads' life is a risky one. In some years the rains fail, the herds are in danger. Formerly, the nomads starved and died. Now Governments expect, and are expected to provide, emergency relief — at considerable expense.

(d) Furthermore, even granted that the nomad makes use of otherwise unusable resources, it remains true that his exploitation of these resources is often extremely inefficient, even by the standards of the technology readily available to him. The most serious aspect of this is the overstocking of grazing land. Given the uncertainty of rainfall in these areas, any rational use of natural pasture would require the holding of considerable reserves of land as well as the cutting and storing of dried grasses. However, in a society in which a man's wealth, his prestige, the number of his personal followers and hence his power all depend on the size of his flocks and herds, and in which there is rarely a sheikh with such wide authority that he can impose limits on his followers, the tendency is to overstock. This tendency is exacerbated as the population grows. Many of these areas are no longer the empty lands that they once were. (A recent survey of the steppe lands of Tunisia has revealed a far higher density of population than was generally thought — on an average one family for every ten hectares.) Once overstocking takes place, the decline is likely to be progressive; as the more nutritious grasses are eaten they are replaced by hardier, thornier, less-palatable shrubs. Many areas have seen a declining cycle of animal population; cattle have given place to hardier but less-productive sheep, and sheep eventually to goats. Archaeologists believe that the coastal regions of the Egyptian and Libyan deserts once supported a heavy population and a flourishing agriculture, and there seems not to have been any climatic change which could account for the fact that they are now all but deserted. The decline is the work of man.

(e) Compared with the grazing problem, the fact that the nomads' catch crops are grown by primitive methods is of lesser importance, for the uncertainty of yields would probably make any heavier investment of capital unprofitable. More serious is the fact that where nomads control easily accessible and fairly reliable ground water resources they often fail to use them. Some grow date

palms and other orchard crops, but generally speaking the nomad who is still a nomad scorns agricultural work. Offered the choice, a nomad is much more likely to leave his camels to become a truck driver or a guard on an oil installation rather than become a fruit farmer. Thus, in the Jezira area of Syria where cotton-growing has developed, the cotton is not grown by the Bedouins who have successfully asserted their claim to be the original "owners" of the land, but by sharecroppers from the towns.

(f) If the nomads fail to make the best use of resources at present easily available, they are equally ill-adapted to use the resources which could be released by new technology. In many areas, tube wells could provide new and extensive sources of water, but this could only be effectively used by settled agriculturalists capable of careful husbandry, planned water use and efficient drainage.

256. The economic arguments for attempts to end nomadism are therefore not conclusive nor of universal application. Some nomads may make as good a contribution to the national economy as can reasonably be expected; others may be seriously wasting resources.

257. Nevertheless, the general trend is for a gradual diminution of nomadism, and sedentarization is the policy favoured by most Governments for reasons implicit in what was said above. The pacification objective is best served by sedentarization. So is the objective of incorporating nomads into the civil life of the nation and bringing them within the scope of education and welfare services. So, also, might be the objective of increasing their productivity and level of living — even if this meant abandoning some of the national resources the nomads at present exploit — provided that the necessary water supplies can be cheaply provided, and the nomads can be given the skills and the incentives to become efficient agriculturalists; or alternatively, provided that non-farm employment can be created for them.

258. The last, however, are big provisos. Few of the countries involved have the capital, the skills, or the markets for big industrial development. As for agricultural settlement, the initial cost is likely to be very high. One earlier Libyan estimate puts it at \$14,000 per family, and the recent Libyan Government schemes for the rehabilitation of Italian settlements as a basis for new sedentarization plans — a scheme which is being developed with the help of an FAO advisory team — has set an initial budget of £3,000 per family not including the cost of water supply which may add a further £2,000. An Algerian estimate in the late 1950s allowed some \$3,500 per family for irrigation and land development and another \$1,300 for the family house.<sup>104</sup> Many experiments have shown that it is likely to be even more difficult to train the farmers than to find the capital (various ways of meeting these difficulties will be considered below).

259. Granted these obstacles to sedentarization and until conditions permit more permanent settlement, the better solution to the nomad problem may often be simply : (a) to make the nomads better nomads by improving their traditional pastoral economy and (b) to do what-

<sup>102</sup> *State of Food and Agriculture* (Rome, FAO, 1964), pp. 224-226.

<sup>103</sup> R. Capot-Rey, "The Present State of Nomadism in the Sahara", *op. cit.*, p. 308.

<sup>104</sup> *Ibid.*, p. 308.



ever is possible to provide education and welfare within the framework of their nomadic existence.

260. As for making the nomads more efficient as livestock herdsman, a good deal can be, and is being, done.<sup>105</sup> Of prime importance is the creation of some kind of social organization to regulate the size of herds and achieve an equitable division of grazing grounds which can effectively eliminate conflict and uncertainty. (This in itself is no easy matter and imposes difficult choices. Should quotas be based on a scaling-down of existing herds, thus freezing inequalities? Should they be based on family size? And should quotas be negotiable?) Secondly, pasture can be improved by eliminating the less nutritious shrubs and grasses and sowing new ones — a process now made easier and, in some circumstances, cheaper by the possibility of aerial sowing. Governments can also organize the burning of fire lines as a protection against fire. Thirdly, stock can be renewed and improved by artificial insemination. Fourthly, new wells could provide water supplies for stock, thus reducing the over-grazing pressure around the few existing water holes, reducing drought risks and perhaps allowing cattle to be substituted for camels or sheep for goats. Possibly, also, truck or rail transport could be provided to reduce the costs as well as the discomforts of seasonal migration. An essential condition for the success of any of these measures is, of course, the creation of effective market outlets.

261. As for improving the conditions of the nomads' livelihood, boarding schools such as have been provided in Algeria, the Sudan and Syria, or mobile schools as are planned in Saudi Arabia, are costly but not impossible to organize. Nomadic peoples are unlikely to take to flush toilets, but there is no reason why they should not learn to dig sanitary latrines. Moreover, with improvement in the methods of livestock management and transport, and perhaps with a steadily increasing attention to agriculture, it may become possible for a large part of each tribal group to remain at the home base while only a small minority actually travels with the herds.

262. The alternative solution of an active sedentarization policy may take various forms. The factory organization of traditional weaving and rug-making crafts is one method which has been tried with moderate success,<sup>106</sup> although nomads have been induced to settle even more effectively when oil explorations or mine prospecting have provided opportunities for casual wage employment for extended periods. Agricultural settlement and the integration of nomadic populations into the economic and social life of the community face considerable difficulty, in part technical but largely cultural and institutional. The whole society and value system of a nomadic group revolve around property in animals; too many people have an emotional or material stake in the existing

<sup>105</sup> For a detailed survey of measures which might be applied in Saudi Arabia see *Grazing Resources and Problems: Report to the Government of Saudi Arabia* (EPTA Report, No. 1614) (Rome, FAO, 1963).

<sup>106</sup> In, for instance, the Fezzan projects in Libya organized since 1957, with the assistance of the ILO. See ILO, *Technical Meeting on Problems of Nomadism and Sedentarisation*, op. cit. (TMNS/1964/1), pp. 44-56.

order to want to change it. Consequently, schemes which require the settlers to give up their herds are likely to meet with great resistance and some form of rotation which provides pasture or fodder for a sizable population of livestock is preferable to one which does not, for the animals are likely to be kept anyway, and very often with considerable damage to crops.

#### *Land tenure problems*

263. The land tenure problems which arise from these various approaches to "the nomad problem" are as follows:

(a) With regard to grazing land, difficulty lies in reaching a division of grazing rights between different users of such a kind that:

- (i) rights which are fairly well established by custom are not so threatened as to make the division unacceptable;
- (ii) a reasonably just adaptation of resources to population and herd sizes can be made so as to minimize waste;
- (iii) the vagaries of climate, which may make an area lush one year and barren the next are taken sufficiently into account;
- (iv) grazing rights are defined in time and space in a way that is clearly recognizable and enforceable.

A system whereby the State retains ownership rights and grants licences for the use of pasture is best adapted to fulfil these requirements, and the third requirement of flexibility is best attained by a system of annual licences on the lines of the Australian or North American "snow leases". In effect, however, many States simply do not have the resources available to operate and enforce such a system. An alternative is to establish committees of the leaders of tribes which share grazing areas — which may in any case be a desirable means of achieving equity and consent even if the State does have the physical power to enforce its decisions. This method has recently been adopted with some success in the United Arab Republic where the standing committees include representatives of the General Desert Development Organisation as well as of the tribes concerned.<sup>107</sup>

(b) With regard to the areas where otherwise nomadic peoples practise seasonal cultivation, much the same problems arise from trends towards the individualization of tenures as in other societies with systems of communal ownership and individual farming. Only two additional points need to be made:

- (i) Since nomad society is organized for military action, the power of tribal chiefs often tends to be more despotic than elsewhere. (In North Africa this is reported to be more particularly the case among Arab than among Berber peoples.) Moreover, at a time when new economic opportunities are causing traditional tribal structures to disintegrate, the chief's sense of responsible paternalism may be more rapidly attenuated than his followers' submissiveness. Consequently, when titles are individually allocated there is an even greater danger than elsewhere that chiefs will arrogate to

<sup>107</sup> *Ibid.*, Report (TMNS/1964/D.5), p. 25.

themselves, as individuals, rights which by tradition have belonged to whole lineage groups, or at least claim an unjustly predominant share of divided communal areas. This has notably been the case in central Tunisia.

(ii) In these areas, land is less scarce and less precious than water. The development of new water supplies can therefore transform the value of land. Hence, a man can dominate his fellow-men if he has the resources to dig wells or, in situations where Governments sensibly restrict the use of underground waters, the political influence to get a "pump licence". The "water lord" of the Sudan can exert as much power and enrich himself at the expense of others just as effectively as the landlords of other parts of the world. Here again extra safeguards are needed.

(c) Where land is newly developed for the planned settlement of nomads, the tenure problems are again similar to those of settlement schemes anywhere else — chiefly, the problems of devising a form of tenure (probably a type of inheritable lease) which : (i) gives security, but only on condition that the land is properly farmed; (ii) contains safeguards against fragmentation and subdivision (if the population balance really makes subdivision undesirable); and (iii) contains safeguards against the loss of land through indebtedness and the growth of landlordism. Two special features which require attention in this regard are once more the question of water rights, and, secondly, the possible desirability of providing nearby common grazing lands for the stock which the settlers will want to keep.

264. Apart from these strictly tenure problems, settlement schemes for nomads are in general more complex than others if only because the complete change in mode of existence and values which sedentarization entails makes necessary more extensive training schemes and a greater range of technical, credit and community services.

#### *Recent legal measures*

265. Not many countries have enacted legislation dealing in general with the tenure problems of nomadic peoples, but one important exception is the United Arab Republic where the Desert Law of 1958 came into force in 1960. This law, however, was primarily designed to promote the regularization of individual tenures; any family which developed a holding was entitled to claim an ownership title. Communal tenure rights were not recognized. However, the law has had very little application since few individuals, already secure in their cultivation of a holding on their tribal lands, feel inclined to pay registration fees for a formal title which would add nothing to their sense of security, while those who might be impelled to obtain a title with an eye to a profitable sale in the future are often inhibited from doing so by the fact that the sense of tribal collective ownership is still generally strong.<sup>108</sup>

<sup>108</sup> D. Christodoulou, *Report to the Government of the United Arab Republic on Land Settlement and Related Rural Institutional Problems of the General Desert Development Organization* (Report No. 1798) (Rome, FAO, 1964), p. 7.

266. This same law also makes the important general assertion that all land in these desert areas belongs to the State. Getting this assertion accepted, however, is a different matter. An extensive pasture improvement project near Rass el Hekma operated for nine years precisely on the assumption that the State held full possession of the land; no effort was made to win the co-operation of the tribes which had traditionally used the area and considered themselves to have established rights to it. The pasture was greatly improved but at the expense of arousing great hostility to the project — so much so, indeed, that "when the fences came down, the tribes treated the area as reconquered territory and destroyed every evidence of the previous 'enemy occupation'".<sup>109</sup>

267. The Republic of Somalia enacted a similar law with primarily declamatory functions in 1960. One of the main objects of this law was to abolish the system of "clientage". It was not uncommon for tribes which dominated large areas of land to accept as subordinate clients groups which had need of land (groups which frequently became eventually merged into the clan although they might be ethnically quite distinct from them). In effect, the new law denied the right of any clan to pre-empt ownership rights over land and declared the right of any Somali citizen to farm any land he found vacant. The main effect, however, has been not to destroy the system of tribal holdings but to encourage client groups to break away from their patron clan and claim areas as their own wherever they were sufficiently independent in the matter of water supplies to be able safely to do so.<sup>110</sup>

268. That the establishment of individual tenures on grazing land is not necessarily a means of solving the problems of overstocking and erosion is clear enough from the fact that one of the worst areas of erosion in north central Tanganyika is occupied by the Arimi people who have individual tenures. The cure obviously lies in inducing change in ideas of husbandry and attitudes towards cattle and such change might in fact be better induced by using the community organization resources of the people. This at least is the assumption behind the Tanganyikan Range Development and Management Act of 1964 which is to apply to the areas grazed by the Masai. Usually a Masai group centres on a permanent water site, moving out with the seasonal rains to other grazing grounds. Each group's area is therefore fairly well defined. The law sets up for each group a Ranching Association. All who have customary rights on the group's land may become members, and once the association is formed all existing customary rights become extinct. The Government will specify for each association the number of stock units to be authorized and will help the association to draw up by-laws regulating the distribution of quotas, conservation regulations, provisions for the rehabilitation of grass-lands, close seasons etc. The advantage is that change can be gradual. Even if, at first, traditional practices do in large measure continue under new organizational auspices, the organization means for

<sup>109</sup> *Ibid.*

<sup>110</sup> See I. M. Levis, *op. cit.*

a steady educational effort to bring about change have been created.

269. In Tunisia, the legal regulation of collective tenures (the greater part of which belong to nomadic or semi-nomadic herdsmen) has passed through two phases. The law of 23 September 1957, in the first instance, provided legal recognition for communal tenures as the property of collectivities (tribes or segments of tribes) which were recognized as legal personalities. The delimitation of the boundaries of each tribe's property was to be the work of regional councils composed of representatives of the tribes and of the regional administration. The internal regulation of the use of a communal tenure was, however, under administrative control. Individual members of an owning collectivity had the right to use land but not to sell it. Procedures were laid down, however, by which individuals could acquire full private title over land belonging to the collectivity which they themselves had effectively developed or alternatively which they offered to develop. In the latter case, the title was provisional, the full title becoming effective only on condition that the promised development took place. The system did not work well. The procedures for individualization were complicated and expensive. Powerful chiefs could use them to control large areas of land at the expense of their subordinates. Others received too little land to subsist on and soon sold their titles and moved on to find casual labour on some development project. Credit and technical services were insufficient to ensure the kind of development which the individualization provisions were intended to promote.

270. A new law in 1964 was designed to promote co-operative rather than individualistic development on land held in communal tenure.<sup>111</sup> Collectivities continue to be recognized as legal personalities in all matters affecting the use of the land. They are to elect management committees whose main function will be to form, within five years, co-operatives of a modern kind (conforming to the Co-operatives Law of 27 May 1963) for the exploitation of the land they hold in common. During these five years they oversee the lands, all of their decisions being subject, however, to a Regional Tutelary Council which also has power to act in matters concerning the delimitation of the boundaries of communal tenures. On certain matters such as, for instance, leases of communal lands to individuals for terms of more than two years, further ratification by the provincial governor is necessary.

271. The management committee may borrow money from government agencies for the purpose of development, pledging the community's land as a security. When the co-operative is formed individual members of the collectivity shall receive shares proportionate to their contribution to the development of the land. They must all be people who have resided in the region and used the land in the preceding five years and who continue to do so. (Those who leave, therefore, abandon their rights to become members of the new co-operatives.)

### *Recent sedentarization projects*

272. In the United Arab Republic, the majority of projects in the north-western coastal zone have been of a piecemeal, small-scale kind, designed to encourage incipient developments which were taking place spontaneously — the digging of wells; the provision of wind-pumps, planting material, or technical advice; the fostering of co-operatives and so on.<sup>112</sup> One project began in 1952 with the nationalization of the salt and soda extraction works in the area. One motive for agricultural development lay in the fact that these mineral works could only be profitably operated for a short season of the year, so that alternative employment for its labour force became necessary. Underground water was tapped and fruit and vegetables grown (the area is about 80 kilometres from Cairo and Alexandria) and the local herdsmen were induced, after much persuasion, to change to improved breeds. A carpet and rug factory using chiefly local wools was also established. Many former nomads have settled down as a result of these innovations; the wage payments of the industrial jobs are the main attraction and work on the farm (still operated as a State enterprise) is mostly taken in the intervals but it has at least become a preferred alternative to going back to the herds. Some of these workers grow barley on plots of land of their own. There are plans eventually to divide the developed land into family units.<sup>113</sup> The project is now a much more ambitious agricultural development scheme.

273. In Libya, it is now possible to make some long-term assessment of the Wadi Ca'am project which began in 1952. The project involved an area grazed by two semi-nomadic groups some 140 kilometres east of Tripoli. It was designed to involve the prospective settlers from the very beginning of the project and a hundred members from each group were at first employed in building the pumping station, houses and irrigation canals. Not all of them stayed long enough — or were deemed suitable candidates — to receive a holding, but some 120 farmers were settled by 1958 in two-room houses, with two one-hectare plots of irrigated land. They were trained to grow vegetables, wheat, barley, ground-nuts and alfalfa, but with water charges of about \$100 a year and no experience of marketing (and no new marketing channels provided), a good many of the settlers were soon in difficulties, despite the fact that foreign aid subsidies made it possible for them to be charged only one-quarter of the total capital cost of development, interest free, and in instalments which were not to begin until the sixth year. There was also considerable damage done to crops by the livestock, which the settlers were naturally unwilling to give up. One observer has concluded that the project showed clearly "that landless and unskilled labourers cannot be settled satisfactorily as independent farmers".<sup>114</sup> This

<sup>112</sup> See D. Christodoulou, *op. cit.*, p. 5.

<sup>113</sup> ILO, Technical Meeting on Problems of Nomadism and Sedentarisation, *op. cit.*, Working Paper (TMNS/1964/1), pp. 97-98.

<sup>114</sup> K. S. McLachlan, "The Wadi Caam Project: its Social and Economic Aspects" in S. G. Willmott and J. I. Clarke, *Field Studies in Libya* (Durham, Durham University, Department of Geography, 1960), p. 76. This account of the project is based on this article.

<sup>111</sup> Law No. 64-28 of 4 June 1964.

was, at least, the conclusion of the sponsors of the scheme who decided to allow experienced oasis farmers to take the place of some of the least successful of the original Arab settlers, thus improving the viability of the project but defeating its purpose as an exercise in sedentarization.

274. Libyan plans for land settlement were formalized by Law No. 4 of 1963 which enumerated the main objectives as : (a) development and appropriate resettlement of ex-*Ente*<sup>115</sup> farms; (b) individualization of communal customary ownership of Tribal Lands outside the *Ente* farms by establishing settled farming in all areas suitable for individually owned economic farms; (c) reclamation, development and distribution of State-owned lands; (d) improvement of smallholdings and provision of necessary assistance to small farmers; (e) organization of agricultural co-operative societies to serve the beneficiaries of the above-mentioned four policy actions.

275. The National Agricultural Settlement Authority was then established to plan and implement all settlement activities in the Kingdom of Libya assisted by a team of FAO experts in land settlement and related fields. The work which started by the survey of a pilot project area of 100,000 hectares in the Jabal Al Akhdar region at the end of 1962 gradually grew into a five-year plan costing approximately £30 million. The project is to involve the survey (from the social and economic as well as physical points of view) of most of the possible settlement areas in the entire country, the training by the FAO survey team of a cadre of technical personnel to form a new National Land Settlement Authority, the establishment of a cadastral survey and registration system, and the actual carrying out of two or three pilot settlement projects.

276. In Jordan, a project started early in 1963 was intended to settle nomads in a way that would permit them to continue to raise sheep. Deep wells were to be drilled and the water used to grow forage crops for sheep. The project is supported by food provided by the World Food Programme and is expected to take five years, by which time 280 families are expected to be making a good livelihood from improved breeds of sheep.<sup>116</sup>

277. One scheme for nomad resettlement, still in its early stages, has been prompted, in the Sudan, by somewhat unusual circumstances. It concerns the Butana area, a rather fertile zone with fairly secure water resources, which is at present grazed by nomads with a large population of over a quarter of a million each of goats, sheep and camels, and some 100,000 head of cattle. The scheme had its origin in the building of the Aswan High Dam and the need to resettle the Halfa people, sedentary agriculturists whose land is due to be flooded. Plans are to dam the waters of the Atbara river to irrigate immediately some 150,000 acres and eventually some 500,000 acres of land. The Halfa people will be resettled in twenty-five villages on some 125,000 acres of the land which

becomes immediately available. However, since this land is to be taken from the nomadic peoples who were formerly grazing on it, they are to be compensated by being offered the other 25,000 acres of irrigated land and most of the extension to the irrigated area as it becomes available. The settlement plans for the nomads are not yet far advanced, but it is expected that they will be left to build their own houses with assistance.

## F. LAND SETTLEMENT

278. Land settlement is fraught with difficulties. One author, reviewing such schemes in Latin America, has concluded that they are "particularly failure-prone, just as some persons are accident-prone. Perhaps this is so because the idea of planned colonization, of carving a harmoniously functioning community out of the wilderness, has a good chance of attracting the crackpot, the utopian planner and, of course, the prestige-hungry politician interested in 'inaugurating' a model colony. At the same time, because colonization schemes appear to offer an escape from the nasty class struggle, there is a good chance that they will on various occasions be proposed as the best solution to the land problem — and a similar high probability that such schemes will fail".<sup>117</sup> An official concerned with the Philippine land reform has recently explained why the former settlement policy of his Government has been abandoned in favour of tenancy reform and redistribution. The reasons were : firstly, the high cost of duplicating in new areas social facilities already established in areas from which the settlers came; secondly, the fact that a high proportion of settlement costs went to subsistence rather than land development; thirdly, the reluctance of potential settlers to move from their native areas; fourthly, the tendency for tenancy to develop in the new areas; and finally, the need to use available empty lands to start large-scale plantations producing industrial raw materials.<sup>118</sup>

279. It is obvious, however, that settlement schemes have an essential role in development in countries which have both over-populated agricultural areas and large empty stretches of productive land. Many of the problems of designing settlement schemes in such situations are specific to particular local conditions. Some are universal, however. The difficulties, for instance, of assessing soil potentials and of planning the various supporting services necessary to make the new holdings viable exist everywhere.

280. These are technical problems which can be solved well or handled badly according to the skill of the chemist in assessing the soil, of the economist in assessing the markets or of the sociologist in assessing the likely responses and attitudes of the settlers. A settlement scheme is bound to fail unless all three kinds of assessments are made. But beyond these technical problems there is usually a further problem of policy choice; how much land should be given to each settler, and how much capital should be invested in him? There is no

<sup>115</sup> *Ente* — Italian term for public agency.

<sup>116</sup> ILO, Technical Meeting on Problems of Nomadism and Sedentarisation, op. cit., Report (TMNS/1964/D.5), p. 19.

<sup>117</sup> Albert O. Hirschmann, op. cit., p. 141.

<sup>118</sup> O. T. Sacay, "The Philippines Land Reform Program", *The Philippine Economic Journal*, vol. 2, No. ii (1963), p. 170.

technical answer to this problem. It is, to be sure, perfectly possible to make economic calculations which are relevant to the answer. For instance, after having decided whether one is more concerned with maximizing returns to labour, to capital or to land, and what minimum returns to each of these factors will be acceptable, one can calculate the optimum size of holding for given amounts of capital. Linear programming techniques are being increasingly used for such purposes in ways that allow one to take account, for instance, of the actual peak labour demands implied by different crop combinations in holdings of different sizes. But having thus arrived at an ideal table which shows what would be the optimum size of holding for a given investment of capital (or the optimum investment of capital for a given size of holding), the chances are that any one of these optimum solutions involves either settling the new farmers on holdings much larger than those enjoyed by the average established farmer, or in endowing him with a much higher level of capital investment or both. To give such privileges to a tiny fraction of the population may be politically impossible. Economic viability and fairness do not necessarily go hand in hand. Exactly where between these conflicting requirements the policy maker will eventually come to rest depends, in practice, on a large variety of other considerations, as the two following examples drawn from Nigeria well illustrate; the first involves older settlement schemes in Northern Nigeria and the second, new schemes in West and Eastern Nigeria.

#### *Land settlement schemes in Nigeria*

##### *The Shendam scheme in Northern Nigeria*

281. This was the biggest of a number of schemes started in Northern Nigeria after 1945.<sup>119</sup> Its object was to resettle farmers hitherto confined to densely populated and eroded hill districts. By 1963, some 6,000 people had been settled in forty-two villages. The Government's part in the operation consisted of clearing and stumping the village sites, erecting dams and wells for the supply of drinking water, building roads, establishing market facilities, providing transport for the settlers and their belongings to the new site, an allowance of £1.10.0 per month for five months to provide food before the first harvest, and advice to enable farmers who were used to practising a very primitive agriculture to adopt a new arable rotation. The total expenditure, including official salaries, is estimated to have cost some £175 per settler.

282. Each farmer was allotted thirty-two acres, which he was induced to farm on a four-year bush fallow basis. He built his own house and cleared his own land. By 1963, the average total income was £75-85 per family, representing a cash margin of some £30-40 above subsistence. The purchase by some settlers of cattle and bicycles and the large number of applications to join the scheme are the visible marks of its success, though how far the level of technology has been raised is uncertain.

283. This success is attributed to several factors, among them the fact that integrated groups were moved together.

Thus, they were able to preserve their social organization and provide mutual support (some of the new villages bear the names of old hill villages with the prefix "new").

284. The "generation problem" of antagonisms between the old hands and newcomers which usually results when settlements grow piecemeal was avoided. Also, the settlers were farmers who had no other aspirations than farming and who acquired a strong physical and emotional investment in their holding by their own labour in clearing and construction. The direction of the scheme was, moreover, flexible; there was a gradual introduction of new techniques and methods which did not require too great a departure from those to which the settlers were accustomed.

##### *Eastern and Western Nigeria*

285. The schemes which were begun in 1960 in Western Nigeria and in 1962 in Eastern Nigeria are conceived on a very different scale and have other ends in view. One of the most important of these was to provide an example of mechanized "modern" farming in order to transform the popular image of agriculture and to make it a profession honoured among men.

285. Agriculture usually plays such a dominant part in the economy of developing countries that an increase in agricultural productivity represents the surest and swiftest way—and sometimes the only way—to economic growth. Yet in countries where even elementary education is still a scarce commodity, it is a common experience that the very people who might effectively transform agricultural practices—those whose horizons have been broadened by a school education—turn their backs on agriculture. Only by a disdain of the crudities of manual cultivation can they assert the superior status which they think their education should have conferred on them.

287. It was hoped that the settlement schemes would change this. The settlers were to be recruited from among primary school graduates (the employment of whom was in any case a serious problem with 180,000 leaving school each year in the Western region alone). They were to spend a period of training in farm institutes, and after their arrival at the settlement they were to undergo a prolonged period of tutelage and training. Other motives for this scheme were, first of all, to provide an important addition to the nation's productive capacity and secondly, to provide demonstrations of modern farming methods which, it was hoped, would be imitated by other farmers the outside schemes. Ministers of Agriculture in both regions have spoken of these schemes as having the very highest priority among economic development projects. In Western Nigeria, for example, the settlement schemes were allocated £1.28 million of a total development budget of £2.21 million for 1962-1963. Actual expenditure amounted to £1.14 million out of a total of £1.28 million or 88 per cent.<sup>120</sup>

288. The original plans for the Eastern Nigerian scheme will first be described since they were set out in detail

<sup>119</sup> See "Report to the Government of Nigeria on the FAO Agricultural Planning Mission to Nigeria", part III (FAO, 1964), pp. 286-295 (mimeographed).

<sup>120</sup> *Western Nigeria Development Plan, 1962-68, First Progress Report* (Ibadan, Ministry of Economic Planning and Community Development, Government of Western Nigeria, 1964).

in a ministerial bulletin.<sup>121</sup> Each settlement was to consist of a central nucleus surrounded by three to six villages. A village was to contain some 120 settlers each of whom would have fifteen to eighteen acres of tree crops (oil palm, together with either rubber, citrus or cocoa), two and a half acres of compound farm growing food crops, and a half acre of homestead land.

289. According to these original plans, the first stage was to be the establishment of the settlement nucleus, the nurseries for the tree crops, and the houses of the settlers. When the latter arrived after a period of training at farm institutes to continue the work of clearing the land, they would come as single men, fed at a communal dining centre and paid a regular wage. In the third year, the settler was to be allowed to have a dependant to cook his food, but "the quality of food he eats will be subject to inspection to ensure he feeds himself well". By this time, the farmer should be able to support himself on his income from poultry and food crops and would have been allocated by ballot his main orchard area. In his fifth year, he was to be allowed to marry and bring in dependants. He would now be allowed to work, on his own initiative, on his orchard and not simply, as hitherto, at the orders of the advisers. The advisers were to remain, however, and it was to be part of the settler's contract that he would respect their advice and obey their instructions. He should not be lacking in advice since an early budget for the scheme provided houses for a supervisory staff of some forty-seven people on each 720-settler settlement. The authority which these officers were to exercise was approximately symbolized in the budgeted housing costs. Each settler was to get a £150 house with two rooms and a poultry shed. The cost of supervisors' houses ranged from £4,000 for the five most qualified officials to £450 for the twenty-four field overseers. (The school was to cost £3,000.)

290. The settlement nucleus would contain facilities for processing the tree crops, for the clerical staff of the settlement authority and of the co-operative, tractor drivers, school-teachers and so on. The clearing of the land was, of course, to be done by mechanical means, and tractors were to plough the settlers' land. The settler would also belong to a marketing co-operative and be forbidden to sell his products through any other channel. This lease which was heritable, but not otherwise alienable, was to last for forty-nine years.

291. The cost of this scheme was budgeted in 1962 at some £1,900 in capital charges per settler, nearly £3,000 if the costs of the farm institute were included (sums which did not include any salary costs for the supervisory personnel which were to be carried on the regular departmental budget). Of this sum, the cost of the settler's house and his wage in the early stages was to be recouped from the settler in easy instalments as soon as his tree crops began to provide income.

#### *Difficulties encountered*

292. Before these plans had been carried very far they were considerably changed, partly in response to new

<sup>121</sup> "Eastern Nigerian Farm Settlement Scheme", *Agricultural Bulletin*, No. 2 (Ministry of Agriculture, Government of Eastern Nigeria).

approaches, partly in response to criticism of the scheme's expensiveness, partly in the light of experience gained of the practical difficulties, especially in Western Nigeria where similar schemes had got a head start. Many of the changes were on lines recommended by the FAO advisory team which reviewed the experience in the Western region in 1961-1962.<sup>122</sup> The difficulties which had been encountered are worth mentioning. The first involved the acquisition of land. The problems of compensating those who considered themselves the owners of prior rights to the land were extremely complicated since there was no means of establishing or ascertaining these rights except by bargaining. The situation was not made easier by the fact that (in Western Nigeria at least) some settlements were planned to extend over land already cultivated. Often when it appeared that local agreement had been reached, it became obvious as soon as work began that that was not so. In some places, the work of clearing continued for months under constant police protection.

293. This experience does underline the need for achieving some reasonable and accepted — but certainly clear and indisputable — demarcation of the areas of collective tenures (the need which the legislation concerning East Cameroon seeks to meet). It may well be, in fact, in countries which are short of surveyors, that the best investment of surveyor time would be to give the highest priority to delimiting tribal areas, rather than to the surveying for registration of individual holdings. As a technical problem, the mapping and registration of tribal areas, even in a country as large as Nigeria, is by no means an impossible or even lengthy task. The political problems involved, of course, are immense and it is understandable that Governments are reluctant to ask for trouble, but there are advantages in getting the inevitable disputes settled long before vacant land is taken over for settlement. It remains to be seen how East Cameroon, which has provided in general terms for such a process (see paras. 201-214), will devise in detail acceptable methods for adjudicating disputes and acceptable formulae for assessing how much spare land each collectivity should receive for future population expansion.

294. The second kind of difficulty was the loss of settlers' morale, chiefly, apparently, because of the long time interval required before the settlers began to draw income, but also due to the lack of any training of supervisors in the problems of effective leadership so that little was done to engage the settlers' interest and enthusiasm. In one Western Nigerian scheme, resignations reached 70 per cent of the initially selected. For the Western Nigerian scheme as a whole, the balance sheet at the end of the fiscal year 1962-1963 showed all thirteen of the planned settlements in operation, but with 771 out of the planned 1,020 settlers and with only 18,000 acres cleared out of a planned acreage of 47,000.<sup>123</sup>

<sup>122</sup> *Report to the Government of Nigeria on the Farm Settlement Scheme in the Western Region* (EPTA Report, No. 1720) (Rome, FAO, 1963).

<sup>123</sup> *Western Nigerian Development Plan, 1962-68, First Progress Report* (Document No. 2) (1964) (Ministry of Economic Planning and Community Development, Government of Western Nigeria), p. 19.



295. In the course of 1962 and 1963, the Eastern Nigerian Government modified its plans considerably.<sup>124</sup> In the first place, it abandoned the intention of confining recruitment to school-leavers. It has been decided to select more mature men, between the ages of twenty-five and thirty, preferably with some farming experience, who are adjudged to be genuinely interested in the project and likely to be able to put up with some hardship. They should preferably, but not necessarily, be literate, and priority will be given to members of tribes which have given up land for the scheme. These settlers will not now go to farm institutes, but will move into the settlement at an earlier stage and take part in the foundation work. More emphasis will be placed on giving lectures and demonstrations and on organizing discussions and group activities "the object of which is mainly to inculcate a sense of community and personal responsibility", with the aim of creating as soon as possible efficient organization for self-management so that the official supervisors may soon retire from the scene.<sup>125</sup>

296. Settlers will normally come off the wage books at the end of two years and support themselves on their own food crops, their poultry and miscellaneous side activities, but in certain circumstances wage payments may continue for another four years. At the same time, to economize on supervisory time, detailed master plans with work schedules covering all the operations required for developing the settlement and its plantations were drawn up by an Israeli expert. One effect of these changes (particularly the abandonment of the farm institute idea) was to reduce the capital costs of the scheme, and hence also the settlers' debts which each settler was expected to repay, from an initial £2,800 to £1,740 per settler.<sup>126</sup>

297. The evolution of these schemes in Eastern Nigeria has been described in some detail because they highlight some of the problems common to settlement schemes. Thanks to the comprehensive and frank documentation provided by the government bulletins,<sup>127</sup> it is possible to elaborate a little on what those problems are.

298. First of all, there is a group of problems specific to this particular kind of highly capitalized scheme for introducing modern, mechanized farming such as are planned in Uganda and the United Republic of Tanganyika as well as in Nigeria. They may be listed as follows:

(a) Does it make good economic sense to plan for such heavily capitalized farming in a country with a shortage of capital and an abundance of labour? Is it wise, for instance, to provide each settler in Western Nigeria with the equipment for a ninety-six-layer hen battery at a cost of £150, rather than giving him wood, a hammer and nails to build his own hen coops? Would the money not be better spent on extension services to introduce

more modest improvements to a wider range of villages? The answers to these criticisms are many. The psychological demonstration effect of making agriculture a "modern" and attractive industry by mechanization has been mentioned. Secondly, there are unintended psychological side effects on administrators and politicians. These imagination-catching schemes have caused a general reevaluation of the importance of agriculture in Nigerian development so that in effect more money has become available for general extension work than would otherwise have been the case.<sup>128</sup> Thirdly, it can be argued that the settlements act in a sense as experimental farms, the more effective as a source of diffusible improvement because they are worked under operational and not purely academic conditions.

(b) Economic arguments against heavy capitalization based on relative factor costs do not necessarily apply to mechanized ploughing where land is also as abundant as labour. Tractors can mean a very large extension in the area which a single man can plant. However, there is still some question whether this will prove economically profitable. The settler will be faced with per-acre tractor charges which can only be covered if other modern techniques (of fertilization etc.) are introduced to raise per-acre yields. Can these techniques be adopted fast enough to prevent disillusionment, especially if the disillusionment is enhanced by the increased labour burden of weeding an enlarged area? (Some settlements with \$15,000 tractors lack the simplest two-wheeled hoes.) It was largely on this score that the Niger Agricultural Project founded at Mokwa in Northern Nigeria in the early 1950s.<sup>129</sup>

(c) Economic consideration apart, will there not seem to be social injustice involved in investing large sums of money (still, perhaps, in the region of \$3,000 per settler if one includes the cost of supervisory salaries) in a few thousand selected settlers when many millions of their fellow countrymen are unable to borrow the capital to buy a dozen chickens?

(d) The schemes are intended as an example of modern farming which it is hoped will have many imitators. But will there be many Nigerian farmers who can command the capital to embark on this type of farming? Would not a scheme which introduced less capital-intensive farming methods be more likely to have imitators? Altogether the settlement schemes were budgeted to receive an allocation of some \$6 million out of a total six-year development budget of \$76 million.<sup>130</sup>

299. Secondly, there is a group of problems which have even more general relevance — to both mechanized and unmechanized schemes. These are problems concerning the social organization and attitudes of settlers. Some of the more obvious ones — the need to see that the type of houses provided and the way they are laid out in settlements do not do gratuitous violence

<sup>124</sup> See *Technical Bulletin*, Nos. 4 and 6 (Government of Eastern Nigeria).

<sup>125</sup> Document for the Eastern Nigerian Programme Planning Conference, August 1962; and I. Eleje, "Land Settlement Schemes in Nigeria" (mimeographed paper for the Land Development Centre, Freetown, Sierra Leone, 28 December 1963-9 January 1964).

<sup>126</sup> *Technical Bulletin*, No. 6 (Ministry of Agriculture, Eastern Nigerian Government), p. 5.

<sup>127</sup> *Ibid.*, Nos. 4 and 6.

<sup>128</sup> Mordechai E. Kreinin, "The Introduction of Israel's Land Settlement Plan to Nigeria", *Journal of Farm Economics*, vol. 45, No. iii (August 1963), p. 542.

<sup>129</sup> See K. D. S. Baldwin, *The Niger Agricultural Project* (Oxford, Blackwell, 1957), p. 4.

<sup>130</sup> *Ibid.*, p. 540.

to the settlers' customs, for instance — are now generally recognized, though there is ample record of settlement schemes which ignore even these factors.<sup>131</sup> There are other similar problems which are less easily resolved and require more thorough investigation before a decision is taken.

(a) One problem of settler selection is that of the local as opposed to the distant immigrant. The failure of the Mokwa project in Northern Nigeria is partially ascribed to the fact that the local Nupe from whom the settlers were recruited have a traditional pattern of living in small "colonial" settlements but spending a good deal of their time in the "home" village-town. The new settlements conformed to the traditional pattern and the settlers were often absent when they should have been weeding.<sup>132</sup> On the other hand, at Nachingwea in Tanzania the local settlers were considered to have the particular advantage of being able to bring in family help at peak periods.<sup>133</sup> In the Eastern Nigerian schemes local settlers were given preferential, but not exclusive, rights as a means of resolving the ownership problem. The mixture of both local and non-local settlers under similar conditions will provide an opportunity to assess the relative merits of the two approaches.

(b) Secondly, there is the whole-community-transfer approach as against the creation-of-a-new-community approach. A variety of reasons dictated the latter method in the new Nigerian settlement. The loss of cohesiveness, the difficulties of establishing effective systems of leadership, the possibility of dissipating energies in useless factional quarrels are obvious losses entailed by this approach. On the other hand, there is the gain that the settlers creating a new society out of a diversity of tribal customs should be much more open to innovation in technical matters simply because they are perforce pulled out of the rut of custom. A community transferred as a whole also brings with it its integrated traditional social structure and hence, probably, the inertia of traditionalism that goes with it. Change is likely to be slower. It may on the other hand be more orderly and more effective in the long run. A comparison of the Northern Nigerian Shendam scheme and the Eastern and Western Nigerian mechanized farming schemes after another decade or two might throw considerable light on this problem.

(c) There is also what may be crudely called "the inventive versus the plodder" problem in settler selection. The Eastern Nigerian Government has abandoned its intention of selecting only literate school-leavers, thus partly prejudicing the original aim of rescuing agriculture from its status as a depressed and despised industry and demonstrating that it was an occupation the educated could be proud to be part of. This was partly a by-product of the land acquisition problem — local communities which surrendered land for the schemes had to be compensated by accepting a higher proportion of their members as settlers. It was also partly a reflection of a more universal problem. Quite apart from the social

prestige attaching to farming, those whose horizons have been widened by a school education often find difficulty in adapting to the early stages of settlement projects which involve laborious work and often little immediate reward. A recent analysis of settlers in Israel shows that in the pioneer stages of settlement, well-educated settlers were able to adapt to farming because of the strong sense of Jewish unity, the sense of being an embattled enclave, as well as the high prestige of agriculture as a pioneering nation-building activity — all of which helped to outweigh the difficulties universally present in such schemes. As initial pioneering enthusiasm begins to wane, however, and the farmer suffers in the prestige scale relative to new professional, business and government *élites*, the absorption of the educated settler becomes increasingly difficult.<sup>134</sup>

(d) A related issue is the "pre-training versus on-the-job training" question. The Eastern Nigerian Government has abandoned its original plans for farm institutes in favour of the latter solution. Perhaps the main difficulty of the on-the-job solution is that it is not easy to combine the role of works foreman with the role of teacher, but the advantages of relating the training directly to the type of tasks to be done, of avoiding arousing expectations which cannot be immediately fulfilled, and so on, are great.

(e) Equally bound up with these questions is what might be called the "authority versus spontaneity" problem. The original conception of these plans involved strong authoritarian direction. The settlers were not to be trusted even to feed themselves adequately when they first set up independent family units; their contract agreement stipulated not that they should be co-operative, or devoted to making the scheme a success, or full of initiative and enthusiasm, but "obedient and hard-working". It is hard to see how genuinely responsible and efficient self-government would eventually have emerged after the settlement was fully established and most of the supervisory staff withdrawn. Those who are accustomed to being treated as irresponsible subordinates do not easily and suddenly acquire a sense of responsible autonomy.

300. Sensitivity to this problem has developed so strongly among the directors of the settlements that the Minister of Agriculture told officials in 1963 that "if the Farm Settlement Scheme fails it will be not on account of agricultural problems (I am sure you will succeed in solving your agricultural problems), but on account of the sociological problems".<sup>135</sup> The symptoms of these problems were low morale, sometimes unco-operative and resentful attitudes on the part of settlers, and factional cliquishness and bickering.

301. The attempts to solve these sociological problems may be grouped under three heads. Firstly, attempts to develop harmonious group relations. One officer had provided from his own pocket a silver cup for work teams to compete for; others were starting team sports. Secondly, a stress on securing voluntary co-operation

<sup>131</sup> *Ibid.*, pp. 29-30, 52-53.

<sup>132</sup> *Ibid.*, p. 187.

<sup>133</sup> R. F. Lord, *Economic Aspects of Mechanised Farming at Nachingwea* (London, H.M.S.O., 1963), p. 90.

<sup>134</sup> Dov Weintraub, "A Study of New Farmers in Israel", *Sociologia Ruralis*, vol. 4, No. 1 (1964).

<sup>135</sup> *Technical Bulletin*, No. 4, op. cit., p. 23.



with work supervisors by explaining to the settlers that the orders given to them were in the interests of rational efficiency, and rational efficiency was in their own interests since it ultimately increased their income or reduced their initial debt. Thirdly, there was in one settlement an attempt to give more responsibility; the settlers have been allowed to form their own messing committee to supervise their communal feeding arrangements.

302. Two factors especially complicate the leadership problem in these settlement schemes, namely, the very wide gap between the levels of technical sophistication of the technical directors and the settlers, and the fact that these schemes are being carried out in an ex-colonial territory where the only kind of relationship between official and people which is generally familiar is that of the authoritarian order and the respectful, often fearful and sometimes sullen, response. Nevertheless, despite these special local features, there are aspects of this problem which are common everywhere.

303. Educating the settlers to a sense of responsible autonomy involves waste. If a few settlers are allowed to ignore the advice they are given about disinfecting their hen batteries and have their chickens die as a result, they will learn to care for their hens without supervision more quickly than if keen-eyed supervisors successfully ensure from the beginning that nobody shirks his duty. But several hundred hens are thrown away in the process.

304. Similarly, it is bound, under any circumstances, to take some time for a settlement "public opinion" to develop to the point where the settlement jeep-driver is prevented by conscience and fear of the disapproval of his mates from using the jeep to take friends for joy-rides. But it will take longer for that sense of public opinion to develop if from the very beginning there are careful disciplinary arrangements, systems of institutionalized mistrust such as speedometer checks and padlocks, which may make it more difficult for the driver to take his friends for joy-rides but, at the same time, create an "us versus them" atmosphere of antagonism in which the settler who can beat the regulations by a successful "fiddle" is admired rather than frowned on by his colleagues. But it must be realized that the cost of avoiding that sense of antagonism and hastening the creation of a responsible public opinion is probably a large number of wasteful joy-rides in the early stages.

305. It is very difficult for government organizations, saturated with the principle of rational cost-accounting, to accept methods of education for responsibility which involve the unnecessary death of thousands of hens and the waste of gallons of petrol. This is especially so in Nigeria where the settlement officers are strongly conscious of the need to show that the State-run settlements can operate as efficiently as the commercial plantations. At the Conference of Settlement Officers, they were frequently exhorted to even more careful cost-accounting of each farm operation and the commercial plantations were several times held up as a model to imitate.

306. If the object is to create commercially successful government enterprises to be run forever as State plantations, then the commercial plantation is a very proper model to adopt. If, however, the object is to create autonomous settlements capable of internal self-manage-

ment, then, as a model for personnel administration, the plantation is not appropriate. The commercial plantation accepts the "us versus them" psychology; it simply ensures that the supervisory checks and balances are such that "fiddles" are impossible. Numerous examples, from the nationalized British coal-mines to the *ouvriérisme* which has been denounced in the collective farms of Algeria, show that once an "us versus them" psychology has been created not even a revolutionary change in management can succeed in destroying it and replacing it with an atmosphere of spontaneous co-operation — much less the gradual evolution towards autonomy which is envisaged for farm settlements.

307. There is one further drawback of systems of rigorous supervision. Sometimes regulations designed to pursue lesser objectives defeat larger objectives. Thus the prevention of waste requires the clear designation of responsibilities; hence a rule that where there are two tractors on a plantation each tractor-driver is solely responsible for his tractor and there must be no interchange of parts. Given this rule it is easy to visualize a situation in which both tractors are immobilized on a settlement because one has engine trouble and the other a burst tyre, with the result that a day or two of the precious ploughing period are lost.

308. Costliness is a consequence of authoritarian direction in more ways than one. An observer of the settlement procedures of the Italian land reform has described the consequences of the fact that the reform was "conceived and carried out as an intervention rigidly directed from above".

"As such it could not avoid three great drawbacks . . . Chief of these was the heavy uniformity of procedure which was unable to adapt to the great variety of situations which the reform had to face. Second was a total absence of internal democracy which reduced to an absolute minimum the active participation of the peasants in a process of which they should have been the prime movers. As for the third, it is a consequence of the other two : the cost of the operations has been much higher than it would have been if they had been conceived and carried out with greater flexibility. . . and . . . if forms had been found for a direct and spontaneous participation of those interested."<sup>136</sup>

309. These are all aspects of the "authority versus spontaneity" problem which are common to settlements everywhere, and become more acute, the greater the aid governments seek to give to them. The pioneering settlements in Nigeria will be watched with great interest for the evidence they will provide about how these problems might be solved.

#### *The Gezira scheme*

310. The recent evolution of the Gezira scheme and its newly-opened Managil extension is particularly relevant to the problems of "weaning", that is, of replacing strong management control by a greater degree of self-government and managerial autonomy for the individual farm operators.

<sup>136</sup> M. Rossi-Doria, *Dieci anni di politica agraria nel mezzogiorno* (Bari, Laterza, 1958), p. 137.

311. At its inception, the Gezira scheme was intended to be controlled from above. It was less a scheme for the guidance of independent tenants than a centrally directed enterprise which employed labour on a profit-sharing basis. The tenants worked under the close supervision of field inspectors who planned their irrigation, planting and harvest schedules and provided the materials. The degree of security guaranteed to tenants — or indeed expected by them — was such that when, in 1934, the battle against crop disease required an extension of the crop rotation and an expansion of the unit tenancy from thirty to forty *feddans*, no difficulty was found in immediately making a corresponding reduction in the number of tenants.<sup>137</sup> Even today after two decades of evolution towards greater tenant responsibility, accelerated on occasion by tenant strikes, if a tenant is dilatory in his harvesting field inspectors have the right to hire labour for the task and charge the costs to the tenant's account. A recent observer has said that the tenant is "not a farmer in the fullest sense of the word, but a producer of agricultural commodities on a 'conveyor belt of land' supplied to him by the management".<sup>138</sup>

312. This in itself is a bad thing only if one holds the independent family-farm system to be an absolute ideal, valid for all times and places. It can be argued that the Gezira tenant still has greater scope for independent action than a factory worker on a real conveyor belt. On the other hand, he does not have, as does the factory worker, the compensatory security of a fixed wage. Since his income depends on a share of the profits, he has a natural incentive to demand a share in managerial responsibility and there are indications that he is dissatisfied with the share he at present receives.

313. The Board management has been reluctant to devolve authority for fear of a decline in the efficiency of cotton production. The overwhelmingly important part played by the export of Gezira cotton in the Sudan's foreign trade has offered as strong an argument against "risky experiments" in the post-independence period as before. Nevertheless, a number of factors are forcing a reconsideration of policy besides the dissatisfaction of the tenants already mentioned.<sup>139</sup>

(a) As the scheme is at present run, there is almost no scope for a tenant to invest in his land. Capital improvements are the primary concern of the management. The tenant thus has no incentive to make savings out of his earnings, and the nation is losing a potential source of investment, which autonomous farmers might have used for agricultural improvements.

(b) The lack of managerial autonomy and the lack of opportunities for investment were two of the reasons why few of the tenants have developed anything like

the attachment to the soil, pride in the family heritage etc., of the family farmer in traditional peasant societies. As a consequence, few of their sons work on the family holdings and the undesirability of having their women-folk mix with the hired hand is considered sufficient reason for keeping wives and daughters out of the fields too. There is, in consequence, heavy reliance on hired help and wage workers on the Gezira scheme have in recent years outnumbered tenants by over three to one. The opening of the Managil extension (adding about 800,000 to the existing million acres) has led to an acute shortage of labour — the demand for farm workers has increased while, at the same time, many farm workers have now become Managil tenants. Consequently, labour costs have risen.

(c) The vulnerability of an agricultural economy dependent on a single export crop is a constant preoccupation. The need to diversify is generally recognized. Apart from risk-spreading there is great waste of potential production in the exclusive gearing of the scheme to cotton production. A good many tenants, for instance, continue to breed livestock as in the pre-scheme days, but apart from the inclusion of *lubia* in the rotation as a fodder crop, their livestock operations are barely integrated with their cultivation. The cotton field inspectors have done little to improve standards of livestock husbandry — indeed, they are not technically equipped to do so. The difficult task of devising a variety of viable diversified farming systems would be made easier if farmers had already acquired sufficient experience in the assumption of responsibility for a number of the most intelligent and enterprising of them to be keen to take the risks involved in new experiments. Developments of this kind cannot be accomplished solely by research institutions.

(d) There is also the argument that the managerial costs of supervision (the salary costs of field officers now employed at an approximate density of one for every 220 tenants) could be saved if tenants were allowed to run their own plots independently and operate the irrigation system co-operatively. As against this, it can be argued that if there were no supervisors there would at least have to be an approximately equal density of extension workers, if the level of technology were to keep abreast of scientific development. Such advisers would need a much broader general training than the present field officers who need only be competent in the narrow sphere of cotton-growing operations; consequently, they would be harder to recruit and would command higher salaries.

314. A number of attempts are being made to deal with these problems. In the first place, holdings in the Managil extension have been made smaller — fifteen instead of forty acres — in the hope that they will be mainly operable by family labour. Secondly, in order to encourage further the farmer to develop a sense of permanent identification with his farm, new by planned villages were created in the Managil extension (whereas on the Gezira main scheme, the tenants had lived in their existing settlements or been left to fend for themselves). They were designed to be big enough to support a variety of community facilities and small enough for farmers not to be more than five kilometres from their fields,

<sup>137</sup> Arthur Gaitskell, *Gezira, a Story of Development in the Sudan* (London, Faber and Faber, 1959), p. 154.

<sup>138</sup> D. J. Shaw, "Labour Problems in the Gezira Scheme", *Agricultural Economics Bulletin for Africa*, No. 5 (April 1964).

<sup>139</sup> This information is drawn from three papers by D. J. Shaw "Labour Problems in the Gezira Scheme", op. cit.; "The Managil South Western Extension" (Department of Rural Economy, University of Khartoum, 1964) (mimeographed); and "Recent Developments in the Gezira Scheme", *Information on Land Reform, Land Settlement and Co-operatives*, No. 3 (Rome, FAO, 1964).

while the inhabitants of each village were as far as possible chosen from a single ethnic or linguistic group.

315. Attempts to diversify farming have included the introduction of ground-nuts and of co-operative organization for dairy and livestock farming. Community development schemes supported by WHO and bilateral assistance have also tried to foster co-operative organizations while building model community amenities in selected villages. The community development workers have also been attempting to involve the women more in farm management as well as community activities. The transition is only just beginning, however, and the inertia of the established cotton-orientated and management directed farming system, now nearly half a century old, is such that the process of transformation is bound to be a long and difficult one.

#### *The Gezira model*

316. These transitional difficulties raise a more general question; how far can the Gezira scheme — often praised as a highly successful undertaking — be recommended as a model for land settlement schemes in developing countries? The first point to be made is that the Gezira scheme itself might have developed differently, even from identical beginnings, if the objective of a gradual evolution towards tenant autonomy had been envisaged and if the field inspectors had seen it as their task to make their own existence unnecessary. Instead, of course, the original organization was built to last and adapted itself only slowly to demands for change.

317. Equally, it is unlikely that quite the same kind of authority will ever be exercised again as was carried by the original Gezira supervisors *vis-à-vis* their tenants. The secondary-school graduate of an African country, who has only his superior education to legitimize his superior status, is unlikely to carry the same air of assurance and the same weight of authority in his dealings with his fellow countrymen as the British field officer did when he directed the work of his Arab tenants, fortified as he was by an “education for leadership” at a British school, an inbred sense of social superiority and the backing of the full military force of a colonial government. There are, to be sure, other modes of authority; the explicitly educative tutelage is one, the straightforward appeal to self-interest backed by a real ability to provide tenants with substantially higher incomes is another. Similarly, the sense of a shared endeavour — to raise the national production for instance — can, if it can be sustained as continuously as it has been in, say, Chinese or Israeli villages, give an external legitimacy to the authority of the manager. The success of a Gezira-type scheme will depend on one of these alternative modes of authority being successfully achieved. Mere coercion and bluster are certainly not viable alternatives for they require such a density of supervision that its cost is bound to be prohibitive.

318. Given the fulfilment of this condition, a Gezira-type scheme could still be viable in a non-colonial situation. It may also represent the quickest means of economic development if the growing of one or two crops by fairly routine operations on standardized farm units represents profitable use of the land, if the potential tenants are

relatively inexperienced cultivators, and if it is much easier to find good field overseers for narrowly defined tasks than extension advisers with general competence. Even then, some countries may prefer to accept a slower rate of development in order to achieve different social values from the beginning — either allowing greater individualistic independence to the farmers, or retaining collective forms of organization but subjecting the management to democratic control by the farmers themselves. It may also be argued that given the “weaning” difficulties implicit in converting an authoritarian scheme into a more egalitarian one, such an approach also offers the best prospect of long-term economic growth, even if the short-run returns are less spectacular.

#### *Malawi and Zambia*

319. Other African countries have been planning settlement schemes designed on lines similar to those in Nigeria, entailing a similar level of expenditure and intended also to produce export crops. The latter has in particular been a very important concern in those East African countries which, after independence, have been working to reduce their dependence on European-managed enterprises for their export earnings. In Zambia, for instance, Africans produced in 1961 an estimated £2.6 million worth of cash crops, compared with £8.2 million from the European-owned farms. The 1961-1965 Development Plan, though far more parsimonious than the recommendation of the Rural Economic Development Working Party which reported in 1961, provides for a programme of settlement which it is hoped will increase African cash crop production to about £4 million.<sup>140</sup>

320. Another motive for settlement schemes is encountered in Malawi where resettlement has been used as a method of abolishing a kind of plantation peonage locally known as *thangata*. This was a tenancy system which involved a form of (paid) labour service to the estate owner. In order to abolish this system, the Government planned in some cases to purchase and divide the estate, in other cases to resettle the tenants as owner-farmers elsewhere.

#### *Kenya*

321. A settlement scheme not only sets up a system of farming, it creates a community; and the system of farming will work only if the community provides an adequate social environment. The North Nigerian solution was to transport existing communities *in toto*. The Western and Eastern Nigerian schemes involved the creation of new communities from heterogeneous elements but with some planning of the physical facilities of group life (schools, village hall etc.) and some attempts to develop a “group spirit”. In Kenya, on the other hand, these aspects were left to the processes of spontaneous generation in planning the redistribution of the former “White Highlands”, when the European monopoly on these lands was eventually broken.

322. Here the problem was not to introduce new farming techniques, but to ensure that the new owners

<sup>140</sup> “Development Planning and Land Reform in Selected Non-Self-Governing Territories” (A/AC.35/L.369).

would continue to farm at the same levels of productivity as their predecessors. The land purchased by the Government has been used for two types of schemes, the low-density schemes which it is hoped will maintain a high standard of farming, and the high-density schemes which provide more generous subsidies to install settlers on smaller plots, which are largely designed to relieve population pressure in Kikuyu areas. Since loan assistance was given for not much more than actual purchase of land, on the low density schemes only settlers with capital and farming experience were accepted. The size of farm they were given also depended on these factors. In some settlements, for instance, the valuation of the farms varied between £300 and £90.<sup>141</sup> It is to be hoped that in a few years' time, a sociologist will make a comparative study of the community organizations which develop in Kenya, where there is initial inequality and no community planning, and in Western and Eastern Nigeria where there is initial equality and some planning. The results would be extremely useful for settlement planners.

### *Uganda*

323. The history of settlement schemes in Uganda illustrate yet another purpose for which they may be designed — namely, to create barriers of settlement as a defence against the reinvasion of the tsetse fly from areas already cleared. Such schemes imply different criteria of success from most others; any cost-benefit analysis of their value should include not only the benefits to the settlers themselves and to their former area of settlement their removal from which relieves population pressure — but also the benefits to farmers behind the barrier who are given protection against reinvasion by the tsetse fly. They also pose additional problems as is generally the case when different objectives are combined in a single operation — the difficulty of phasing the settlement operations to coincide with the anti-tsetse activity, and particularly the complications involved by the fact that yet another government department has to be involved in all planning and budgeting negotiations.<sup>142</sup>

324. Several other points of general interest are also illustrated by Uganda's experience. One is that in a country where a relative abundance of land makes spontaneous irrigation possible, planned settlement schemes can succeed only if they are designed for the very best land available. In the Kigumba area, each plot was reallocated on an average two-and-a-half times over a few years, because as soon as the free rations and tax exemptions expired the settlers moved off to better land. Secondly, the distance a settler is transported is very relevant to his willingness to move; a man who is willing to move to a place which is a day's journey from his birthplace may be much less willing to move somewhere which is a five-day journey away even under the same pressure of lack of opportunity at home. Thus the scheme

to settle Bakiga from the overpopulated parts of southern Kigezi in the new areas of northern Kigezi were highly successful. But not so the attempt to take the same people to Kigumba and Ntoma in the more distant Bunyoro area. The Kigumba scheme, in fact, despite the offer of free transport, free rations for six months, two years tax remission and sheets of corrugated iron for houses, failed to attract settlers in large numbers from any part of Uganda and recourse was had to the Nyanza province of Kenya which by the end of the first full year of operation had supplied 70 per cent of the settlers.<sup>143</sup>

### *United Republic of Tanzania*

325. While co-operative and group farming schemes occupy an increasing role in future plans for Africa, results are now becoming available of the earlier generation of East African schemes to create "yeoman farmers". One in particular, the scheme on land originally cleared for the British Government's ground-nuts scheme at Nachingwea in the United Republic of Tanzania, has recently been analysed in detail.<sup>144</sup>

326. Three "tenant farms" on which a single manager directed the farming of up to seventy to eighty tenants, were run in comparable conditions to twelve other "direct labour" farms, operated by hired managers as single units. The net "social output" (gross output less machinery costs and purchase of materials) averaged on the three tenant farms £43, £52 and £59 per ten acres, while the comparable figures for the direct labour farms ran from £54 to £67.<sup>145</sup> As economic enterprises they were not unsuccessful, but they did not succeed in their original object of establishing "a healthy prosperous yeoman class — appreciative of its fruits, jealous of its wealth and dedicated to maintaining the family unit on it".<sup>146</sup> The turn-over of tenants was extremely high, in many years exceeding 50 per cent. One interpretation of this is that a good many of them were "target working", aiming to earn a certain sum after which they moved on. Also not without relevance, perhaps, is the fact that a food allowance was provided for the whole of the first year as well as houses and water supply. And it was certainly true the tenants had to work much harder. They were expected to rise out of the subsistence farmer class by virtue chiefly of the fact that mechanical ploughing by contract allowed them to cultivate much bigger holdings; but the machines did not weed and the increased burden of weeding was very heavy; the burden was further complicated by the fact that weeding was traditionally a woman's job — men did the type of cultivation which had been taken over by the tractors. It has been argued that farmers would have been more willing to settle down if they had come from a greater distance; as it was, being

<sup>141</sup> *A Review of the Activities of the Land Development and Settlement Board, January 1961-July 1962* (Central Land Board, Government of Kenya), pp. 19-25.

<sup>142</sup> For a description of these problems, see D. G. K. Belshaw "An Outline of Resettlement Policy in Uganda: 1945-63" (mimeographed paper read to the Conference of the East African Institute of Social Research, Kampala, Uganda, June 1963).

<sup>143</sup> G. A. Bridger, "Planning Land Settlement Schemes", *Agricultural Economics Bulletin for Africa*. No. 1, (September 1962). Another possible reason for the success of the Kigezi settlement scheme is that prospective settlers were taken in advance to the new areas on a kind of reconnaissance trip and were able to see for themselves and discuss projects before deciding to make the move.

<sup>144</sup> R. F. Lord, op. cit.; and G. A. Bridger, op. cit.

<sup>145</sup> R. F. Lord, op. cit., p. 27. Figures for 1953/54-1955/56.

<sup>146</sup> Quoted from a report of the Overseas Food Corporation in G. A. Bridger, op. cit.

recruited from nearby, they had the advantage of being able to call in relatives for assistance when the weeding got too much for them, whereas it is argued, a clean geographical break is a necessary prerequisite for the psychological jump required for a man to become the type of "yeoman farmer" the scheme envisaged.

327. Somewhat more successful were two other in the United Republic of Tanzania schemes; one, largely because it required a considerable investment in training on the part of the settler and provided a tenure ladder which allowed the graded selection of settlers; the other, because it gave settlers the chance to invest in cattle-ownership. The first, that at Urambo, concentrated on tobacco. For the first year or two settlers worked on training farms; when the tenant had learned enough and earned enough working capital (£50), he was offered tenancy of a three- to five-acre farm, on which he built his own house and tobacco barns. If he accumulated £150 of working capital, he was to be offered the tenancy of a 200- to 300-acre farm with the prospect of an annual income of some £500. Six out of about 200 farmers had graduated to this stage by 1961.<sup>147</sup>

328. The second, the Kongwa scheme, was basically similar to that at Nachingwea with the additional element that settlers could rent improved breeds of cattle from a local ranch of the Development Corporation and slowly build up their own herds (to a permitted maximum of ten) from the calves. The scheme had considerable attractions to a local population of traditional cattle-owners.<sup>148</sup>

329. The Nachingwea scheme, incidentally, illustrates another feature of settlement schemes. Every scheme is a gamble. The risks can be much reduced by careful planning, soil analyses and pilot schemes. But a large element of hazard remains. In the Nachingwea area, cashew trees seemed to do very well for three or four years until they were attacked by a capsid and seemed to be ruled out for future cultivation unless cheap control can be discovered. Similarly, in the Gezira scheme the ravages of black arm and leaf curl became serious only in the scheme's second decade. One could hardly have expected fifteen years of experiment to have preceded the inauguration of the scheme. Similar risks are run by all new schemes; the ecological balance is never static, and one can never predict the problems of pests and diseases which might eventually arise when a settlement scheme disturbs it.

### *Malaysia*

330. Another country which has invested considerable resources in land settlement in recent years is Malaysia where a Federal Land Development Authority was established in 1956 and had settled some 4,000 farmers on 35,000 acres by 1960; the target for 1966 being 25,000 on 230,000 acres.

331. In the Federated Malay States, these schemes have been carried forward at a sufficient pace to have some impact at least on the land market. The hunger for small-holdings, prompting high prices for small lots of land, was one of the reasons (combined with the apprehensi-

veness of colonial capital at the approach of independence) for the sub-division of rubber estates in the period after 1956. This process seems recently to have stopped, thanks in part to the fact that the demand for land ownership has been partly met by the Government's settlement schemes, together with other schemes sponsored by state governments, and to a system of temporary occupancy licenses, whereby a pioneer settler may provisionally receive state land free (his final title being granted only on condition that he develop the land).

332. In one such Federal settlement scheme which has been described in detail, the original clearing and terracing were let out to private contractors, the settlers were then to do the secondary preparation of their land and the planting of rubber groves under the direction of government officials. After two years it was assumed that wage payments could cease since the settlers would be getting adequate subsistence income from their vegetable gardens and their paddy fields. After ten years they were expected to be earning some 400 Malayan dollars a month from their rubber plantations, out of which they would begin to repay debts to the Government anticipated to amount by then to about Malayan £7,500.

333. An analysis of this particular scheme illustrates some of the pitfalls, the failure to foresee which has seriously hindered, though not finally prejudiced, the scheme's success. The chief of these were :

(a) The land was inadequately surveyed. The potential rubber area initially cleared was smaller than expected, so that twenty of the first wave of seventy settlers could not be awarded plots on the land they cleared and had to be made to wait for the second phase with a considerable drop in morale.

(b) The residential site was placed on soil which might have been suitable for tree crops but was too poor for home-lot food crops.

(c) The settlement was too scattered with consequent unnecessary expenditure on water pipes and roads.

(d) The social evaluation of crops was ignored. The fact that a rubber planter scorns the rice grower was not taken into account when expecting the settlers to grow rice as well as rubber. In effect they are likely, as soon as they can afford it, to lease their paddy land to tenants.

(e) The frequent turnover in the staff administering the scheme militated against the kind of co-operation between official and settler which could have improved the quality of work and the speed of its execution.<sup>149</sup>

334. Since then the schemes have made considerable advances, showing the great advantages of planning settlement schemes in bulk (recently they have been started at the rate of twelve a year) so that experience can be acquired, standardized procedures worked out and specialist staff fully trained. By 1962, a kind of "critical path analysis" had worked out the best order of tasks in planning and preparing a settlement which resulted in the saving of a good deal of time and resources. An increasing tendency has been to use specialized contrac-

<sup>147</sup> G. A. Bridger, *op. cit.*, pp. 29-30.

<sup>148</sup> *Ibid.*, pp. 31-32.

<sup>149</sup> Rudolf Wikramatileke, "A Study of Planned Land Settlement in the Eastern Marshlands of Malaya", *Economic Geography*, vol. 38, No. iv (October 1962) (Worcester, Mass.), pp. 330-346.

tors for the initial development work, especially of land-clearing and planting. This proved to be more efficient chiefly because it meant that planting could be completed a year or two earlier and, in view of the amount of capital invested in the scheme, it was important to hasten the time when the trees would come into bearing. Housing, too, has been rationalized; at first, the settlers cut down the jungle to make their own houses; in the second stage, planks already cut and planed; were provided, in the latest stages, pre-fabricated expandable-unit houses have been used. It was also found desirable to build schools before the settlers moved in. Before this was done, settlers often left their families in their original homes and were themselves often away visiting so that the progress of the development work was slowed down.

335. The system of work organization has also changed. At first, settlers worked co-operatively in preparing the plantations, although each settler's individual lot was designated from the beginning. This led to difficulties and in the second stage each settler worked on his own lot. This had disadvantages, too, since some settlers were not capable of efficient work and there was no means whereby the slow could be helped by, and learn from, the quick. The final system was for each team to work on a block of 300 acres under a manager, the individual division of holdings not being made until the initial work is completed. Some training in co-operative management is given from the beginning by establishing consumers' co-operatives. It is hoped that from the experience gained in running this co-operative the settlers will be able to manage their own affairs by the time their farming operations are well underway. It is expected that the settlement managers will remain with their settlements but as employees of the co-operative rather than of the authority.

#### *Mexico : colonization after land redistribution*

336. If "colonization" is not a substitute for land redistribution, the redistribution of already cultivated land is equally often not a substitute for new settlement. A recent critique of the Bolivian land reform emphasizes that the break-up of *haciendas* has not provided a solution to the very high density of population in the Inter-Andean valleys which contain a half of the total agrarian population, in some districts packed into tiny holdings averaging little more than half a hectare. Much more intensive schemes for land settlement are necessary.<sup>150</sup>

337. The same considerations have prompted a redoubling of efforts to resettle population in Mexico, which has some densely populated and some under-populated areas. (Whereas the average population density of the country is ten persons per square kilometre in the central plains it is sixty-one). Under the Agrarian Reform Laws, groups of twenty villagers could lay a claim for the expropriation of private estates within seven kilometres of their village, or rather to those portions of them which

exceed the permitted ceilings. In the more closely populated areas, however, the land so acquired was not sufficient to provide holdings for all those who applied, and the number of disappointed — designated as "peasants with reserved rights" — has been variously estimated as between a half and one million. These have priority in the new settlements.

338. The method of settlement is as follows. First of all, a core group of about twenty-five men is transported to the settlement area. Its first task is to build a communal dormitory — eventually to be used as a school-house — using local materials and some machinery lent by the Government. Then the remaining men of the prospective settlement arrive and a start is made on building family houses and clearing land. As the houses are made ready the men are joined by their families. Until the first crop is harvested, settlers receive a daily wage.

339. The schemes are intended to be self-financing; the settlers are to repay to the Government their initial advances, their transportation costs, and operating and depreciation costs for the machinery used to build the settlement. They also pay a cost price for the land in long-term instalment, beginning a year after the first harvest.<sup>151</sup>

#### *Spontaneous settlement*

340. The failure of many organized settlement schemes in Latin America, and the knowledge that settlement is going on all the time spontaneously (40,000 to 50,000 Bolivians are thought to have moved from the Inter-Andean valleys into the lowlands over the last fifteen years) has led to a new look at the possibilities of "assisted spontaneous development".<sup>152</sup>

341. Assistance, especially in the form of road-building, would considerably accelerate the process. Assistance also provides the chance of control which in many respects is necessary; the spontaneous settlers otherwise may simply reproduce in their own areas *minifundist* patterns of subsistence cultivation, or gradually lay waste a new area with inappropriate slash and burn techniques. In Northern Nigeria, people who had been using intensive techniques, including regular fertilization, on crowded hillsides, reverted — quite rationally from their point of view — to shifting cultivation when they moved to the plain.<sup>153</sup> Also, such settlers may simply push out by *force majeure* more primitive peoples who previously occupied the land, as is happening in Brazil. Assistance and supervision are also necessary to ensure that the settlers exchange their squatter status for some kind of regularized title before that title is bought by speculators.

342. There are advantages, however, in keeping the assistance to certain essentials such as roads, extension advice and production credit, cheap building materials etc., leaving the settlers to build their own homes and

<sup>151</sup> *Land Redistribution in Mexico* (Economic Research Service, Department of Agriculture, United States Government, 1962).

<sup>152</sup> *1963 Report on the World Social Situation*, op. cit., pp. 130-131; and Thomas F. Carroll, "Reflexiones sobre la distribución del ingreso y la inversión agrícola", *Temas del BID*, vol. I, No. ii (August 1964), p. 29.

<sup>153</sup> "Report to the Government of Nigeria on the FAO Agricultural Planning Mission to Nigeria", part III, op. cit., p. 286.

<sup>150</sup> *Informe al Gobierno de Bolivia* (EPTA Report, No. 1856) (Rome, FAO, 1964), p. 35; Antonio García, "La reforma agraria y el desarrollo social de Bolivia", *El Trimestre Económico*, vol. 31, No. iii (July-Sept. 1964), p. 351; and Lowry Nelson, "Some Social Aspects of Agrarian Reform in Mexico, Bolivia, and Venezuela" (Pan-American Union, 1964) (mimeographed).



capital plant. The thinner spread of assistance means that funds can be stretched to help more people; the settler invests love as well as labour in a house he builds himself and has a stronger incentive to weather out temporary setbacks; there is less encouragement of attitudes of dependence on authority, less chance of selecting those who will stay as long as hand-outs continue and then move on. Moreover, the spontaneous settler is self-selected for initiative; having made the break with community ties by his decision to migrate, he is likely to be more receptive to new technologies and new institutions.

343. Doubtless, the method is untidy and less satisfying to the administrator's desire to create new communities solely by *his* power and to his specifications. But it has advantages which are being increasingly recognized in Latin American thinking.

#### *Pre-investment surveys*

344. The need for thorough surveys of areas designated for settlement schemes is generally acknowledged, but it is not always realized how costly such surveys can be, and how misleading can be general impressions of the potentialities of an area that are not backed by previous scientific investigation.

345. The latter point was well illustrated by the survey, financed by the United Nations Special Fund and organized by the FAO, of the Tambopata-Inambari district of Southern Peru.<sup>154</sup> The area, over 15,000 sq. km in extent, was one generally spoken of as having "enormous potentialities" for agricultural development. It was close to the Altiplano area surrounding Lake Titicaca, some of whose densely packed population it was hoped to settle in the surveyed area. The possibilities were said to be amply demonstrated by the fact that a good deal of spontaneous settlement had already taken place and had proved eminently successful. The survey team consisted of six foreign experts and six Peruvians—soil experts, agronomists specializing in tropical crops, forestry experts, animal husbandry experts, and general land settlement experts. The area was so little penetrated and so ill-mapped that a good deal of their work had to be done over mule-tracks or by helicopter.

346. They found that the possibilities of successful agriculture in the region were minimal; even where soils were of tolerable quality, the gradients made the terracing and other essential conservation measures—and consequent farming operations—so costly as to rule out profitable agriculture. Practically all the usable land was already occupied by the spontaneous migrants from the Altiplano, but even in these areas there seemed imminent danger of serious erosion unless the settlers were given better organization and technical advice. The survey discovered, however, that the adjoining area, the lower hinterland of the Madre de Dios region which forms a part of the upper Amazon basin, had all the *physical* conditions for successful agriculture, though it remains an open question whether, given the remoteness of the area from the main centres of Peruvian population, the communications problems of development would not be

too great to justify development. Here, clearly, is room for a further survey of a different kind.

347. If an initial survey of the possibilities of an extensive region can well occupy a dozen experts for eighteen months or more, the task of drawing up *detailed* settlement plans for much smaller areas can be just as time-consuming. Another project of the United Nations Special Fund was designed to investigate the possibilities of using for family-farm settlement the *haciendas* (at that time seventy-seven in all) which had been acquired by the Government of Ecuador. Seven experts were provided by FAO, a specialist in the general problems of settlement, a soil expert, an agronomist for temperate crops, and experts in animal husbandry, ground water hydrology and irrigation engineering, who remained for an average of eighteen months each, working in association with—and contributing to the training of—some forty-seven Ecuadorian technicians. After a general survey of the Government's seventy-seven *haciendas* and a more detailed survey of twenty-six, the team finally settled on three for which it drew up detailed settlement plans.

348. One point of general interest which emerged from the report<sup>155</sup> is that studies of this degree of depth resulted in the recommendation of quite different patterns of settlement in each of the three farms, the differences depending on the optimum division of the land between forests, common grazing land and crop-land, on the possibilities of irrigation, and on the crops which could be grown. It is, in other words, not easy to make master plans which can be applied ready-made to a variety of situations.

#### *World Food Congress*

349. Land settlement was an important topic of discussion at the World Food Congress held in Washington in June 1963. Some of the conclusions stressed were as follows :

(a) The economics of bringing more land under cultivation should be assessed against the prospects of increasing the productivity of the land already so used. In most regions of the world, there is less immediate opportunity for expanding production by extending the area than there is from increasing yields from already cultivated land.

(b) Settlement should be preceded by pre-investment surveys, covering the natural resources of the area and its climate, and indicating the best land uses in the light of general economic conditions and national development plans. They should include an economic evaluation of the proposed projects in terms of the expected costs and benefits which will serve as a basis for judging its merits in relation to other investment opportunities within the framework of national or regional plans.

(c) Agricultural experimentation is necessary prior to settlement so as to eliminate costly trial and error, and

<sup>154</sup> *Estudio de precolonización en el Departamento de Puno, Perú* (FAO/SF: 4/PER) (Rome, FAO, 1964).

<sup>155</sup> *Plan de Recolonización de las Haciendas administradas por la Junta Central de Asistencia Social del Ecuador* (FAO/SF: 3/ECU) (Rome, FAO, 1964). A summary of this report in English appears under the title, *Planning of the Resettlement of Farms Administered by the Social Welfare Department, Ecuador* (FAO/SF: 3/ECU).

subsequently so as to ensure continuing improvements in the efficiency of production.

(d) Pilot projects, after a certain essential minimum of experimentation, are the most useful method of second stage experimentation. Pilot areas should be big enough fully to investigate the potential and small enough to be manageable by a few officials and technicians. Such pilot areas can also serve for "in-service training" of farmers, technicians and administrators.

(e) Settlement plans should indicate the irrigation, drainage and other engineering works required for development; basic infrastructural works including shelterbelts, roads etc.; size of farms and types of farming systems and land tenure arrangements best suited to the project area; estimated requirements for production supplies such as fertilizers, improved seeds, pesticides; agricultural credit; expected agricultural production and income; requirements for transport, processing, marketing and storage facilities together with the necessary public services. Without these facilities, the well-being, interest and sustained co-operation of the farming families cannot be assured and it is these, and not their mere physical establishment within the settlement area, which represent the primary objectives.

(f) Improvements in outmoded land ownership and tenancy systems so as to adjust them to the needs for raising agricultural efficiency will often be required.

(g) Geographic boundaries bear little relationship to the needs of peoples in terms of land and water resources. The effect of maldistribution of people and nations in respect to these physical resources could be mitigated through international co-operation. Consideration should be given to imaginative schemes by which countries with unexploited resources can pool their opportunities for development with those of countries which may have excess population in relation to resources but possess technical, managerial and administrative skills.<sup>156</sup>

#### G. FOREIGN-OWNED PLANTATIONS AND PUBLIC-PRIVATE PARTNERSHIP AGREEMENTS

350. There have been few changes in the role of foreign-owned plantations in developing countries since the last report. In a few instances, Governments have taken over the assets of foreign companies — a sugar-mill was acquired in Barbados, a rubber estate and an oil-palm estate in Ghana etc. — but there have been no large-scale expropriations. Equally, there have been few new large-scale investments by foreign firms, especially in those countries where political movements which demand the ending of all foreign enterprise are gathering strength in opposition to present governments. In some countries indeed, foreign companies have been gradually liquidating their interests. In Colombia, for instance, the *Compañía Frutera de Sevilla*, a subsidiary of the United Fruit Company, disposed of all its land holdings in 1961 to a Colombian company which was created for this purpose, the *Federación de Productores de Banano*. The

lands of the *Federación* are farmed by tenants who then sell their produce to the *Federación* which in turn markets abroad through the *Compañía Frutera*, dividing profits equally with the latter.

351. The developing countries may be divided into three groups: those which have firmly set their face against any participation by foreign private capital in their economy; those which are anxious to welcome foreign capital and make efforts to provide tax and other concessions to add to the inducements for investors, and a group which is keen to utilize all possibilities for development, but is willing to provide opportunities for foreign investors only if they are prepared to accept the restrictions of conforming with the Government's development plans.

352. It is in the last group of countries that private capital has the most creative role to play and where there are the best opportunities for the exercise of ingenuity in devising institutional forms which will benefit equally the investor and the host country.

353. Once it is accepted that foreign investors can legitimately be expected to play a wider role in the agriculture of developing countries than the mere development of their own enterprises, it is not difficult to think of things which they can do. In Malaysia, it has been suggested that each of the rubber-growing settlements created by the Federal Land Development Authority might be "adopted" by the manager of a nearby rubber estate. He could undertake to visit the settlement from time to time and make suggestions to the manager on the agronomic and organizational aspects of the settlement, sending copies of his suggestions to the chief technical experts of the Authority. This would offer a means by which the top-level expertise which is locally available (and which is a quite scarce commodity) could make the maximum possible contribution.

354. Similarly, foreign firms can play an important role as training institutes. Most plan to replace expatriates by locally recruited employees, and Governments frequently hasten the process of substitution by the pressure which they can exert through control over work-permits. Foreign firms sometimes complain, however, that as soon as they train local replacements for their own staff, the trainees are likely to leave the firm to start their own business or to take posts in government. Some have learned to accept this philosophically as part of their contribution to the local economy. It has recently been urged that foreign firms, in both agriculture and industry, should go further and explicitly accept a role as training institutes, taking on ten management cadets when they only need one<sup>157</sup> — thereby, incidentally, maximizing their own chances of keeping one of them within the firm.

355. Some Governments have devised schemes which would utilize the services of foreign firms in the development of local agriculture on an even broader front. Such are the "nucleus plantation scheme" developed by the Government of Eastern Nigeria, and the arrangement now being worked out between the Government of

<sup>156</sup> *Information on Land Reform, Land Settlement and Co-operatives*, No. 2 (Rome, FAO, 1963), pp. 27-28.

<sup>157</sup> F. Harbison and C. Myers, *Education, Manpower and Economic Growth* (New York, McGraw-Hill, 1964), p. 64.



Northern Nigeria and a British firm.<sup>158</sup> From these negotiations have emerged the outline of what could possibly become a generally applicable model of development. It is on the following lines :

(a) A company is formed to operate a plantation which is big enough to be economically viable, yielding a profit which is modest but commercially acceptable.

(b) The company is financed jointly by the Government and the foreign firm, the former having a dominant and the latter a substantial interest.

(c) The capital interest of the foreign firm will be bought out by the local government at the end of a term of years — say ten years, or ten years after the crops come into bearing, with possibly options for the Government to buy out, or for the firm to sell out, at an earlier point.

(d) Managerial and technical staff is at first provided almost exclusively by the foreign firm, but each person will have trained at least one counterpart before the partnership is dissolved.

(e) Housing and community services for the district are provided not by the firm but by a separate housing corporation.

(f) The nucleus company is required to provide services for the development of settler schemes, co-operatives, State farms etc., on its fringes — for example, site-clearing operations, provision of planting material, pest and disease control, processing and marketing. The financing of these fringe schemes is by the Government, and the services are to be provided by the nucleus company on a cost-plus basis, and contracted for from time to time. The nucleus company's willingness to co-operate in this regard is, however, clearly specified in the original concession and one of the major uses of the local government's voting control on the board of directors will be to ensure that the company fulfils its part in this respect.

356. Foreign aid might possibly play a useful part in such schemes by providing the local government's financial contribution. Such an arrangement has indeed considerable advantages over the normal type of developmental scheme based on bilateral or international assistance, these being chiefly that, instead of recruiting an expert staff *ad hoc* as is usually the case in foreign aid schemes, the foreign firm would be able to bring in a co-ordinated team, possibly with local experience, and would be able to use the overhead services and international connexions of the parent firm.

357. Such a system also has many obvious points of superiority over the traditional plantation enterprise. The arrangement clearly recognizes the firm's acceptance of a responsibility to contribute to economic development. The system of revolving foreign capital, with the Government buying out the foreign firm's interest after a period of years, ensure that foreign skills are used where they are most needed — in development rather than in routine maintenance. The same buying-out clause gives the foreign firm as good a guarantee as is feasible against

expropriation (the fear of which inhibits a good deal of investment).

358. Most important of all, perhaps, if such schemes become general, the typical image of "the foreign plantation" would be altered. Political demands for the "ending of foreign domination" might be translated not into the expropriation of foreign plantations — entailing the loss of capital and skill to the country concerned — but into the demand for their conversion into such nucleus schemes to the benefit of all concerned.

359. There is one major difficulty in the diffusion of such schemes. The altruism which would prompt foreign firms to take on the additional responsibilities of such arrangements is a rather rare commodity in the business world. From the point of view of the businessman, a straightforward lease concession to start a rubber plantation or a sugar estate would be infinitely preferable to an arrangement with complex strings attached. Consequently, Governments which have tried to negotiate such arrangements have often found little receptivity. The foreign firms are likely to try to alter the terms very much in their favour, secure in the knowledge that they can take their business elsewhere to countries which are still willing to grant concessions on the easy terms to which they have been accustomed.

360. This situation would change, and potential investors from the developed countries could be induced to look on such schemes with more sympathy and to make efforts to make them work, if *all* Governments required arrangements such as these as a condition for granting concessions. There is perhaps a case for the tropical countries to come together and seek to agree on some kind of regulating convention. Such a convention might outline the kinds of schemes which might be made conditions for the grant of agricultural concessions to foreign investors and bind each of its signatories not to try to attract foreign capital by requiring less of the foreign firm in the way of development assistance than the convention laid down.

## H. COLLECTIVE FARMS AND STATE FARMS

361. State farms and collective or joint farms<sup>159</sup> may perform a variety of functions. Most countries have experimental farms which are owned and operated by the State. Governments of a variety of political complexions go further in the same direction and use state farms in order to test or demonstrate the long-run economic feasibility of certain types of agriculture, to provide models of good farming methods or to provide a source of seeds and planting materials. State farms may also have the function, even in predominantly capitalist countries, of ensuring the production of certain key crops — necessary for export purpose, perhaps — which private enterprise cannot be relied on to grow.

362. State farms or collective farms may also be the form of enterprise chosen by Governments which, other things being equal, would normally prefer a family smallholding structure, but see no acceptable alternative in cases where large and efficiently productive estates

<sup>158</sup> Another "nucleus plantation scheme" — for the growing and processing of sisal — is under discussion in the United Republic of Tanzania.

<sup>159</sup> For the way these terms are used, see annex I.

have been expropriated in a land reform and the partition of this land into family smallholdings would be likely to lead to a decline in production.

363. Finally, State or collective or joint farms are the preferred and general form in socialist and communist countries because the property relations they involve are considered superior to those of any other form of enterprise, and because the system allows for the flexible organization of large units which can take full advantage of economies of scale.

364. It is in these countries where the State or common-land-use farms represent the universal or predominant form of agricultural enterprise that the major policy issues arise. Fundamentally, the problems may be summarized as those involving decisions regarding the exact division of decision-making power, sense of responsibility and rewards as between (a) individual farmers, (b) collective groups of farmers, and (c) State organs. How much autonomy in deciding its land-use plans should be given to individual collectives and how much should that autonomy be limited by the needs of central co-ordination? How much control should each unit have over the equipment it needs, and how much should equipment be centralized for maximum use? How far should those with executive power be responsible to central state authorities, how much to the people whose activities they direct? How far should the incentive system recognize and utilize the individual's desire to benefit himself personally, his desire to benefit his group of fellow collective workers, or his desire to benefit the whole of the society he belongs to? If individual rewards are stressed, should they be monetary rewards, rewards in kind, or rewards in the shape of prestige and honour? How much should workers be flexibly available to work to the plan of the farm manager? How much should they be given a sense of participation in major decisions, and a sense of accomplishment, by being delegated complete responsibility for specific tasks? Each of these "should" questions has at least two answers; one, based on the criterion of maximizing output and productivity and the other, depending on the moral value attached to different kinds of social relations and motives. Thus, one may well conclude that in an existing situation a stress on the incentives of individual self-interest would increase productivity and output, but that the stimulation of such motives at the expense of the desire to benefit society as a whole is in an absolute value sense undesirable, even if output has to be sacrificed.

365. Some of these questions are further discussed in chapter III below. Here we shall consider the solutions some countries have adopted for these problems in recent years.

#### Ghana

366. The organization of State farms in Ghana was put on a permanent footing with the incorporation of the State Farms Corporation in January 1963. Ghanaian leaders have expressed no intention to make the State farm the universal form of agricultural enterprise. The system does not represent an attempt to "cripple the small farmers or oust them from the agricultural industry, but rather an attempt to promote the fuller utilization

of the country's agricultural potentialities"<sup>160</sup> by means of public enterprises. In particular, the farms are designed to do certain specific jobs :

(a) To demonstrate the advantages of large-scale mechanized farms using the most modern techniques, as compared with traditional small-scale farming. Thus about 50 of the 105 farms owned by the Corporation in 1963 were selected for development to a size of 5,000 acres, with full mechanical and storage facilities and a properly equipped community centre,<sup>161</sup>

(b) To reduce Ghana's import bill by growing crops now imported. Thus a start was made with the growing of potatoes in 1963 and 800 tons were produced in 1964. By the end of the seven-year-plan period, it is expected to grow 6,000 tons which will satisfy the whole of Ghanaian demand.<sup>162</sup> Likewise, a broiler and cold storage plant is expected to produce a million dressed birds a year,<sup>163</sup> (and was already producing a third of that amount in 1964),<sup>164</sup> again eliminating the need for imports;

(c) To produce essential raw materials to feed the factories being built under the Government's industrialization programme. Thus there has been an emphasis on rubber, oil palm, cotton and jute;

(d) To multiply seed of new high-yielding varieties and to develop animal husbandry. Thus, one of the four State farms being developed by Soviet experts has imported a small Soviet dairy herd and is experimenting in cross-breeding with local breeds. Some farms are also producing day-old chicks as well as poultry feeds for surrounding farmers.<sup>165</sup>

(e) To make a significant contribution to the total volume of food supply reaching the markets and particularly to hold down food prices. Thus the State farms were expected to be producing something like one eighth of the total egg and poultry production in 1963-64 and over a quarter by the end of the seven-year-plan period.<sup>166</sup> State farm eggs were retailed in Accra at between a half and two thirds of the market price, though the retail outlets for these and other products are mainly available to government employees, and it is generally the policy to market only in bulk (to the army, hospitals, hotels and schools); the effect on price levels has not, therefore, been very great.<sup>167</sup>

367. The organization of the farms is fairly centralized. The senior staff of the Corporation is responsible for

<sup>160</sup> State Farms Corporation, Government of Ghana, *First Bi-annual Progress Report, 1962/63* (Accra, Planning Commission, Government of Ghana), p. 21.

<sup>161</sup> *Ibid.*

<sup>162</sup> The Minister for Agriculture in Ghana, *Parliamentary Debates: Official Report*, Thursday, 1 October 1964, p. 170.

<sup>163</sup> State Farms Corporation, Government of Ghana, op. cit., p. 15.

<sup>164</sup> *Parliamentary Debates: Official Report*, 1 October 1964, p. 170.

<sup>165</sup> State Farms Corporation, Government of Ghana, op. cit., pp. 16-17.

<sup>166</sup> *Seven-Year Development Plan* (Accra, Planning Commission, Government of Ghana, 1964), p. 77.

<sup>167</sup> State Farms Corporation, Government of Ghana, op. cit., pp. 17-18; and *Parliamentary Debates: Official Report*, 1 October 1964, p. 162.

planning and policy making and supervises the administration generally. There are seven regional offices headed by a Regional Agricultural Officer and a manager on each farm. The total number of employees and officers at the end of June 1964 was 16,420, at a time when the Corporation was operating an area of 60,000 acres on 90 farms of which 47,000 acres were planted. The position of the employees is slightly different from those in private concerns. There are individual incentive payments and a system of piece-work was generally introduced in 1963 — strict payment according to task accomplished — because it had been found that under the flat-rate system “while labour force had been rising steadily. . . the output per worker had been on a gradual decline”.<sup>168</sup> At the same time, workers elect committees of seven members whose main concern is with staff welfare, the management of farm canteens and political party activities, but which also are charged with discipline problems and which discuss development plans for the farm with their farm managers.

### Algeria

368. Until recently, wherever collective farming systems have been introduced as the predominant type of farming, it was always through the amalgamation of small peasant farms, and many of their difficulties have sprung from this fact. Cuba and Algeria are the first countries where a large collectivized sector could be created by taking over what were already large and generally efficiently farmed operating units. The novelty of their case, therefore, makes the experiences of these countries of exceptional interest.

369. In Algeria, events have been determined in part by the exigencies of the immediate situation after the attainment of independence, in part by the Government's long-range plans for the agricultural and industrial development of the country. During the French régime a prosperous modern agricultural sector had developed on some 2.7 million hectares of the best agricultural land, largely in the hands of farmers from metropolitan France. These 2.7 million hectares gave employment to approximately a million people. The remaining arable land — approximately 4 million hectares — had to provide subsistence for more than 8 million people; and the common results of such a density of population on poor land were very much in evidence — erosion, soil exhaustion and, “whether by napalm, by goats, by ignorance, or by the sheer force of necessity which drove the peasants to turn the woods into charcoal to nourish their children”,<sup>169</sup> ravaging deforestation. The prolonged war of independence further worsened the situation though the running down of the modernized sector and the destruction of livestock. Algeria has recently had to import large quantities of food.

370. The long-term plan for the future of Algerian agriculture envisages, above all, a reduction in the population subsisting in the poor agricultural sector, namely,

from 8 to 2 million people. Eventually, it is expected that something like 2 million hectares of arable land will remain in the private sector; one million hectares will be State land worked as family holdings; the remaining 3 million hectares — chiefly the lands of the former French colonists — will be operated as collective farms (*exploitation d'autogestion*).<sup>170</sup>

371. The system of collective farms was at first improvised in response to the situation created by the emigration of large numbers of the former French farm-owners. Decrees of October and November 1962 ordered that management committees should take over all agricultural and industrial enterprises classed as “abandoned property”. The decision was early taken and announced in the “Tripoli Programme” to keep these farms intact as integral units rather than to satisfy the peasant's land hunger by dividing them into family units at the probable expense of output and productivity.

372. The early management committees were at first appointed *ad hoc* by local political authorities, but the system of management was later formalized by the decrees of March 1963.<sup>171</sup> A further extension of the system followed when the remaining French estates were nationalized in September 1963, and the large estates of some Algerians accused of pro-French activity during the war, in October 1964. Both were put under the same system of management.

373. The organizational structure envisaged by these March decrees is, in summary form, as follows. The final sovereign body is the General Assembly of Workers which includes all permanent members of the collective of six months' standing, provided they are Algerians aged more than eighteen. The Assembly is to meet at least once every three months. The Assembly's powers include the approval of plans of development and investment, the approval of accounts and of plans for the organization of work, and the election of the members of the Workers' Council.

374. The Workers' Council is to be elected where there are more than 100 working members. Its members hold office for three years and one-third of the Council is to be re-elected each year; two-thirds of the Council members must be directly engaged in production. The Council meets at least once a month and has powers to decide on the purchase and sale of equipment (within the framework of the annual plans adopted by the Assembly) on long-term borrowings, and on all membership questions. It examines the accounts and ratifies the operational standing orders which are drawn up by the Management Committee.

375. The Management Committee is elected by the Council from among its members. It is to consist of between three and eleven members, to be re-elected in the same way as members of the Workers' Council. This performs the day-to-day running of the enterprise together with the Director. Its powers include the drawing up of work organization rules, the authorization of raw material purchases and short-term loans, and the sale of

<sup>168</sup> State Farms Corporation, Government of Ghana, *op. cit.*, p. 7.

<sup>169</sup> From a speech of President Ben Bella, 4 April 1963, *Les Discours du Président Ben Bella, 1963-1964* (Ministère de l'orientation nationale, Gouvernement d'Algérie), p. 48.

<sup>170</sup> Details from a speech of President Ben Bella, 27 October 1963, published in *Documents sur l'Autogestion* (Ministère de l'orientation nationale, Gouvernement d'Algérie, 1964).

<sup>171</sup> Décrets n<sup>os</sup> 63-88, of 18 March, 63-95 of 22 March and 63-98 of 28 March 1963.

products. The Committee elects its own President who is also President of the Council and of the Assembly and who represents the collective in all legal matters, signing loans agreements etc.

376. The Director plays a crucial role, rather closer to that of the collective chairman in the Soviet system than to the system of Yugoslavia which was otherwise the dominant model for the Algerian system. He is appointed by the Office of Agrarian Reform with the approval of the local District Council for the Promotion of Self-Management (a body containing representatives of all farms and factories under collective ownership, together with government representatives, which is intended to concern itself with training and education in the principles of self-management and the local co-ordination of activities). His role is explicitly defined as to "represent the State". He is to see that the farm's plans conform to the national plans, that the rules governing membership of the collective are observed, and that nothing is done to consume or waste the capital assets of the enterprise. In the case of membership, his veto is clearly specified; as far as the control of development plans and the wasting of assets are concerned, he must presumably rely on persuasion, but a persuasion backed by the authority of the State. At the same time, the Director is to oversee the daily running of the farm and to act as Treasurer (all his purchases, sales and loans being counter-signed by the President). In these functions he is the delegate of the members, and clearly the success or failure of these collectives will depend a great deal on the quality and dedication of their Directors. Their dual role — in one sense, as a delegate of the State and in another, as delegate of the members — will not be an easy one to play, since even in the best regulated socialist societies where the members of every collectivity are dedicated to the common good of the whole society, the inhabitants of rural collectives may well have a different *perception* of where the interests of the whole society may lie from that of central government officials.

377. The financial system established by the third of these March decrees is roughly as follows. Revenue is defined as income less all costs except labour costs. Part of this goes to the State, a part to the workers, a part to the collective. First of all the State determines levies on the collective for :

(a) Depreciation of the capital equipment of the collective (the fact that this is considered a *State* levy firstly, emphasizes the concern with maintaining the national capital and, secondly, symbolizes the idea that all capital is common national property);

(b) A national investment fund;

(c) The national employment equalization fund, a fund which is to be used not only for unemployment allowances and the promotion of public works, but also for the supplementation of low wages in the poor regions at the expense of those who could otherwise claim high wages in the richer zones — a measure which, apart from social justice, is intended to stimulate a sense of fraternal solidarity as a basis for Algerian nationhood.<sup>172</sup>

<sup>172</sup> See speech of President Ben Bella, 29 March 1963, op. cit., p. 27.

378. The other charges on the revenue are :

(a) Payment of all non-permanent workers (at rates to be fixed by decree);

(b) A basic wage for members to be fixed according to function, but conditional on fulfilment of certain minimum productivity norms;

(c) Bonuses scaled to basic wage payments and paid from time to time according as productivity surpasses the minimum norms. Both basic wage scales and bonuses must be approved by the Office.

379. Such surplus as remains may be divided by the Assembly or the Workers' Council between an investment reserve fund, a social reserve fund (for welfare facilities, housing, etc.), or the individual members themselves.

380. The decrees began to come into practical effect with the election of new management committees on 15 May 1963. A preliminary move was to regroup farms into units. The resultant collectives (*domaines*) contained on an average ten existing farms and were, in principle, not to exceed 1,000 hectares, though some were larger and in vegetable-growing areas many much smaller collectives contained substantially more than 10 units. The question of the optimum size — balancing economies of scale against the difficulties of supervision by a single managing organ — remains one of the open questions of the system.<sup>173</sup>

381. Each collective elected its own management committee, but so far the various component farms have usually maintained their identity under the supervision of a "manager". The greatest difficulty has been to find men capable of fulfilling the exacting tasks of Director as defined in the decrees. As a temporary solution, the Ministry has appointed "Managing Officials" (*chargés de gestion*) who are often young and inexperienced.

382. The further elaboration of the management structure was a matter of trial and error. In November 1963, management committees were urged to systematize central functions by appointing a cashier, a store-keeper, a time-keeper, and a crop supervisor for each crop, but the business of orderly management was hampered by material shortages, too; ledgers, and standardized accounting *pro forma* were not distributed until the end of 1963; there were no clipper punches for workers' time cards and so on.<sup>174</sup>

383. In the first year of improvisation, chains of command were by no means clear. Departmental *prefects* sometimes took the collectives under their control, undertaking the sale of crops from the collective and, in some cases, incorporating the proceeds in their general budget and thereby complicating the business of establishing an adequate accounting system.<sup>175</sup> Gradually, however, the organs of central tutelage were systematized. The Office of Agrarian Reform, whose establishment was decreed

<sup>173</sup> G. Lazarev, "L'autogestion agricole en Algérie" (July 1964) (mimeographed). All the following description of the operation of the system derives from this report unless otherwise footnoted.

<sup>174</sup> Circular 10,700 of 4 November 1963 (Office of Agrarian Reform, Government of Algeria).

<sup>175</sup> Circular 11,370 of 15 November 1963 (Office of Agrarian Reform, Government of Algeria).

in March 1963, began to take shape in the summer of that year. Its local appointees consist of a Commissioner in each Department and a delegate at each district level. Under the delegate's supervision are the Co-operative Committees for Agrarian Reform (C.C.R.A.), of which there may be several in one district, and under the supervision of their directors come the managing officers of the collectives also on the pay-roll of the Office of Agrarian Reform.

384. The local C.C.R.A. are the key organizations in this chain. In their former identity as Rural Provident Societies (*Sociétés agricoles de prévoyance*) they had a long history of supplying the modernized sector of agriculture under the colonial régime, and their rehabilitation and incorporation into the new system after they had been crippled by the withdrawal of French personnel and resources was a difficult task.

385. One of the first measures was to concentrate credit provision in these C.C.R.A. as the branch organs of a national credit committee chaired by the Director of the Office of Agrarian Reform. A system of credit budgeting was ordered to be set up in January 1964. Collectives were to be allocated an annual credit budget to be based on standard per-hectare advances for each crop. They would then be allowed to plan their demands for credit within their global allocation. Until then, the system had been for each collective to apply for supplies and cash credit as each need arose, and since the credit available in the system was less than a half of the amount needed, with no budgeting system to establish priorities, collectives had found themselves denied supplies at crucial times.

386. The C.C.R.A. also played a major role in the attempt to mobilize available mechanical aids to cultivation. With many tractors sold by the former colonists before their departure, and with over a quarter of the 7,000 tractors available to the collective farm sector out of commission in October 1963 for lack of spare parts, the C.C.R.A. added to their own fleets of tractors by requisitioning them from collectives or organising their shared use. The result was that the area ploughed in 1963-1964 by the C.C.R.A. reached 550,000 hectares compared with 18,000 hectares the year before. This was a temporary expedient, however, and the inconvenience of this degree of centralization prompted a resolution at the Congress of Members of Collective Farms in October 1963 that all equipment should, as far as possible, be put directly in the hands of collective farms. It has been promised that, except for the heaviest equipment, this will be done.

387. The C.C.R.A. are also the spearheads of the attempt to introduce tightly rationalized systems of accounting in the collectives. Apart from keeping a credit account for each collective farm within its purview, the Co-operative Committee was to require from each collective farm a monthly summation of all its cash transactions which it is intended later to centralize in a mechanized accounting centre. This system has the dual function of giving central authorities the over-all view necessary for planning and for adjustment of the levies to be made on co-operative receipts, and of instilling the accountant's spirit of cost-consciousness into the manage-

ment of the collective. Some form of centralized cost-accounting was made necessary in any case, if only as a temporary expedient, by the absolute shortage of book-keepers. In the first year the lack of proper accounts was one of the gravest defects of the system.

388. Perhaps the least satisfactory element of the super-structural organization was the marketing systems, for they, even more than the production systems, were left denuded by the mass departures of personnel. At first, collectives sold where they could and when they could, but towards the end of 1963 the Office of Agrarian Reform began to organize marketing co-operatives which were given control over all the processing and warehousing facilities which the State had acquired and were made the sole legal outlet for the collectives' products. In theory directed by a managing committee of collective presidents, these bodies are still, in these early stages, in practice State organs dependent on superior authority, and their first year of operation was hardly successful; a good deal of the products became spoiled from inability to establish marketing channels quickly enough. Altogether, it is estimated that the value of agricultural production in 1963 was twenty-three per cent below that of 1959, climatically a comparable year. Most of the decline can be traced to the modernized sector, and the largest part of it can be attributed to two factors; (a) a decline in the effective production of fresh vegetables, largely due to inefficient marketing, and (b) a big fall in the volume and quality of wine production, due not to inability to produce the grapes, but to lack of the technical skills to turn them into wine, for nearly all the skilled winemakers were French and had left the country.

389. At the level of the individual collective, in other words, the *production* system seems to be functioning well; the major problems lie in the processing and marketing systems. Nevertheless, there are unresolved problems of internal structures as well.

390. The first concerns the system of management control. The present situation generally differs from that envisaged in the decrees in two respects. Firstly, there is no director. Instead there is a managing officer, usually young and inexperienced, usually somewhat suspect to the collective members as an outsider. The general *modus vivendi* which has been reached seems to be for the managing officer in fact to concern himself almost exclusively with the relations of the collective to the C.C.R.A. and other outside bodies — for example, in the negotiation of credit, marketing etc. — while the president remains in charge of day-to-day internal management.

391. This works well enough if the president is capable — or, rather, if he is capable *and* popular enough to be re-elected. In many instances, it appears that the system of democratic elections of management committees has not been functioning to optimum effect.

392. The French farms taken over for the new collectives generally had a fairly well-defined supervisory hierarchy. The workers in this modern sector were the least involved of all the Algerian population in the war of liberation; consequently, there was no general upheaval and revolutionary destruction of all authority at the time

of independence. When the collectives were formed, therefore, it was generally the sub-managers and supervisors of the old régime who took over as the management council — with the frequent addition of appointees of the army or of the party. When the elections were held in May 1963, the general practice was for the existing management council to be approved by acclamation.

393. This stability of the authority structure was probably one of the reasons why there was little disturbance of production. It had a necessary corollary, however; namely, that because there was no great change in the system at the local level, very often the workers' attitudes did not change either. Many of them continued to look on their work as just a job in which they engaged for the sake of the income it provided, without any real identification with their collective. Political leaders denounced such "workerism" (*ouvriérisme*) — the tendency to look on the State as no different from a private employer — as incompatible with the ideals of a socialist Algeria. It was urged that something must be done to change work motivations and that the enforcement of a system of truly democratic election was an essential step in this direction. In the Algiers district, attempts were made to do exactly this for the elections of May 1964; rival candidatures were encouraged and the elections were held by secret ballot.

394. The result was frequently a dismissal of the existing committee members. The consequent situation has sometimes proved unsatisfactory in two senses; the new officials have less experience and skill, while the old ones burn with resentment at being subject to the direction — sometimes mistaken direction — of people less experienced than themselves, and as a result, become centres of disaffection. The dilemma between emphasizing function or emphasizing representativeness, between fostering a sense of responsibility in every collective member, and ensuring technical efficiency in management, may not always be as acute as it is in the initial stages when people with ingrained attitudes of "workerism" receive the freedom to appoint their supervisors for the first time. As the sense of responsibility grows, so also will recognition of the need to elect those who are capable and not simply those who will be susceptible to mass demands for bigger and quicker share-outs. But the process of transition may be a difficult one.<sup>176</sup>

395. A further major difficulty at the level of the individual collective farm has centred on the system of remuneration. The major difficulty lay in establishing an adequate accounting system without which no assessment of the leeway available for wages could be made. Another unknown quantity was the various state levies, the level of which could also not easily be fixed until some idea of the probable over-all profits of the collective farms could be obtained. As an interim measure wages were based on a flat rate of 12 dinars a day for tractor drivers and 7.65 dinars for all other collective members; the system of differential wages based on skill and function, prescribed by the March 1963 decrees, was put into cold storage.

396. There was a good deal of dissatisfaction. The first resolution at the Congress of Members of Collective Farms in October 1963 spoke of these basic wages as having been fixed at a level which was insufficient and well below wages in the private sector. The measures foreshadowed in that resolution included the establishment of skill differentials, of a national commission to deal with wage questions, of social welfare funds, of a reserve insurance fund to help collectives suffering national calamities, and of a system of family allowances. Pressure for some payment of the bonuses envisaged by the decrees mounted, and a decision was eventually announced in time for the Aid-Es-Saghir holiday in early February 1964. Collectives were not, it was decided, to be allowed to fix their own bonus level. Instead, all members of collectives which, having balanced their books at 31 December 1963 found themselves with profit, were to receive 230 dinars (about \$50). Those in collectives which had made a loss (expected to be a minority) were not to go unrewarded for their toil, however. They also received a bonus, though to the lesser amount of 110 dinars. It was promised by the President in the speech announcing this measure that this was to be the last occasion on which flat-rate payments to all workers were to be made. Henceforth the system of wage differentials according to function would be adopted "to ensure competition (*émulation*) among workers, to encourage a creative spirit and initiative, and to permit the growth of production".<sup>177</sup> Here again, it may require many years of experimentation before a stable point of compromise between individual and group incentives, between self-interest and idealism, is finally arrived at.

397. The system bears, finally, the burden of a very grave problem which derives primarily from circumstances which lie outside it. Eight million people on 4 million arid hectares; 2.7 million hectares of fertile and productive land fully employing a labour force of only 1 million and offering some seasonal employment to a fraction of the other 8 million people — such was the glaring inequality of the situation at the time of independence. The pressure for an immediate and radical redistribution of the fertile estates into family plots was extremely strong — the more so since it was the peasantry in the arid zones, more than the workers in the fertile zones, who had sustained the guerilla campaigns. Nevertheless, the pressure was resisted and the argument that a decline in total output would result from partition and ultimately make everyone poorer won the day. The formula became "sharing without sub-division". Initially, the only result of the pressure was that a number of seasonal workers were able to gain entrance as permanent members of the collectives, though the size of this increase in the working force is difficult to estimate.

398. The problem of inequality remains, however. The decrees clearly exclude seasonal workers from membership of the collectives on which they work, and although they receive the same basic daily wage as members they do not share in the February bonus. The major institution designed to correct existing inequality is the employment equalization fund, which will be used to

<sup>176</sup> Lazarev is especially acute in his analysis of these problems. See Lazarev, op. cit., pp. 38-45.

<sup>177</sup> *Les Discours du Président Ben Bella, 1963-1964*, op. cit., pp. 238-239.



cream off funds from the prosperous sector to create employment and supplement wages in the poorer regions.

399. The other part of the solution must lie in agricultural policy. There are obvious gains to be derived from persuading collectives to adopt more labour-intensive crops so that they can absorb as much of the population from the poorer zones as possible. Nevertheless, it is likely to be in the personal interests of present collective members to retain as long as possible the existing pattern of cultivation with widespread use of seasonal labour. The resolution of this possible conflict may also pose problems for the future.

### Cuba

400. By May 1961, the Cuban Government had acquired some 40 per cent of the total area of cultivated land (about half of the remainder being worked by small farmers grouped in State-directed associations, the other half by medium-sized private farmers). The State sector was then organized in a dual system. The sugar estates became collectives (known as cane co-operatives), operated by their workers. The remainder, some mixed farms and the large ranches (where the labour element was a less important factor of production and it would hardly have seemed just to give a handful of ranch workers "ownership" over several thousand hectares of land) became State farms (*granjas del pueblo*).

401. Even the sugar collectives, however, did not operate as fully self-governing units. In the first place, production continued generally to be controlled from the refinery. Secondly, the collectives did not have either managerial or financial autonomy; they were subject to the direction of the National Institute of Agrarian Reform concerning what they should grow and how; they received supplies in kind from various sources and cash from the Institute for wages which were fixed and not made institutionally dependent on the collective's profitability.

402. Their organization was not in fact very different, therefore, from that of the State farms proper, and in May 1962, the decision was taken to transform the collectives into State farms.

403. The preference for the State over the collective farm rested largely on ideological conviction. The Government decided not to sanction the sense of proprietorship — albeit of group proprietorship over collective property — or to try to utilize that sense of proprietorship for economic ends. Property was the property of the people as a whole and work was to be service to the people as a whole. To emphasize the latter point, rewards were fixed throughout the system and in no way related to the profitability of the farm. The accounting system was centralized and the attempt was not at first made to ascertain the profitability of each farm.

404. The birth pangs of the new system of organization were severe. The estimated over-all index of agricultural production which stood at 123 in 1960 and 1961 (1957 = 100) fell to 104 and 97 respectively in 1962 and 1963. Of course, some of this is to be attributed to the effect of droughts in 1961 and 1962 and to unusually severe typhoon damage, but there were other reasons arising from defects of management and organization

which have since been frankly described by Cuban-leaders.<sup>178</sup>

405. The major reason for the decline in the total production index was the fall in sugar production. (If sugar is excluded from the calculation, index figures for the years 1960 to 1963 (with 1957 as 100) are respectively 145, 126, 134 and 132.) This was due to the policy of reducing the cane acreage, undertaken, as the Minister for Industry has since said, with disastrous haste largely because sugar was looked on as a symbol of Cuba's colonial dependence.

406. The policy of "diversification at all costs" was centrally directed but not planned in order to reap the advantages of central direction. Thus, more than forty crops were recommended, but instead of each farm being told to try out two or three, some were permitted to plant twenty or thirty new crops. Neither managers nor workers were technically equipped for the task; the instruction booklets which were supposed to be prepared sometimes would not arrive with the seed, and the technical advisers, often specialists in a few crops, had great difficulty in visiting all the farms growing them for the first time, especially given the acute shortage of transport. Further, in urging farms to greater effort, there was too much emphasis on planted acreage as standards of achievement and since the new crops were often more labour-intensive than the old, a labour shortage developed, so that sometimes crops were ill-tended or could not be harvested.

407. The high degree of centralization of control had other effects. For example, the centralization of finance and the lack of emphasis on cost-accounting meant that quite apart from the question of whether or not personal material incentives were essential to efficiency the managers of individual farms had no criteria by which to evaluate their own performance or to compare it with that of others. Similarly, the centralization of the marketing and distribution system led to a good deal of waste, both through the unnecessary transportation of goods to collecting depots and through the spoilage of perishable goods resulting from inefficiency.

408. A lack of investment-consciousness and savings-consciousness was noticeable throughout the system. Popular welfare and the correction of gross inequalities of wealth were, of course, the fundamental aims of the revolution, and it was natural that every effort should be made to improve the livelihood of the rural population; but the measures taken in the early years went beyond the immediate redistribution of existing wealth to the division of resources needed for investment in productive capital, and even to "disinvestment" of productive resources. Thus, new workers' houses were built (though necessarily only for a minority of the work force) at the cost or not building cowsheds and processing plants. The Government maintained a government shop within the State farms and collectives (a directly administered

<sup>178</sup> See Ernesto Ché Guevara, "The Cuban Economy: its Past and Present Importance", *International Affairs*, vol. 40, No. iv (October 1964) (London); *Estudio Económico de América Latina, 1963* (United Nations publication, Sales No.: 65.II.G.1), especially pp. 285-288; René Dumont, *Cuba: Socialisme et Développement* (Paris, Éditions du Seuil, 1964), especially, pp. 42-59.



shop, not a co-operative) where food was sold cheaply. The desire to maintain a supply of meat at the low fixed price without introducing rationing led to a serious depletion of herds in 1960 and 1961 through excessive slaughtering.

409. A good many of the features responsible for the bad years of 1962 and 1963 have been corrected. Sugar has been replanted in areas where it constitutes, objectively, the most advantageous crop. The policy of diversification has been pursued with more systematic planning, the Ministries of the Economy and of Finance having undertaken costing analyses of each crop to determine its suitability to particular areas and under what particular conditions. The evils of excessive centralization have been corrected. After the second land reform law at the end of 1963, which incorporated all farms over sixty-seven hectares into the State sector, thereby increasing that sector to some 70 per cent of the total area, there was a regrouping of farms into sixty administrative zones (*agrupaciones*). Each of these zones has accounting autonomy and it is intended to extend this system to individual farms eventually. Within farms, material incentives have also been adopted to some extent — bonuses for cane cutters who exceed their norms, for instance. The extension of accounting autonomy to each farm is at present impossible because of the lack of trained personnel. In some cases, managers of farms have only two or three years of primary schooling, but educational facilities are being expanded and already there are nearly five times as many students of agriculture at the university and university preparatory level as there were a decade ago. In addition, five of seven projected centres of agricultural extension were created in 1964 to serve small farmers in the private sector as well as managers and workers on the State farms.

410. It is expected that the results will be apparent in the 1964 production statistics. Agricultural prices in that year were estimated to be 83 per cent of cost compared with 68 per cent in 1963; in other words, the subsidy element had been nearly halved. Livestock herds were being built up again and it was expected that by the end of 1965 (which is to be the "Year of Agriculture") rationing for a good many commodities will be abolished. Consumption was already higher for some foods than before the revolution — the egg ration of ten per month, for instance, compared with the 1957 *per capita* consumption of seven per month.

### *Romania*

411. Romania is one country which has completed its process of creating a collective farming system since the writing of the last report. The process of collectivization which began in 1949 was completed early in 1962.

412. It followed the land reform of 1945 which achieved a large-scale redistribution of land in favour of the cultivators, but still left a high proportion of those who thus acquired land with only smallholdings — 91 per cent of the holdings, covering 71 per cent of the area (compared with 48 per cent of the area before the reform) were of less than 10 hectares, and these holdings were often badly fragmented.

413. The process which began in 1949 was a combined programme of technical and institutional change, the one complementing the other. On the one hand, there was increasing mechanization (65,000 tractors and 32,000 combine harvesters in 1963 compared with 14,000 and 0 respectively in 1950); increasing production of fertilizers and other equipment and a great expansion of agricultural education (18,300 trained technicians in 1963 compared with 1,897 in 1938). Altogether annual investments in agriculture are estimated to have increased from 9 per cent of national total investments in 1950-1954 to 20 per cent in 1960-1963.

414. The institutional changes represented a progression of changes in tenure forms. The first step was to encourage groups of three to five peasant households to establish "labour mutual assistance groups" to enable them to use larger implements more rationally, to supplement each other's temporary labour shortages etc. A similar intermediate form was the "strip-ground system" whereby a number of farmers pooled their holdings into a bigger area on which they could use a biennial or triennial crop rotation. There was also a variety of forms of special-purpose co-operatives for marketing, irrigation etc.

415. The first big step in the direction of collectivization was the rapid spread in 1952 of tilling associations. This was a form of co-operative farming by means of which the peasants could pool part or all of their land and equipment; the resulting associations were able to make use of the machine services provided by the State machine and tractor stations. Income from production was distributed largely in proportion to the amount of land and equipment contributed to the pool and the quantity and quality of labour undertaken in joint activities; these rates varied from place to place. Ownership of all pooled land and equipment remained with the individual member, but by reserving some of their output for investment, these associations gradually developed further forms of collective ownership of tools, plantations, orchards etc.

416. The next was a stage of joint farming, known in Romania as "agricultural production co-operation with rent" which carried the pooling process further. Land alone remained private property, while all equipment became common property, and all work was done in common, 75 per cent of profits being distributed according to work done and 25 per cent in the form of rent.

417. In practice, little use was made of this intermediate form and most associations proceeded directly to the formation of collectives in which all means of production are collectively owned, all work is done in common (except on the 0.2-0.3 hectare of land given to each family as a "private plot"), and the basic form of organization for all branches of production is the production brigade, with payment to members being related to the quantity and quality of work.

418. By 1962, only about 10 per cent of the more remote and less fertile land in mountain areas remained in private ownership, 75 per cent of the land area was worked by 4,700 collectives with nearly 2,000 hectares each (and on an average of 713 families), leaving the

remaining 15 per cent divided among nearly 700 State farms.

419. Throughout these developments, the institutional and the technological changes were deliberately linked. The process of collectivization was aided not only by the use of persuasion but also by the material incentive that collectives received preferential treatment in the allocation of supplies and credit, and they had the exclusive right to call on the services of the machine and tractor stations, of which there are now some 250 owning about two-thirds of the total heavy equipment in Romanian agriculture.

420. Considerable improvements in output have been registered. Immediately after the original land redistribution of 1945-1946, output is estimated to have fallen in 1948 to some 62 per cent of the 1934-1938 figure. It improved in the early fifties while the 1955-1959 average was 25 per cent higher than the 1950-1954 average; the 1960-1963 average has been 42 per cent higher, 1963 representing an improvement of 25 per cent over the pre-war figure. Adjusting for population growth, in *per capita* terms, the 1955-1959 and 1960-1963 averages were respectively 17 per cent and 27 per cent better than the average for 1950-1954. The consequent improvements of diet for both farmers and industrial workers have been very considerable.

421. Another index of economic change which represents one of the essential preconditions for reaping advantage from a collectivized system is the change in the composition of the working population. Whereas 74 per cent were employed in agriculture in 1950, this proportion had fallen to 60 per cent in 1963.

#### *Union of Soviet Socialist Republics*

422. Meanwhile, the world's oldest system of collective farming, that of the Soviet Union, continues to develop both technically and institutionally. The turning point of recent years was 1953 when, after the September plenary meeting of the Central Committee of the Communist Party, it was decided to alter the distribution of investment funds in favour of agriculture and also to alter the pricing system to improve the terms of trade for agriculture and consequently the incomes of agriculturalists.

423. Since then there have been big increases in the provision of tractors, combines, fertilizers and other farm materials, in the training of agronomists and technicians and in the reclamation of new land (104 million acres since 1954). The investments have paid off. Gross agricultural output in 1962 was 60 per cent higher than in 1953 (not as high in 1963 owing to very bad weather), representing an annual growth rate of 6.1 per cent.<sup>179</sup> *Per capita* consumption of meat, milk, butter, eggs, sugar increased in the same period by 35 to 50 per cent.

424. Through the administrative revisions of the last decade, Soviet agriculture has retained its two basic organizational forms — the State farms and collective

farms. State farms belong to the State. On the average, each State farm has about 10,000 hectares of arable land. These farms receive short-term loans from the State bank to finance their economic activities, while replenishment of their basic capital is now effected through sinking-loan-fund financing from the State budget.

425. Each State farm is managed by a director whose appointment and dismissal are in the hands of higher State authorities. Heads of constituent branches of State farms possess similar management authority. Despite the fact that State farms are run on the one-man management principle, great influence is exercised by the whole collective body of workers and employees; this collective body influences the management of the farm through its local public organizations. The work of the farm, of its director and other executives is regularly discussed at conferences on team production, on the farms, in sections and throughout the whole State farm system. General meetings of all workers and employees of the State farm are held to discuss problems and tasks of major importance.

426. Every State farm employs several agricultural experts: agronomists, technicians, an engineer responsible for mechanization, economists-planners, accountants. All State farms run their economy in accordance with their annual plans, besides which there are long-term plans, such as five-year plans. At the end of each year, every State farm submits a detailed report on its economic activities to the higher State authorities.

427. Plans for production and finance, as well as annual reports of the State farms, are discussed and approved by the area State and collective farm administrative agencies for production. These administrative bodies exercise control of the State farms within their area.

428. Wages paid to State farm workers vary according to the quantity and quality of work of the individual worker. Lately, piece-rates and bonus systems of payment are being introduced in State farms. The managerial staff and specialists are paid fixed monthly salaries. The practice is widespread on State farms of paying bonuses for over-fulfilments of their plans and other notable labour achievements to all categories of workers and employees.

429. All commodity output of the State farm is bought by the State at stable prices, which are set at different levels for various natural and economic zones of the Soviet Union. The profit which the State farm receives from its economic activities goes mainly to the State budget; a part of it remains with the enterprise and is applied to the consolidation of its economy and to the payment of bonuses to the workers. Its losses are covered by the State budget.

430. In collective farms, the means of production and the farm's produce are the joint social property of the peasants. The land worked by collective farmers has been given to them free by the State for use in perpetuity, which makes it possible for the collective farms to save huge sums as they need not buy or lease land; the money saved may be spent on their further economic development. Each collective farm has its own statutes. Its affairs are managed by a general meeting and in the

<sup>179</sup> "Narodnoje Khozjaistvo USSR v 1962 gody", *Statistical Yearbook* (Moscow, Central Statistical Office, 1963), p. 227.

intervals between the meetings, by the elected management board headed by a chairman. The chairman, the board, and the auditing commission are elected at the general meeting of the membership by majority vote. They must report on their work to the membership of the collective farm at least once a year. Tractors, combines, fertilizers etc., are bought by the collective farms from the State. Collective farms are entitled to receive cheap long-term and short-term loans from the State Bank of the USSR. Considerable attention is paid by collective farms to the application of modern achievements of science and technology to production, as well as to the most recent experience — both domestic and foreign — in advanced methods of agricultural production. This task is vested primarily in agricultural experts, who can be found in every collective farm.

431. The bulk of agricultural output produced by the collective farm is sold to the State at stable purchase prices; part of their produce is sold through the collective farm co-operative shop, where the foods are sold on commission, and part at the market. Recently the purchase prices paid by the State for the collective farms' produce have been sharply raised. Collective farms are run on a self-supporting basis; their expenses are met out of the profit realized on their produce. After distribution of profit and payments of various obligations to the State (loans paid off, income tax paid etc.) appropriate amounts are applicable to the expansion of the farms' economic basis, to the funds from which peasants are paid for their work, to life insurance instalments etc. Income tax paid to the State by the collective farms amount to 12 per cent of their cash income.

432. Collective farmers are paid in proportion to the quality and quantity of work contributed by every farmer to the common cause. The basis of payment is the system of work-units. Depending on the type of work, the work-unit value of an average day's work varies along a scale the top value of which was, until 1958, five times the bottom value. However, these skill differentials were widened after 1958 by the absorption into the collectives of the technicians of the former machine and tractor stations who, as State employees, had formerly enjoyed higher incomes and had to be guaranteed a certain minimum under the new system.

433. Apart from the skill and efficiency differentials reflected in the number of work-units of each person's entitlement, the rouble value of a work-unit itself varies among collectives according to the surplus earned as a result of their operations. The variation can be very wide indeed, some collectives paying several times the dividend of others.

434. The income of the chairmen who manage the collectives is also related to performance, though the system varies from district to district, salary being in some cases related to gross output, in some cases partly made up of bonuses based on the fulfilment of a collective farm's plan. One difficulty in estimating managerial efficiency in the collective system lies in the evaluation of labour costs, since the actual payments in respect of labour are in the form of dividends, the size of which depends, in part, on the efficiency with which labour

itself is used. (Any wasteful use of labour through managerial inefficiency would not show up in the accounts since the dividend per work unit would be automatically lowered.) Some Soviet economists have argued that a true economic accounting to determine the efficiency of management requires that labour be evaluated at a standard national rate (for example the wages paid on State farms), but this is not yet general practice.<sup>180</sup>

435. In most collective farms, payments for work-units are made both in money and in kind, though some collective farms have adopted the system of payments in money alone. As production has increased, so their incomes have grown. Until recently, each collective provided social security for its own members, but in July 1964 a new law<sup>181</sup>, introduced a compulsory State insurance system for all collective members. Funds will be provided by the State and by contributions from collectives and a wide range of benefits will be paid (pensions for men aged 65 and over and for women, aged 60 and over, disability and sickness benefits, 112-day maternity-leave allowances etc.).

436. In the experimentation with, and discussion of, tenure and organizational forms in the Soviet Union in recent years, some of the main foci of attention have been: (a) the optimum balance between local initiative and central planning; (b) the relative preponderance of State and collective farms; and (c) the role of private plots.

437. As for the first, it is never likely to be easy to find the right balance between giving full scope for the initiative of those on the spot, who are best acquainted with local conditions, and planning centrally for a total volume and composition of production in conformity with national needs. In the Soviet Union, the trend towards greater decentralization of authority in the late 1950's was slightly reversed after 1961.

438. The second question — the relative preponderance of State and collective farms — involves a number of considerations. The first is the question of values. The State farm is considered, in the Soviet Union as in Cuba, to be a "higher form" in that it abolishes all sense of private property — even of group private property. (The difference is that in Cuba it is believed that the higher form should be adopted from the beginning of the new regime, while in the USSR it is believed that until a stage of adequate affluence is reached, a system which utilizes group and personal material incentives is necessary.) In practice, however, other reasons have usually operated in the conversions which have more than quadrupled the area in State farms over the last decade. In the virgin-lands development, the State farm system was used because collectives could not be expected to bear the risk of wide harvest fluctuations. Some collectives close to big cities have been turned into State farms, partly in order to assure supplies of bulky perishables, partly because the collectives were reaping such advantages from their position that it was thought proper that

<sup>180</sup> See V. G. Venzher, *Voprosy Ispol'zovania Zakona Stoimosti v Kolkhoznom* (Moscow, Gosplanizdat, 1960), pp. 160 ff.

<sup>181</sup> *Vedomosti Verkhovnogo Sovieta SSSR*, No. 29 (18 July 1964), p. 140.

the "differential rent" which they enjoyed should go to the State rather than to groups of individuals. Similar motives have been responsible for the conversion of prosperous collectives in other areas. Conversely, a number of poor collectives have also been converted because they were poor and seemed deserving of State investment funds.

439. At the same time, the difference in organization between the two systems is diminishing. The tenure forms remain distinct; the State is owner and entrepreneur in the one case, but has granted land to a collectivity in perpetuity in the other. There are still basic differences in financing arrangements, with the State providing investment funds, paying wages and pocketing profits or making good losses in the case of State farms, whereas the collectives are operated largely on a self-financing basis. With the new social security system, however, collective members have been brought into a State scheme in the same way as workers on State farms have always been. There has been a growing similarity in wage systems, too, with collectives moving towards minimum wage systems and State farms increasingly experimenting with work brigades whose returns depend on performance as an alternative to the fixed-wage system.

440. The final question of the private plots is the one most directly related to tenure systems. On collective farms (and also on State farms in some parts of the Soviet Union) each member's family may keep a small plot of land for its individual use, although the principal source of a member's livelihood is his work in the collective farm and his remuneration for such work. The size of a personal holding — usually about 0.25-0.50 hectare — is determined by the members at their meeting, where the statutes are adopted. On this personal holding, a collective farmer may grow vegetables, berries, fruit, and may also keep a cow, beehives, goats, pigs, sheep, poultry and other small animals in numbers decided by the members' meeting. The yield from this holding is intended to meet the needs of the family. Part of the produce is sold to the State or sent to market, which helps increase the family's cash income. Another reason for setting up the individual plots was to give the farmer while a member of the collective farm an opportunity to farm a small plot according to his own ideas, as he had been used to do for years.

441. In recent years, these individual private plots have been among the most discussed questions in the development of agriculture in the USSR and other socialist countries. On the one hand, they are regarded as making some contribution to total food production;<sup>183</sup> on the other, they are believed to keep alive a spirit of selfish individualism which prevents the development of a proper collective spirit, and to divert effort and devoted care which should properly go into the work on the collective farms. They also place a good deal

<sup>183</sup> About 30 per cent of total agricultural production comes from private plots in the Soviet Union, according to a recent estimate, *Ekonomika selskogo Khozjaistva*, No. 5 (1964), p. 17. For a detailed examination in English of the nature and composition of private production, see A. N. Sakoff, "The Private Sector in Soviet Agriculture", *Monthly Bulletin of Agricultural Economics and Statistics*, vol. xi, No. 9 (September 1962).

of the marketing of some food items beyond the purview of State planning. In Hungary, one of the champions of the private plot has recently argued that they should be seen as complementing rather than competing with the collective. Firstly, they employ labour which would otherwise be wasted; secondly, certain tasks like live-stock care can better be carried out close to the farmer's home, and, thirdly, the building of central accommodation for the livestock at present housed by farmers on their own plots would represent a heavy and wasteful diversion of investment funds almost equal in amount to the total sum provided for agricultural investment in the current five-year plan. Fourthly, the animals on the private fields use a great deal of feed produced on the collective, that is, feed from outside the private plots. This last fact also argues against the assertion that private plots are infinitely more productive on a per hectare basis than collectives, since the private plots utilize, in effect, a good deal more land than the actual area allocated to them.<sup>183</sup>

442. The Soviet agricultural economists consider that the peasants will need individual plots until collective farming is able to meet all personal needs of the collective farmers. In some collectives, the farmers already cultivate their individual plots jointly; elsewhere they do not keep cows and get their milk from the collective farm. In most cases, however, they maintain their individual plots.

#### I. TENURE ADJUSTMENTS IN GROWING INDUSTRIAL ECONOMIES

443. If the agricultural problems of the developing countries are generally problems of stagnation and population pressure, in the industrial countries, by contrast, adjustments in land tenure institutions are called for by the "problems" of economic growth and the rural exodus. As economic growth proceeds largely through the growth of industry, trouble frequently arises because productivity and incomes in agriculture, or at least in large parts of the agricultural sector, rise more slowly than in industry. Hence, it is an almost universal object of policy to maintain parity between agricultural and non-agricultural incomes — an objective clearly spelled out in the declamatory preambles to such pieces of legislation as the French Law for the Orientation of Agriculture, of 1960,<sup>184</sup> the Agricultural Act of 1955 of the Federal Republic of Germany,<sup>185</sup> the Austrian Agricultural Act of 1960,<sup>186</sup> the Japanese Basic Agricultural Law of 1961,<sup>187</sup> and as early as 1947 in the agricultural programme embodied in a series of laws enacted by the Swedish Parliament.<sup>188</sup> The rural exodus enters the

<sup>183</sup> F. Szabó, "The Present State and Evaluation of Household Plots" *Hungarian Agricultural Review*, vol. 13, No. ii (1964), pp. 30-31. (Abstracted from *Társadalmi Szemle*, vol. 19, No. i (1964), pp. 20-22).

<sup>184</sup> Act No. 60-808, 5 August 1960.

<sup>185</sup> Act of 5 September 1955.

<sup>186</sup> Agricultural Act No. 155 of 13 July 1960.

<sup>187</sup> Law No. 127 of 1961, 12 June 1961.

<sup>188</sup> See *Agricultural Policies in Europe and North America*, First Report of the Ministerial Committee for Agriculture and Food (Paris, Organization for European Economic Co-operation [OEEC], May 1956), pp. 205-206.

picture inasmuch as it can offer an *opportunity* to solve the problem of income disparity — if suitable means can be devised to get the maximum use out of land vacated by the migrants in order to improve the incomes of those who remain in farming. Reforms of land tenure can help in this process.

444. Such opportunities, and hence the occasion for tenure reforms, are less likely to arise in countries with systems of large holdings. Thus in those socialist countries with collective farming systems, the adjustment required may be simply one of farm organization — of substituting capital for labour. In Hungary, for example, the economically active agricultural population declined by 17 per cent between 1960 and 1963, during which time there was a more than 20 per cent increase in the number of tractors, while amalgamations reduced the number of State and collective farms by some 13 per cent between 1960 and 1962. Similarly, in the United Kingdom, although the total agricultural labour force decreased by 15 per cent between 1950 and 1960, nearly all of this decrease was accounted for by a 22 per cent fall in the number of wage workers, and the number of farm operators declined by less than 2 per cent.<sup>189</sup> Consequently, there was little new release of “spare” land which might be used to improve the situation of other farmers. Even in the United States where there has been a considerable decline in the number of farm units, the land market — as a market for whole farms in a highly capitalized agricultural system — operates with enough efficiency to prevent much land going out of production through institutional rigidities. Between 1954 and 1964, although the number of farms declined by 28 per cent, the area farmed decreased by only 4 per cent.

445. Greater scope and greater need for deliberate manoeuvre is offered in those countries with a predominantly small-holding sector where more farm proprietors are leaving the land and the institutional rigidities are greater. In Italy and France, for instance, between 1950 and 1960, the number of farmers declined respectively by 14 per cent and 13 per cent and the number of family workers in agriculture by 34 per cent and 35 per cent.<sup>190</sup> Figures for the decline in the number of farmers in the same decade are also available from Switzerland and Sweden — respectively, 15 per cent and 35 per cent.<sup>191</sup>

446. Besides the commonly shared objective of achieving income parity, there are other secondary objectives governing agricultural policy which help to determine the kind of land tenure measures taken to make use of the opportunities offered by migration trends in the interests of solving the problems of low incomes in agriculture. Such policy objectives vary, depending on the situation and political philosophy of the country, as is evident from the following examples :

<sup>189</sup> *Towards a Capital-intensive Agriculture: Fourth Report on Output, Expenses and Income of Agriculture in European Countries* (United Nations publication, Sales No. : 61.II.E/Mim.13), part II, p. 302.

<sup>190</sup> Possibly the last figure should be even higher since family workers are sometimes registered as hired workers for tax and social benefit purposes. *Low Incomes in Agriculture; Agricultural Policy Reports; Problems and Policies* (Paris, Organization for Economic Co-operation and Development [OECD], 1964), pp. 15-51.

<sup>191</sup> *Ibid.*

(a) Some industrial countries, notably in Eastern and Southern Europe, are concerned to increase total agricultural production in order to lower internal food prices, improve diets or reduce dependency on imports.

(b) Other countries which produce food surpluses or are forced by internal political pressures to use subsidies and controls to maintain internal prices at a higher level than prevails in the international market, are more concerned to decrease agricultural output. Thus, a Swedish official paper describes as the second aim of Swedish policy (the first is income parity) “a step-by-step decrease in agricultural production” and insists that “increased agricultural production will not be allowed to provide a solution to the income problem”.<sup>192</sup>

(c) Elsewhere the concern is less to change the level than the composition of the agricultural product, either accommodating to diet changes accompanying economic growth or switching from products with low to products with high comparative advantage in international trade.

(d) In some countries, it is desired to increase or maintain the number of farm families as an end in itself, either because this is thought to promote political or social stability, or because the farm family is thought to preserve essential values of kinship solidarity, mutual assistance, diligence, physical robustness or patriotism. Thus, for instance, Swiss agricultural policy was recently described by the Federal Council in a message to the Federal Assembly as aiming : “first and foremost to create and conserve the largest possible number of productive family farms fit to withstand foreign competition and from which farmers may obtain a fair remuneration”.<sup>193</sup>

(e) A final aim is often described as being to “promote efficiency in agriculture” by the application of new techniques or equipment. Of the three objectives which might be sought by such innovations — greater returns to capital, greater productivity per unit area or greater productivity per man-hour of labour — the emphasis is usually on one of the last two, and it is the last, of course, which has the most direct relevance to the general objective of raising incomes.

447. Many other factors obviously enter into the formation of agricultural policy; the political pressures of agricultural organizations is the most obvious, but also involved are assumptions concerning the desirability of self-sufficiency in war, general political values such as faith in the virtues of a system of private property or of collective or national ownership, and so on. The main overt policy objectives, however, are those outlined above.

#### *Old men and part-time farmers*

448. It is primarily from the point of view of promoting efficiency in agriculture that two aspects of the migration process are commonly thought of as problems to be solved. Firstly, the young and vigorous are the first to leave agriculture for industry; consequently, the average age of farm proprietors is rising and more old

<sup>192</sup> *Ibid.*, p. 392.

<sup>193</sup> Message in support of an agricultural bill, 23 June 1961, quoted in *ibid.*, p. 424.

men are left to manage farms without the help of their sons. In every country of the European Common Market area in 1960, over half the number of farm proprietors were over fifty years of age (the average proportion being 57 per cent) and the proportion over fifty of the whole agricultural labour force including hired workers was 25 per cent — whereas, little more than 20 per cent of the total labour force of these countries falls in the over-fifty age bracket.<sup>194</sup> Secondly, many of the migrants only partially move out of agriculture and instead of a large reduction in the number of farms there is an increase in part-time farmers. Both of these effects are sometimes considered undesirable.

### *Old men*

449. As for the first, other things being equal, the older a farmer is the less he is likely to be a hard worker, an enterprising manager, or a long-term investor in his land. It is generally found that the average age among low-income farmers is higher than among other farmers — and it is, of course, a vicious circle since the low-income farmers cannot afford to retire. In the United States, for instance, it was found in one survey that 54 per cent of the farmers classed as having a low income were over 65 years of age, whereas the proportion in the higher income groups was only 7 per cent.<sup>195</sup> The older the agricultural labour force, therefore, the more stagnant the development of agriculture. Quite apart from the fact that this worsens the income disparity problem, this is generally considered to be “bad for agriculture”. This latter concept, however, requires analysis.<sup>196</sup> Agriculture is not the kind of being which can have good or bad done to it. Good or bad can only be done to people and the categories of people who in this case have to be considered are firstly the older farmers themselves, secondly other farmers, and thirdly consumers.

450. As for the older farmers themselves, granted that they often have a low income from agriculture, they may well be content with this income, either because it is supplemented from savings or from the remittance of dutiful sons; because they are, as a result, less interested in the farm and its income than in the farmhouse; because they are well aware that at their age their earning power in the towns would be even less; or because they are willing to accept a low income for the amenity of passing their last years in familiar surroundings. In Canada, at least, a Senate committee decided that “this group of farmers are not necessarily a problem. They may have decided to retire because of poor health or because of advancing age. They may, as is frequently the case, be assured of an adequate income to satisfy

their reduced demands. This group, not infrequently, reduces the farm output by a reduction in the productive capital. They sell land and/or productive livestock. The capital received from these sales may adequately supplement their reducing current farm incomes”.<sup>197</sup>

451. There are two kinds of possible ill-effects on other farmers. Firstly, a lackadaisical farmer can create external dis-economies for his neighbours — he can allow to flourish weeds and pests which are no respecters of fences. Similarly, where technical development requires co-operation, as in land consolidation, new irrigation, or the installation of communal facilities, those who do not have their heart in farming may block the efforts of those who do.

452. Secondly, if there is in fact a shortage of land, as there clearly is for instance in Japan, then the older farmers are presumably preventing younger and more vigorous farmers from enlarging their holdings. However, unless per acre productivity would remain the same in the younger farmers’ hands (in which case this simply amounts to a transfer of income and employment opportunity, though one which indeed reverses the usual welfare process of transferring income from the vigorous to the weak), there is only advantage in hastening such land transfers if in fact an increase in total agricultural output is desired.

453. The consumer, for his part, might benefit from an elimination of the aged if greater output is needed to bring down prices, or if the level of price support is determined by a formula which would be materially affected by the disappearance of a proportion of inefficient high-cost producers. Otherwise he is likely to be interested only as a direct holiday-making consumer of land. If the same level of output could be maintained on a small area by more enterprising farmers, more land would be available for recreational purposes.

454. Unless these latter conditions obtain, therefore, as they do not in most countries with a protected agriculture and unexportable food surpluses, the problem of the older farmers is primarily a welfare problem. And if the necessary social surveys which have not been done were done, and did show that the older farmers were moderately content with their lot, it could reasonable be argued that in these countries keeping old men happy is a perfectly legitimate use of land certainly not to be ruled *a priori* out of competition with other agricultural, industrial or recreational uses.

### *Part-time farmers*

455. Various categories of “part-time farmers” have to be distinguished :

(a) Cases where the farms proprietor does seasonal off-farm work in the agricultural slack period;

(b) Cases where some members of the farm family are in regular non-agricultural employment, and do little or no work on the farm;

(c) Cases where it is the proprietor who has a fairly regular full-time or part-time off-farm job, the cultivation

<sup>194</sup> *Agri Forum*, vol. 5, No. vi (June 1964), p. 198.

<sup>195</sup> *Low Incomes in Agriculture*, op. cit., p. 26.

<sup>196</sup> Sometimes what is really meant is “bad for Ministries of Agriculture”. Alternatively, this phrase sometimes betrays a fundamentalist “production orientation”; the assumption that it is always and everywhere a good thing to grow two blades of grass where only one grew before, even if one has to work one’s heart out in doing so and cannot find anyone who wants to eat the second blade of grass when one has done it. See J. K. Galbraith’s pungent comments on this outlook in *The Affluent Society* (Boston, Houghton Mifflin, 1958).

<sup>197</sup> *Report No. 4* (Special Committee on Land Use in Canada, Government of Canada), p. 26.



of his farm being relegated to his evenings and week-ends, or to his women-folk or hired hands;

(d) The hobby-farmers who can be distinguished from the last category only by the fact that their week-ends in the cowshed are looked on as intrinsically satisfying (as a relief, for instance, from the rigours of life in an office) not as a means to extra income, by their much greater reliance on hired hands, and sometimes by their desire to lose rather than make money for taxation purposes.

456. The second category might not be included in the "part-time" category in the statistics of some countries, though they are, for instance, in Poland, where in 1960 a quarter of all farms had someone with a full-time off-farm job,<sup>198</sup> and in Japan, where by 1962 the figures for farm families with some kind of part-time involvement had reached 75 per cent, with at least 42 per cent relying less on agriculture than on some other income source.<sup>199</sup>

457. It is primarily against the last two categories, and especially the third, that the objections to part-time farming are usually raised. They are essentially the same as the objections to the older farmers. As one research report on part-time farmers in northern Italy concluded, part-time farming seemed to be very good for part-time farmers who were satisfied with their life and level of income, but was "bad for agriculture".<sup>200</sup> The women who are left to mind the farm are often assumed to be even less able and enterprising than the older men, though evidence is rarely offered to support this assertion. Part-time farmers, it is said, are often primarily concerned with growing their own food crops or grapes for their own wine, and are insensitive to the possibilities of the market, half-hearted about investment and about keeping up with the latest technology. On the other hand, this may not always be true, it may be the most enterprising and energetic farmers who get part-time jobs, and they may make up in native ability for what they lack in motivation. Their industrial involvement may make them more technology-minded. The fact that they work elsewhere for hourly rates of pay may make them more sensitive to labour costs and keener to try new labour-saving techniques. Their part-time earnings may give them capital to invest in their land which other farmers lack — and so on. In Japan, at least, recent Japanese surveys suggest that the part-time farmer is not necessarily less *enterprising*. A comparison of the farmers with less than a third of a hectare (with only one full-time worker on every five farms and only one male full-time worker on every fifteen farms) with those with more than two hectares, (with an average of 2.6 full-time workers per farm) shows that of their *increase* in gross receipts between 1957-1958 and 1961-1962, the "growing point"

<sup>198</sup> M. Pohorille, "Development and Rural Overpopulation: Some Lessons from Polish Experience", *International Labour Review*, vol. LXXXIX, No. 3 (March 1964), p. 234.

<sup>199</sup> *Showa 38 nendo Nogyo no doko ni kansuru nenji hokoku* (Ministry of Agriculture and Forestry, Government of Japan, 1964), p. 97.

<sup>200</sup> G. Proni, "Il riordinamento fondiario ed il 'part-time farming' come strumento di valorizzazione dell'agricoltura torinese", *Rivista di economia agraria*, vol. 18, No. iii (1963), pp. 3-15.

products — livestock, poultry, dairy, fruit and vegetables — accounted for over 85 per cent for the small farmers and only 45 per cent for the large. Rice accounted respectively for 10 per cent and 45 per cent.<sup>201</sup> These statistics leave no doubt, however, of the small (and predominantly part-time) farmer's lesser efficiency. He gets less per hour of agricultural labour and per unit of capital invested. It is also clear from other Japanese statistics which make a more direct comparison that the average full-time farmer gets a value of production per hectare some 40 per cent greater than the part-time farmer who relies more on an outside job than on agriculture. On the other hand, the latter's family budget expenditure per family member is 13 per cent higher than the former's.<sup>202</sup> Similar results were found in Sweden.<sup>203</sup>

458. Two further objections to part-time farming may be urged from the other side of the fence. The part-time farmer is also a poor industrial worker, more liable to absenteeism and less ready to acquire necessary skills, a factor of increasing importance as new techniques increase the demand for a high level of skill even in traditional "slack season" occupations such as construction, forestry and timber processing. Secondly, the part-time farming worker is likely to be a lukewarm trade unionist. It is not forgotten that many people — from Le Play in mid-nineteenth century France to Henry Ford in early twentieth century America — have seen the smallholding as a means of keeping the worker in his place.

459. On the other hand, the low-efficiency objections to part-time farming are hardly serious in countries which have no need to increase agricultural output (except, again, where price support levels are determined by the costs of inefficient producers), and there is also a good deal to be said in favour of part-time farming. The housing costs of this form of transfer of labour into industry are much lighter than if the worker makes a complete break and moves his family to the town — and housing shortage in a good number of industrial cities makes this an important consideration. A rapid and complete rural exodus would also so reduce the density of the rural population as to make the maintenance of necessary amenities and services either costly or impossible for the farmers who remained behind. Again, the dividing line between the hobby farmer and the extra-income-scraping, subsistence part-time farmer *faute de mieux* is no rigid one, and as automation brings prospects of a shorter week and discussion begins concerning the "problem" of leisure, it may be highly desirable that as many industrial workers as possible should retain a stake in a smallholding. In Sweden, this transition is well under way.

460. For these reasons, a recent report of the Organization for Economic Co-operation and Development suggests that an expansion of part-time farming may,

<sup>201</sup> *Showa 38 nendo Nogyo no doko ni kansuru nenji hokoku*, op. cit., pp. 81-84.

<sup>202</sup> *Annual Report on the State of Agriculture, 1962* (Ministry of Agriculture and Forestry, Government of Japan), p. 125.

<sup>203</sup> *Low Incomes in Agriculture*, op. cit., p. 387.



as a solution to the low-income problem, "...be an alternative to intensification of the farm business, and it thus has the advantage, in countries where agricultural supply is tending to outrun demand, of not requiring an increase in output of the farms concerned".<sup>204</sup> Another recent writer speaks even more positively of the need to promote the shift to part-time farming in many European countries.<sup>205</sup>

461. However this may be, the acceptance of technologically backward farming as economically justified is by no means popular and it may be for this reason that the OECD report referred to above notes that few governments are prepared to declare that part-time farming is a desirable objective.<sup>206</sup>

#### *Measures affecting land tenure*

462. The measures affecting land tenure which have been taken in these contexts may be classified in two groups; firstly, those which aim to accelerate the migratory flow, or to regulate it selectively, inducing certain categories of workers (e.g., older or part-time farmers) to leave rather than others. Secondly, measures which try to ensure that the land released by migrants is used as advantageously as possible by those who remain behind.

463. One of the most direct measures in the first group is to attempt to pension off old farmers. The pioneering measures of the Federal Republic of Germany<sup>207</sup> granted a pension to all farmers over a certain age and owning a holding of a certain size as an inducement for them to hand their farms on to their successors.<sup>208</sup> Other countries have made grants conditional on actually giving up farms. The Netherlands, for instance, has operated a system whereby the Institute for the Development and Reorganization of Agriculture negotiates with elderly farmers for the purchase of their holdings, granting them an additional premium over and above the price in the form of a monthly pension. About fifty farmers a year take advantage of this measure.<sup>209</sup> A recent French measure goes a step further in offering grants to anyone over a certain age who gives up management of his farm. The pension consists of a basic 750 francs per annum, plus 150 to 750 francs, depending on the size of the farm.<sup>210</sup> The Irish Government is also contemplating a similar scheme.<sup>211</sup>

464. Secondly, a variety of measures may be taken to speed up the migration of younger workers, ranging from special inducements for industry to enter rural areas, to special training grants. The most complete of recent measures of the latter kind is the United States'

Manpower Development and Training Act of 1962. Special funds are provided for the retraining and transfer to non-farm employment of members of farm families whose incomes fall below a specified level.<sup>212</sup> Sweden has placed emphasis on providing schools and there are at present twenty-five vocational boarding schools scattered about the country offering training to people who wish to leave farming.<sup>213</sup> So, too, in Belgium, where in 1961 vocational retraining schools were opened to farm workers and not only, as hitherto, to the unemployed.<sup>214</sup>

465. Measures designed to accelerate migration by speeding up the process of land sales cannot be considered apart from those designed to make the best use of land which a migrant has already sold; they are accordingly here considered together. The obstacles to be dealt with include :

(a) Sluggishness of the land market due to falling prices. Thus, in southern Italy the recent rate of out-migration has greatly reduced the pressure on the land while agricultural incomes have lagged badly behind industrial wages. The price of land has consequently fallen with a dearth of prospective buyers, and at the prevailing low prices there are few sellers either since with recent memories of higher prices, farmers would feel themselves cheated at the prices currently available.<sup>215</sup>

(b) Reluctance to lose a source of security. Former farmers who have secure and preferred jobs in the towns may nevertheless wish to keep their land as a place to retire to in old age. Those contemplating a move may be deterred by uncertainty about their urban future which makes them unwilling to cut their roots by selling their land. This represents a particular problem in countries where legislation strongly protects a tenant's security of tenure (as in Japan where the very stringent tenancy regulations introduced to prevent a reconcentration of ownership after the land reform made tenancy distinctly unprofitable to the landlord). In these circumstances, leasing his land to a tenant does not provide the prospective migrant with the fall-back security that he wants.

(c) The difficulty of finding a buyer who can use the land offered by a prospective migrant to enlarge his holding, a difficulty of lesser importance in southern Europe and Japan where holdings are normally fragmented in any case. Some organization is required for the reshuffling exchange needed to overcome this difficulty.

(d) Sometimes the most likely prospective buyers of land are ruled out by legal limits on the size of holdings or number of ownership units.

466. The gentlest form of intervention, and the one most respectful of private property rights, consists in the provision of cheap loans to would-be purchasers of land. Such funds are available in a good many countries, whether specially designed for this purpose or as part of a general supply of special credit for agricultural development. Similar measures include, for instance, the reduc-

<sup>204</sup> *Ibid.*, p. 52.

<sup>205</sup> Michael Tracy, *Agriculture in Western Europe* (New York, Praeger, 1964), p. 377.

<sup>206</sup> *Low Incomes in Agriculture*, op. cit., p. 52.

<sup>207</sup> Agricultural Old Age Pension Act, 1957 (Gesetz über eine Altershilfe für Landwirte).

<sup>208</sup> *Low Incomes in Agriculture*, op. cit., p. 208.

<sup>209</sup> *Ibid.*, p. 309.

<sup>210</sup> Decree of 30 April 1963, based on Article 26-27 of Law 62-933, 8.8.62; see *Low Incomes in Agriculture*, op. cit., p. 185; and *Journal Officiel*, 5 August 1964.

<sup>211</sup> *Low Incomes in Agriculture*, op. cit., p. 252.

<sup>212</sup> *Ibid.*, p. 496.

<sup>213</sup> *Ibid.*, pp. 401-402.

<sup>214</sup> *Ibid.*, p. 108.

<sup>215</sup> See G. Barbero, "Development Problems in Southern Italy" (1964) (mimeographed).

tion of mortgage registration duties when land is purchased to enlarge holdings and the exemption of purchasers from income tax for five years, as is done in Italy.<sup>216</sup>

467. A variety of other measures has also been introduced in recent years which to a greater or lesser degree involve the intervention of the State or other public bodies limiting the private property rights of individuals. One of the most comprehensive battery of weapons for speeding the reallocation of land has recently been created in France, at least in outline, and this will be described first.<sup>217</sup>

#### France

468. Firstly, there are provisions to prevent land from being abandoned. All land uncultivated for five years may be leased by the *prefect* to a farmer who has less than a locally fixed minimum-sized holding. If the land has neither been cultivated nor yielded tax payment for five years, it may be compulsorily acquired by the *prefect* for sale to other farmers.

469. The *prefect* also has powers to deal with situations in which those who lease the land plant trees which by their shadows or spreading roots may interfere with cultivation on neighbouring plots. He can declare certain areas to be tree-free zones, or leave zones of controlled afforestation.

470. A separate set of provisions, first enacted in 1954, permits even more rapid mobilization of untilled land in areas where migration has been particularly rapid. The agents in this case are the Commune Land Reorganization and Consolidation Commission,<sup>218</sup> originally envisaged primarily to promote the consolidation of holdings. These work under the guidance of departmental commissions and ultimately of a national commission which disburses the funds for their activities. Where such commissions are established (by decision of the *prefect*) they may, as well as declaring certain areas "consolidation areas", declare others to be "land reorganization areas" in which, as a first step, an inventory is to be made of all land uncultivated for two years. The commission then has a variety of powers: it may require owners to cultivate or sell, or arrange for the reshuffling and blocking-up of parcels of land to form new holdings which may then be sold — with buildings built by the commission — preferably to local inhabitants. The composition of these commissions is regulated by law and includes besides the mayor and magistrate, three local farmers and four representatives of the agricultural administration.

471. Yet another set of local-level organizations with even stronger powers was created in 1960. These are the Land Organization and Rural Establishment Companies.<sup>219</sup> These are non-profit-making bodies created

with the approval of the Ministry of Agriculture and operating within zones defined on an *ad hoc* basis. Their function is first of all to buy land offered for sale, thus helping to counteract the sluggishness of the land market which prevents would-be migrants from selling. Such land as they acquire, they are then to dispose of within five years, after such improvements as are necessary, to farmers who can make good use of it. The effectiveness of these bodies was greatly enhanced in 1962 by an amendment which extended their powers to acquire land. They were given the right of pre-emption wherever land in their area was sold. They may simply take over from the buyer at the price agreed (unless it appears to have been rigged at an excessive rate), either in order to promote the "balance" of the pattern of holdings, to prevent speculation, or to preserve a system of family small-holdings — purposes sufficiently vaguely defined to allow acquisition under practically any circumstances. The main purpose, presumably, is to allow these societies to acquire land which can be used, together with land already in their possession, to create viable holdings.

472. As to what is a viable holding, yet another set of commissions was set up by the law of 1962 to set standards and at the same time to control all land transactions. These *commissions des cumuls et réunions d'exploitations agricoles* are at the departmental level. For each natural region, soil quality, and crop type, they are to determine the maximum and the minimum size of holding suitable for two male family workers and capable of yielding an income equivalent to what their manual skills could earn elsewhere, plus a return on their capital and remuneration for their managerial efforts. These standards having been fixed and confirmed by the Ministry of Agriculture, the *commission* then has the right to stop any transfer of *exploitation* rights (i.e., leases as well as sales) which would bring a farmer above the maximum or below the minimum — or further reduce the size of a sub-minimum farm without actually eliminating it. Note that the *commission* is not interested in ownership units, only in operated holdings. This section of the law contained penal provisions to reinforce the power of the *commission*.

473. A final innovation of the 1960 and 1962 laws was to create yet another channel for the circulation of land which might help to induce hesitant migrants to move. Proprietors could assign land — either by sale or by temporary lease — to a new type of agricultural company;<sup>220</sup> in order to qualify for certain privileges (of which the chief is the ability to hold more land than the maximum referred to above) these companies must have a lifetime of at least nine years and carry at least 80 per cent of their capital in land and buildings or at least lease rights thereto. (If a tenant sub-leases to such a company he has to get the landlord's permission and vice versa.)

474. A law passed in 1963<sup>221</sup> is intended to facilitate the formation of balanced agricultural holdings by making available long-term loans for land acquisition

<sup>216</sup> *Low Incomes in Agriculture*, op. cit., p. 275.

<sup>217</sup> These provisions were mostly introduced by Laws 60-792 of 2 August 1960, 60-808 of 5 August 1960, and 62-933 of 8 August 1962, though some date from the earlier Decree 54-1251 of 20 December 1954, and most are written as amending provisions into the Code Rural originally enacted in March 1941.

<sup>218</sup> Commission communale de réorganisation foncière et de remembrement.

<sup>219</sup> Sociétés d'aménagement foncier et d'établissement rural.

<sup>220</sup> Sociétés civiles d'exploitation.

<sup>221</sup> Decree No. 63-510 of 22 May 1963.

through agricultural credit agencies. Subsequent legislation in 1965 will further develop the procedure for the granting of such loans under conditions more favourable to landholders.

475. An important resource is the Fund for Social Action for the Improvement of Agrarian Structures<sup>222</sup> whose principal functions include the following :

(a) To encourage elderly farmers, through the grant of a "withdrawal annuity", to give up farming or freely to transfer their holdings;

(b) To facilitate, through the grant of similar compensation and loans, the movement of farmers from non-viable holdings to economic holdings;

(c) To encourage the occupational transfer of surplus farm labour by making available occupational re-education study grants;

(d) To help maintain on their farms, by granting appropriate assistance, farmers whose presence is indispensable to the biological conservation of certain under-privileged areas;

(e) To encourage migration from areas experiencing population decline to "receiving areas" by means of loans and installation grants provided through the National Association for Rural Migration and Establishment.

476. The area farm land to be consolidated is estimated at 10 million hectares; between 1943 and 1962, 3,560,000 hectares were consolidated. The desired rate of consolidation is now 600,000 hectares per year. The rate of State subsidies for purposes of consolidation was changed by a law passed in June 1963; the State now assumes the entire cost of consolidation as such. Subsidy rates for related works have been specified in an Order dated 24 September 1963, establishing rates ranging from 25 per cent to 70 per cent depending on whether: (a) the work is carried out by private individuals, (b) the work relates to rural roads built, altered or improved because of consolidations, or (c) is a collective enterprise directly related to consolidation.

477. In few countries, perhaps, is land as densely administered as it is in modern France as a result of these measures, and in the interests not simply of improving the operations of the land market in order to promote the enlargement of farm units by accelerating migration and the reshuffling of holdings, but also of preserving a family smallholding system and preventing the development of large-scale capitalist agriculture — a development which might provide a solution to the *low productivity* problem but leave the *low income* problem untouched.

### Japan

478. While France and Japan have similar policy objectives for similar problems, there is one difference. If French agriculture is, as just mentioned, moving towards a reaffirmation of peasant smallholding egalitarianism, Japanese agriculture is moving in the opposite direction. The 1952 Agricultural Land Act designed to

stabilize the post-land-reform *status quo* had left very low ceilings on the amount of land any one individual could own, varying according to the prefecture, between 1.6 and 4.5 hectares,<sup>223</sup> ceilings which were enforced by strict control over land transfers by agricultural committees or prefectural governments. And since the tenancy code made the leasing of land so unprofitable to landlords, the possibility of enlarging holdings other than on an ownership basis was small. Japan now looks, however, to the owners of the largest holdings as the leaders in a transformation to a new diversified agriculture with greater emphasis on fruit and dairy production, viable without expensive subsidies. It also looks forward to the day when far fewer farmers will be able share the available land on considerably larger holdings. The 1962 amendments to the Agricultural Land Act<sup>224</sup> therefore empowered the elected village agricultural committees which administer these laws to allow farmers to exceed these ceilings if they could do so still relying "mainly" on the labour of family members.

479. The other provisions of this amending law, and of an accompanying amendment of the Agricultural Co-operative Law<sup>225</sup> which are relevant to the present topic are more concerned with providing incentives to the hesitant migrant than with preventing land from being left idle. (Land is very rarely left idle in Japanese villages; there is hardly anyone who does not have a relative close by who would be glad about an extra piece of land and resentful of a brother-in-law who failed to offer him the use of it.)

480. A man who wishes to leave farming now has several choices besides attempting directly to find a buyer for his land. He may put it "in trust" with a village agricultural co-operative, which may either arrange to sell the land when a suitable buyer appears, or may lease it — on a five-year lease — to tenants. The agricultural co-operatives, in other words, have been given some of the functions of the French Land Organization Commissions though without the right of pre-emption. Secondly, he may pool his land in the holding of a new type of "farming co-operative". These, to qualify for certain taxation privileges, are to have at least five members who, together with their families, provide at least four-fifths of the total labour requirements of the holding. They must be exclusively engaged in agriculture or a limited range of ancillary operations, and their managers must be members, elected by all the other members. In order to qualify to hold land in excess of the ceilings imposed on individual holdings, the members must themselves contribute one-half of the land the co-operative works — only one-half may be rented in; the members who are regular workers on the holding must have a majority on the management board, and if profits are distributed in the form of an interest on capital contributed such interest should not exceed 6 per cent. A third alternative is to hand over land to a limited or other form of private company. The last three conditions (proportion of land provided

<sup>223</sup> Except for the island of Hokkaido where the limit was 12 hectares.

<sup>224</sup> Law No. 126 of the 41st Diet Session, May 1962.

<sup>225</sup> Law No. 127 of the 41st Diet Session, May 1962.

<sup>222</sup> Fonds d'action sociale pour l'amélioration des structures agricoles.

by members, the regular workers' majority, the limit to the return on capital) apply equally to such companies, but there is no restriction on the number of members and as much as one half of the total labour requirements may be provided by hired workers. (These latter provisions are, of course, designed not only, or even primarily, to promote migration, but also to encourage the development of co-operative farming.)

481. It is too early to say how effective these measures will eventually prove, but the experience of the first two years has not been encouraging. By the end of the second year, nearly 6,500 village co-operatives had made the necessary amendments in their by-laws to enable them to take land in trust, but at the end of the second year less than forty people had taken advantage of the system. The reasons were thought to lie in the long minimum lease-period if land was put in trust to rent, and the extra registration charges which made putting land in trust for sale more expensive than a direct sale. By the end of 1963, only about 140 farming co-operatives had been formed and some 370 limited companies, though most of the latter were single-family enterprises in the more prosperous fruit areas which had previously, for tax purposes, taken or attempted to take a limited company form. (The legality of their action had been dubious and disputed until the 1962 amendments gave them legal sanction.) Meanwhile, there were a number of cases where farmers had in fact done what the law envisaged — pooled their rice land, left a few of their members to run it in heavily capitalized fashion (combine harvesting the rice, for instance, and eliminating the other major labour burden of transplanting by direct sowing) and gone off to work elsewhere. They had preferred to keep their arrangements informal, however; the permanence and the rigidity of the legally prescribed form, as well as the registration fees, acting as a deterrent for which legal formalization offered no compensating advantages.

#### *Other countries*

482. Institutions similar to those of France and Japan are found all over Europe. A public body which has power to purchase land in order to allocate it for the enlargement of holdings exists in Denmark, the Federal Republic of Germany, Finland, Ireland, the Netherlands, New Zealand, Norway and Sweden. In New Zealand, the function of buying land and selling it for the enlargement of holdings — if necessary providing financing — has been taken over by the Marginal Lands Board, a board originally set up in 1950 to encourage by loans and subsidies the development of marginal lands. Similarly, in Finland, the transition from a concern with providing more people with land to a concern with providing more land for fewer people is neatly illustrated by the history of its State Board of Colonization, set up in 1958. In 1959, 73 per cent of its grants were for the creation of new holdings and only 27 per cent went to the enlargement of holdings. In 1962, the proportions were almost reversed; 37 per cent and 63 per cent respectively.

483. In the United States, although there are no permanent statutory bodies to perform these functions,

the same purposes are envisaged for the rural renewal projects authorized by the Food and Agriculture Act of 1962. Some \$1.2 million will be available for the purchase and resale of land for economic holdings among a list of other purposes which includes flood control, conservation, recreation and water resources and so on. The loans will be made to local public agencies, but only if they are unable to obtain financing from other sources.

484. The public bodies empowered to buy and sell land have rights of pre-emption in Denmark, the Federal Republic of Germany, Finland, Norway and Sweden, though under certain limitations; for instance, in Denmark only large farms may be acquired, and in Finland only when the sale is a distress sale in order to pay off a debt. In Sweden, the County Agricultural Boards must buy the land if they refuse to authorize a private sale, which they may do if they consider that the land is needed to create viable units or if the purchase appears to be simply for investment or speculative purposes. Under a new law of the Federal Republic of Germany<sup>226</sup> which came into effect in 1962, the two functions respectively of authorizing land sales and exercising rights of pre-emption — both of which are exercised by the County Agricultural Boards in Sweden — are separated between, on the one hand, judicial tribunals (the constitution of which varies from land to land) and, on the other hand, Settlement Enterprises which are to be set up on a more universal scale than hitherto. The tribunal is to refuse permission if, as a result of the sale, any agricultural enterprise becomes uneconomic or any single tract of land under one owner is reduced below one hectare in size. Whereas in Sweden the County Agricultural Boards must buy the land if they refuse to authorize the private transfer, in Western Germany the settlement authorities may or may not choose to do so.

485. Bodies which have compulsory purchase powers, as opposed to pre-emptive rights, include those of Ireland and Finland, though in both cases these powers are to be exercised only if the holding is inefficiently managed or if the owner is absentee, though a new bill before the Irish legislature will strengthen the Land Commission's powers.

486. These bodies gain considerable flexibility in their operations if they can retain a stock of land for some years. It will be recalled that the French Commissions may do so for five years. In a period of rapid rural exodus, however, they are likely to acquire land more quickly than they dispose of it. Thus the Netherland's Institute for the Development and Reorganization of Agriculture acquired 9,000 hectares in the first five years of its operation and sold only 825, and the Swedish County Agricultural Boards had, by the end of 1962, a stock of land twice as large as the area they had disposed of during the year.<sup>227</sup> The effect of this may be to raise the price of land, which has advantages in so far as it provides inducements to migrants, but disadvantages in so far as it handicaps the farmer seeking to increase his income by enlarging his holding.

<sup>226</sup> Grundstücksverkehrsgesetz, 28 July 1961.

<sup>227</sup> *Low Incomes in Agriculture*, op. cit., pp. 309 and 396.

487. Of those countries which maintain ceilings on land holdings in the interests of an egalitarian family farming system — Greece with a thirty-hectare maximum, Yugoslavia with ten hectares and Denmark with restrictions on the combination of holdings — the latter has relaxed its restrictions under the pressure of new economic circumstances. Whereas farms of under seven hectares could not formerly be amalgamated with others (to prevent the disappearance of family-sized units), now two farms of any size may be operated jointly for up to eight years and three or more farms may be operated jointly and indefinitely, provided that their combined area is not more than twenty-one hectares.<sup>228</sup> As well as creating more prosperous enterprises, it is thought that the temporary combination clause will encourage the uncertain migrant who is reluctant to pull up roots and prefers to keep a rural refuge. A similar revision of the notion of a viable unit may be seen in the Irish Land Commission's recent decision to change the target size for the holdings it creates from thirty-three acres of good land to forty to forty-five acres.

## J. LAND CONSOLIDATION

### *Consolidation of holdings*

488. The fragmentation of holdings remains a serious obstacle to agricultural development in a good many parts of the world, especially in Mediterranean countries where : (a) the degree of fragmentation is very high, (b) both settlements and the average size of holding are fairly large with the result that plots may be very widely scattered,<sup>229</sup> and (c) the economic and social possibilities of agricultural development are present, thus making the physical obstacles more decisive. It is not surprising, therefore, that the Greek Government is one of those which have devoted a good deal of attention to consolidation projects in recent years. Its programme which began in 1953 has been gradually expanded. In the first year, about 2,000 hectares were consolidated. By 1961, the figure had risen to 20,000 and to 50,000 hectares by 1963. At this point, it was estimated that a tenth of the 1.5 million hectares needing consolidation had already been dealt with and that the remainder could be accomplished in the following ten years. Considerable benefits are claimed in return for a cost amounting, so far, to approximately \$US 1.00 per hectare.

489. The need for consolidation has been increasingly recognized in Cyprus where, according to the 1960 census, the average holding of some 6.2 hectares was divided into ten plots of only a little more than half a hectare each. Waste and inefficient use of the limited supplies of available water, and frequent friction because some farmers could gain access to certain of their plots

only through the fields of others, were not the least of the disadvantages which resulted.<sup>230</sup>

490. After some years of study, the Government drafted a bill which was to be presented to Parliament in 1964. Half way between those laws which weight the scales in favour of a progressive minority and those which insist on a high measure of agreement,<sup>231</sup> the requirement for putting a land consolidation scheme into effect is that more than half of the owners, owning more than half of the land, must be in favour. The procedure is for a meeting of all the apparent owners of land in a district to be called to elect a provisional committee. This committee prepares a definitive list of owners who then meet. If this meeting provides the required majority for a resolution of intent, a commission is then created with four officials and three elected members which then proceeds to draw up the plans.

491. The plan proceeds in two stages. First, the commission plans the new roads and water channels. Once this plan is approved by the land proprietors and by the Central Land Consolidation Authority, work is begun immediately. After the final approval of this first plan, the planning of the reallocated holdings follows.

492. As is normal in such schemes, the basic principle is that each farmer should end up with an area representing the same share of the total value as he started with, but this is modified (apart from minor adjustments within 10 per cent either way, depending on the exigencies of physical situations) by the provision that those with very small holdings (who must by definition have an alternative means of livelihood) may have their interest compulsorily bought out.

493. No charge is to be made by the Government for its administrative and technical services, and low-interest loans will be available for the improvement works.

494. The effectiveness of this law when it is passed will depend in part on the size of the administrative staff available to work on consolidation schemes, in part on the degree to which agricultural policies are made to support the consolidation process. An adviser to the Cyprus Government<sup>232</sup> has suggested that consolidation is of such importance that the Government should concentrate the staff, money and equipment available for irrigation, soil conservation etc., on areas where consolidation schemes are being carried out, and that extension services should concentrate on teaching the recipients of the consolidated holdings how to make the best use of their new opportunities. The success of the scheme would be further enhanced if religious institutions could be persuaded to dispose of their land holdings where a consolidation scheme was planned. Nothing makes a land consolidation scheme more

<sup>228</sup> *Ibid.*, p. 146.

<sup>229</sup> If (as in, say, Japan), forty households in a nucleated village have each one hectare of land and the forty hectares are distributed evenly around the village, the maximum distance between two plots would be about 700 metres. If the holdings were seven hectares in size, however, the maximum distance would be increased to 1.9 kilometre.

<sup>230</sup> See D. van der Zaken, *Report to the Government of Cyprus on Land Consolidation* (EPTA Report, No. 1617) (Rome, FAO, 1963), pp. 8-9.

<sup>231</sup> See P. Moral-Lopez and E. H. Jacoby, *Principles of Land Consolidation Legislation: A Comparative Study* (FAO Legislative Series, No. 3) (Rome, FAO, 1962), especially, pp. 21-31.

<sup>232</sup> D. van der Zaken, *op. cit.*

decisively attractive than the prospect that holdings will actually be enlarged.<sup>233</sup>

495. A further recommendation is of particular interest to countries with a rapidly declining rural population — namely, that the plan should not prejudice further changes if a reconsolidation should become desirable after another decade or two. Thus a fairly simple system of farm roads should be built and there should be no attempt to resettle farmers on their holdings outside of the village. This particular aspect of the problem has attracted considerable attention in recent years and there is a body of opinion in Italy, for instance, which holds that it is a waste of resources to consolidate holdings in such a fluid situation, especially since the process of rural out-migration and enlargement of holdings will go a long way towards curing fragmentation anyway. As against this, it is argued that the major costs of land consolidation schemes are incurred in land improvement and in the replanning of road and irrigation networks, all of which are of permanent value. Once this is done, the administrative costs of reconsolidating holdings at a later stage would not be very great.<sup>234</sup>

496. The situation in Turkey is similar to that of Cyprus, but there, as a recent survey has pointed out,<sup>235</sup> the main difference is that Turkey still has considerable possibilities of expanding the supply of irrigation water. Since the major problems of Turkish agriculture are low-unit yields and under-employment, and since, therefore, further irrigation offers the most certain profitable form of investment, and since, further, irrigation schemes can be more efficient and cheaper if combined with the consolidation of holdings, it was recommended that consolidation efforts should be wholly concentrated in areas where new irrigation was possible.

497. Some of the problems which would confront land consolidation schemes in Turkey have been revealed by a pilot project carried out as part of the FAO-Special Fund pre-investment survey of the Antalya Region. A major obstacle is the lack of a cadastral register and in this particular project the business of clearly ascertaining land rights was made even more complicated by the frequency of co-ownership in individual shares, a phenomenon arising out of the prevailing patterns of inheritance.<sup>236</sup> Nevertheless, these difficulties were overcome in two pilot districts and consolidation plans devised; in a referendum in one of those districts, 90 per cent of the owners voted in favour of the scheme but in the absence of any legislation governing land consolidation, there is no means of coercing the other 10 per cent and the project remains in abeyance.

498. An example of the way in which land consolidation may be combined with land redistribution schemes

is provided by the East Ghor Canal project in Jordan. About 120,000 *dunums* of land (approximately 65,000 acres) have been irrigated. Previously, there were some 3,666 owners of whom 36 per cent owned less than ten *dunums* and a handful more than 500. As a result of the scheme, 2,491 farmers became owners of new allocations of land ranging between thirty and 200 *dunums* in size. The allocations were made on the basis of previous ownership so that only the ten owners who formerly had more than 1,000 *dunums* received the maximum allocation of 200. Inequalities still exist, but they have been scaled down in range.

499. The point that land consolidation offers a new opportunity to reap quick rewards from improved extension services is illustrated by recent experience in the Fort Hall district of Kenya. Extension officers planned to offer technical advice at three levels; firstly, a simple farm layout plan providing advice on where to site buildings and how to divide the land according to its suitability for permanent crops, cash crops and food crops. Secondly, a minimum standard layout offering more detailed plans for field sizes and rotation. The third stage — the farm plan — was even more detailed and involved loan assistance to provide better livestock and seed, with emphasis on cash crops and dairy farming. The actual extension work has been very much restricted by shortage of staff. In July 1963, only a quarter of the 32,000 farmers on new holdings had been given even the first level of help, and only 200 had received detailed farm plans. Nevertheless, it seemed that the general change, the general sense of a "fresh start" which the scheme induced in the farmers whose holdings were consolidated, helped appreciably to increase their receptivity to new ideas. Both farmers who had been assisted and those who had not were quite quickly expanding their production of coffee, tea, pineapples and other cash crops.<sup>237</sup>

500. Another example of the "fresh start" effect is reported from Austria, where in a community of some 357 farmers on the north-eastern plains, the average individual holding of about three hectares was divided into nine or ten plots. The consolidation reduced the number of plots to one quarter of the original total as well as opening up roads and ditches etc. By 1961, after eleven years of operation of the scheme, there was evidence of great improvements. There was a drastic cut in the number of horses and an increase in cattle and pigs. The number of tractors increased from 11 to 85 and of other large machines from 16 to 102. The labour force had been reduced by one quarter, while yields increased from 20 to 30 per cent. There had been a switch in the cropping pattern from oats to the more profitable sugar beet. Since European agriculture has generally been making great advances in the last ten years, the causal importance of the consolidation scheme should not be over-rated, of course. Nevertheless, it seems apparent that the pace of change was greater in this than in most other communities.

<sup>233</sup> See the description of the Walcheren scheme in the *Report of the study group on problems of individual and group settlement in the European Region, Meeting held at Tel-Aviv, April-May 1956* (FAO, Meeting Report, No. 56/11/8172), pp. 56-57.

<sup>234</sup> Antonio Castrataro, "Ricomposizione Fondiaria", *Agri Forum*, vol. 5, No. iii (March 1964).

<sup>235</sup> J. Verkoren, *Report to the Government of Turkey on Land Consolidation* (EPTA Report, No. 1715), Rome, FAO, 1957).

<sup>236</sup> See F. J. Guerten, *Antalya Regional Project: Final Report on Land Consolidation* (Rome, FAO, 1964).

<sup>237</sup> D. R. F. Taylor, "Land Tenure and Settlement Patterns in Kenya", *Land Economics*, No. 40 (May 1964) (Madison, Wisconsin), p. 234.



501. Austria is also an example of the fact that in the richer countries of Europe land consolidation schemes now go very much beyond the simple consolidation of holdings. Between 1953 and 1962, the Government's schemes covered some 170,000 hectares, and the activities carried on within their framework included, besides the usual roads and drainage systems, the construction of threshing-floors and outdoor runs for cattle, the planting of shelter-belts to prevent wind erosion, the planting of copses to shelter birds, which it is hoped will control pests, the building of ponds for fire-fighting and sometimes for open-air bathing, and of other sport and recreation grounds.

#### K. PROBLEMS OF ADMINISTRATION AND PERSONNEL TRAINING

502. If there is one trend which seems clearly apparent in international discussion of land reforms in recent years, it is the growing acceptance of the idea that land redistribution or land settlement alone are not enough to make a successful contribution to agricultural development, or even fully to achieve the redistributive social aims for which these measures are often planned. If those who receive land are not given some help in the form of extension and credit services and marketing assistance, they are unlikely to reap the full potential benefit of the change and in some circumstances, may reap no benefits at all. It is significant that in 1961, an FAO team surveying the situation in Latin America could comment on the predominantly "juridical conception of land tenure and agrarian reform", the concentration on the physical appropriation of land at the expense of adequate attention to land use planning, co-operatives and marketing services — a bias reflected, for instance, in the predominantly legal composition of the staff of the land reform agencies.<sup>238</sup>

503. This has changed. Critics of the present policies of many Governments argue, indeed, that the lesson has been too well learned — that acceptance of the need to do a thorough job has gradually been translated into acceptance of the idea that the major justification for a land reform is an increase of productivity in agriculture. From this it is a short step to the belief that it is the sole justification, and that therefore a land reform agency acts wisely if it puts a good deal of its funds into the development of an irrigation system even if very little land redistribution results, the sole criterion being to secure the highest marginal increment in productivity per dollar of public funds invested.

504. Alternatively, in countries which are too poor in resources to create adequate development agencies, this impossibility may be used as a reason for delaying all land reform action.

#### *Scarcity of administrative resources*

505. The dilemma mentioned above is often a very real one since in those countries where land reforms

remain to be conducted and which lack a middle class and systems of middle-class education (even if there is no shortage of capital, thanks, for example, to revenue from oil exports), there is likely to be a shortage of administrators. Often the same officials are substitutable for several functions; they can be employed on surveying, the adjudication of disputes, the documentation of land transfers, the operation of credit services, the establishment of co-operatives, evaluation services and so on. Hence, there is a direct choice between spreading these officials thinly in order to rapidly redistribute or settle as much land as possible among as many people as possible, or, alternatively, of doing the work thoroughly by doing it piecemeal, district by district. The first approach will probably delay the establishment of co-operatives, for instance, for several years, by which time it may be too late for them to be effective since unco-operative patterns will have been established and the momentum of innovation will have been lost. The second approach also entails the danger of losing the impetus of reform, especially if there is a potentially obstructive opposition which is given the opportunity to mobilize.

#### *Training*

506. The ideal solution lies, of course, in training schemes. A good many of the skills required are those normally taught in colleges and institutes as part of a regular professional training — most programmes will require soil scientists for land appraisal and land-use planning, surveyors for land allocation, veterinary experts, plant pathologists, and other agronomists to man the extension programmes aiding the beneficiaries, and so on. Part of the problem, therefore, lies simply in expanding the regular output of the institutions which provide conventional forms of training. The need for expansion is obvious in such countries as Bolivia which in recent years has been producing thirty-five agronomists a year when, at a minimum estimate, 800 are required for the current ten-year plan. Add to this the fact that over 100 trained agronomists are known to have left the country in the last few years and the desperate nature of the situation becomes even more apparent.<sup>239</sup>

507. It may also be necessary to change the curriculum in these colleges and institutes. In many developing countries, especially in what were formerly colonial territories, the agricultural training curricula are modelled on those of Europe or North America — countries where land tenure problems do not normally pose insuperable problems to agricultural development and where the social institutional framework of agriculture can be taken for granted. The situation is quite different, however in the developing countries where, firstly, the need for institutional reforms is more obvious and, secondly, agriculture is less an economic-rational activity in the sense that it is more deeply integrated with family and religious life and governed by many other values besides profit-maximization. There is a need, therefore, to

<sup>238</sup> Report of the FAO Regional Land Reform Team for Latin America (EPTA Report, No. 1388), (Rome, FAO, 1961), p. 25.

<sup>239</sup> Lowry Nelson, "Some Social Aspects of Agrarian Reform in Mexico, Bolivia and Venezuela" (Pan American Union, 1964), p. 59 (mimeographed).



include in general agricultural training programmes in developing countries courses in the institutional factors affecting agriculture as an economic activity, which will help students to gain an understanding of the importance and nature of land reform programmes.

508. Secondly, still within the conventional fields of agricultural education, land reform schemes may require short tailor-made courses to train technicians in a narrowly specialized skill which is adequate for certain urgent work. The rapid installation of an artificial insemination programme, for instance, can be accomplished without training a corps of men fully qualified in veterinary medicine, and where there is a great deal to be done and few available to do it, the principle of narrow specialization and division of labour may be applicable in a good many fields.

509. A third requirement is for training in the specific problems of land tenure reform — something which may again be subdivided into: (a) the general training in tenure problems and methods of research into tenure situations necessary for policy formation, and (b) training in the technicalities of administering a particular law — surveying and appraising land, adjudicating land rights or credit and mortgage claims, planning settlements, organizing co-operatives and so on. These two categories necessarily shade into each other since in a well-functioning bureaucracy even an official with primarily routine executive functions — if he is alive to the general nature of the problems and the objectives of policy — can derive from his own experience useful suggestions to be passed up to the policy-making level.

510. The difficulties of inducing social change and the importance of securing popular participation in the process are helping to emphasize the valuable contribution which training in community development skills can make to the preparation of land reform personnel.

#### *Levels of training*

511. It is obviously desirable that land reforms should be preceded by thorough training schemes of all these types and that land reform budgets should include provision for the necessary funds. To assert that this must always be done would, however, often be to urge a counsel of perfection, especially in the kind of political situation in which the most sweeping reforms generally take place. Even for more slow-paced reform programmes, there may be an absolute shortage both of persons qualified to give such training and of those with sufficient general education to receive it. In such cases, it is more than ever necessary not to waste resources by over-training. There may be a tendency in this direction since specialists in charge of training courses, naturally keen to propagate their own expertise, are always liable to object strongly to any suggestion that they should "dilute" the specialized competence of their profession, (especially when such suggestions come from the citizens of developed countries and can be interpreted as conveying the implication that lower standards are "good enough" for developing countries). In emergency situations, however, "misplaced maximalism" should be avoided. If it is possible to give a man in a few days enough training in the legal technicalities of land transfer

for him to do the bulk of his work (leaving the more difficult cases to be referred to those with a broader training), this would seem preferable to giving everyone a general grounding in land tenure legislation. For general extension work in Latin American land reform programmes, one writer suggests that it will be necessary to rely a good deal on "*prácticos*, men with some general education and special training or simply intelligent *campesinos* with valuable experience and skills which can be taught to others." (He suggests as a rough approximation a density of one professional and four *prácticos* per 200 families.)<sup>240</sup> For such extension work in particular, the level of training required is relative to the level of sophistication of the farmers. "While it is absolutely essential that the 'direct-servers' know more about the technical and/or economic aspects of farming than farmers, they do not need to know four or five times as much."<sup>241</sup>

#### *Measures and men*

512. The adaptation of training schemes to the actual reform programmes to be carried out concentrates on only one half of the equation. It is also necessary to adapt land reform measures to the realistic possibilities of getting trained administrators. For example, countries with vast areas which must be surveyed and registered rapidly are not likely to be able to produce a big enough corps of surveyors capable of the meticulous standards of perfection required to operate the Torrens systems of "guaranteed boundaries". In such circumstances there is much to be said for adopting the system of defining "general boundaries" by natural features, using methods within the competence of much less highly trained technicians. In other ways, too, the impossibility of rapidly training a large corps of administrators suggests a need to frame measures on the principle that rough justice is better than no justice at all. The Iranian decision to abandon precise ceiling restrictions and allow landlords to keep one village is an example of such realism. So is the decision to abolish tenancy instead of seeking to reform it in a number of Indian states. The Indian Third Five-Year Plan had remarked that "there has been insufficient attention to the administrative aspects of land reform", the most glaring evidence of which was the general inability to enforce tenancy regulations through the revenue administration which was usually entrusted with the task. It might have been possible to enforce the regulations if they had been introduced piecemeal to different classes of land.<sup>242</sup> As it is, some states, e.g., Bombay, have decided that tenancy regula-

<sup>240</sup> S. Barraclough, "Land Reform and Education in Latin America", *Information on Land Reform, Land Settlement and Co-operatives* (Rome, FAO, 1963), p. 14. For the role of such *prácticos* in the early stages of modern Japanese agricultural development, see R. P. Dore, "Agricultural Improvement in Japan; 1870-1900", *Economic Development and Cultural Change*, vol. 9, No. 1 (October 1960) (Chicago).

<sup>241</sup> Clifton R. Wharton, Jr., "Education and Agricultural Growth", mimeographed, paper for the Social Science Research Conference on Education in Early Stages of Economic Development, Chicago, April 1963, p. 32.

<sup>242</sup> The suggestion of V. M. Dandekar, from whom the above information derives. "From Agrarian Reorganisation to Land Reform", op. cit.

tion is impossible and have gone ahead with land redistribution instead.

### *Qualities needed*

513. There is one obvious reason why the immediate training of a large corps of land reform administrators is difficult. The administrator's attitudes are very important for his success and the right kind of attitudes result from a combination of factors which cannot be changed overnight by training courses — for example, the administrator's level of general education (which affects his appreciation of the significance of what he is doing), his sense of responsibility, his honesty, the extent to which his political values commit him to energetic implementation of the measures he administers, the rapport he has with the people who stand to gain or to lose from his activities, and so on.

514. Most countries with an urgent need for land reform are countries with a stagnant, depressed agriculture and generally backward in techniques. In such countries, land reform measures if they are to be successful require not only that people should be given land but that they should be inspired, when they have got it, to shake themselves out of traditional ways and to try new ones, both in techniques and institutions. It is precisely because of this that the administrator's attitudes are so important. The official who has an impeccable technical accomplishment, but uses it for the routine and unenthusiastic performance of his duties — as a mere means to salary, pensions and a sense of power — is likely to accomplish less than the man who is less technically skilled and more enthusiastic. One essential qualification for an *animateur*, to use the term current in French-speaking Africa, is that he should be animated!

515. The quality of the administrators is thus one factor which determines the size of the administrative force needed to implement new measures. Another, obviously, is the extent to which the intended innovation meets with resistance either from those who stand to lose materially, or simply from the inertia of custom (custom, perhaps, which is highly integrated into a whole set of values and institutions which must be changed if the custom is to change). The degree of such resistance depends, in part, on the magnitude of the reform. In the case of resistance from vested interests, land redistribution schemes, at least, have gainers as well as losers, and the degree of difficulty of the official's task depends a great deal on the balance of political power between the two groups. Provided that there is a general framework of law and order to contain the forces of political interest (and if there is not, then the official with his law has little part to play anyway), one official supported by a peasant union is as effective as ten faced by peasant apathy or suspicion. (The Indian Third Five-Year Plan attributes a good share of the responsibility for the limited impact of land reforms to "the failure to enlist the support and sanction of the village community in favour of effective enforcement of legal provisions".<sup>243</sup>

516. Especially important is suspicion. In inducing change, the main opposition to which comes from the inertia of custom, the most common ally of inertia is popular suspicion of officials. If the official, to be effective, should be enthusiastic, it is equally important that he should also be capable of gaining popular confidence. Any number of incidents could be quoted to illustrate the effects of failure to do so. The Governor or the Province of Kasserine in Tunisia introduced a change in the system of payment for alfa, which was purchased directly by the Government. Eighty per cent of the payment was made immediately in cash, the rest was a forced saving, paid out some months later to help families through the agricultural dead season. The idea was reported to be generally accepted after a campaign of explanation by officials personally and over the radio. Yet deliveries fell from 60,000 to 42,000 tons, and many farmers lost days of labour travelling fifty or even a 100 kilometres to deliver their alfa to the next province where the cash price (the same price) was paid immediately and in full.<sup>244</sup>

517. The administrator's ability to allay such suspicion is in part a function of his own personality, in part determined by the institutionalized patterns of authority. The official who seeks to induce change by persuasion and to promote popular welfare is a relatively rare phenomenon. In most peasant societies, for most of human history, the official has been a man who exists to keep the peasants disarmed and to collect their taxes. A good many developing countries are ex-colonial countries where natural tendencies to official arrogance and authoritarian remoteness were exacerbated by the officials' sense of racial superiority and then unquestioned preponderance of military power. The traditional relation between official and people in such societies is hardly conducive to effective innovation of the kind that land reforms require. It is a striking fact that although a good deal of confusion exists in various parts of the world concerning the definition of "community development", in parts of ex-colonial British territories the term has a clear and precise meaning, namely that officials seek to induce change *not* simply by authoritarian *diktat*, but by persuasion, by explaining the reasons for recommendations and assuming that individual decisions have to be respected.<sup>245</sup> And this in itself amounts to a revolutionary change. The difference is not simply that change by persuasion is morally preferable to change by authoritarian direction. It is also, generally, a matter of the economy of power. One official working with popular co-operation can be more effective than several issuing directives into a fog of sullen suspicion.

518. Established patterns of authority and official behaviour do not change overnight but awareness of the problem can do something to change the attitudes of officials, and something can be accomplished by institutional devices — for instance, by administrative rules about how and where officials should receive their clients, the dress they should wear and the kind of language they

<sup>244</sup> E. Lepissier, *Structure foncière de la Tunisie* (Rome, FAO) (unpublished).

<sup>245</sup> See the concluding discussion of community development in A. Gaitskell, *Report on Land Tenure and Land Use Problems in the Trust Territories of Tanganyika and Ruanda-Urundi*, op. cit.

<sup>243</sup> *Progress in Land Reform* (Planning Commission, Government of India, 1963), p. 262.

should use. Sufficient sociology in their training for them to understand some of the less obvious reasons why established custom should possess such inertia would also be valuable.

#### *Expert foreign assistance*

519. Where land reform programmes are held up for lack of trained administrators, and schemes for training administrators by the lack of teachers, one possible solution is to rely on foreign experts. There are, however, some limitations on the potential role of the foreign expert arising from the considerations just mentioned. Drawing a rough distinction between agronomic techniques and institutional changes, one may say that while the foreign expert's value as a provider of the former is undeniable, as an adviser on the latter his potentialities are more limited.

520. The reason is fairly obvious. Although one can talk sensibly of the *best* way of curing rinderpest — a best which remains best wherever rinderpest occurs — there is no similar *best* way of organizing co-operatives or land settlements; there are only ways which are better or worse adapted to: (a) the set of values and patterns of motivation of a given society; (b) the political and economic objectives of policy (not always as obvious as simply curing a livestock disease to increase production); and (c) the administrative resources available. The foreign expert in these fields can bring a detailed comparative knowledge of the various kinds of institutional arrangements which have worked in different social situations, but before he can decide which to recommend he must be thoroughly acquainted with the local factors to which the institutions have to be adapted. He may rapidly discern what are the local policy objectives; he may quickly assess the administrative resources available; but to get an adequate understanding of the cultural framework may take many years.

521. There are, of course, differences in this respect within the broad category of "institutional changes". There are some relatively technical matters involved in land reform operations which are somewhat like rinderpest in that the institutional devices involved are of fairly universal application. To give advice on the technicalities of bond issues for landlords' compensation, or on systems of keeping land registry files, may require little more than an outline knowledge of the local banking or administrative system. But the more the institutions concerned involve popular participation, or the more they seek to change the established patterns of behaviour of the mass of the farming population, the more essential it becomes to design them in full knowledge of local cultural traditions. This means that unless the foreign expert in these fields has previous knowledge of the country to which he is assigned, it may be a long time before he can give useful advice, though this does not mean that his comparative institutional knowledge will not be of immediate use, nor that he might not, by introducing a new perspective, stimulate local officials into asking the right questions for the first time.

522. Foreign expertise, however, is not the only possible form of foreign assistance which can help to deal with the problem of shortage of administrative resources

for land reforms. Foreign capital assistance can also help by providing efficient systems of communication. If there are few trained administrators available, the scope and effectiveness of each one might be improved by better communications, the cost of which might be prohibitive without foreign assistance. If, for example, every local land reform agent, extension worker or co-operative organizer were able to keep in constant radio or telephone touch with people at the next higher level of skill and authority, that level of post could be staffed with men of more narrow training in greater number and with more effectiveness. In countries with scattered farms, an official in a jeep is worth two on a bicycle. Television ably used can be the most potent diffuser of innovation. Foreign aid might take the form of lending a camera team with full equipment so that a local film director with imagination and a real knowledge of the psychology of his people could dramatize the meaning of a land reform or of a revolution in agricultural practices in terms which a village audience would understand. There are conceivably other ways in which capital can be substituted for administrative skills in order to induce institutional change in situations where those skills are in short supply.

#### *Recent training programmes*

523. Recent years have seen a striking increase in the number of training courses specifically designed for land reform administrators, particularly in Latin America. The accompanying table lists courses and conferences held under national or international sponsorship, chiefly for those destined for, or already in, the policy-making levels of administrators. There have also been a number of courses for officials and technicians at lower administrative levels, and Latin America has recently seen the establishment of two permanent institutes for this purpose.

524. The first, in Bogotá, is the Inter-American Centre for Agrarian Reform (CIRA), sponsored by the Inter-American Institute of Agricultural Sciences (IICA) and by the Organization of American States (OAS), the Inter-American Development Bank (IDB), and the Institute for Agrarian Reform of the Colombian Government (INCORA). Its main training course will take eight months and will be held annually for twenty to thirty students, the teaching to be co-ordinated with the actual planning and execution of land reform programmes in Colombia, and to be conducted by a permanent staff including specialists in sociology, law, economics, public administration and agriculture. The Institute will also organize each year two-month courses for about thirty participants in the northern, Andean and southern zones of Latin America, as well as sponsoring research, publications, field trips outside of Latin America, etc. Two of these courses were held in 1964, respectively in Panama City and Lima, coinciding with the seminars listed in table 4.

525. More recent is the establishment in October 1964 of an Institute for Training and Research in Agrarian Reform in Santiago, Chile. The United Nations Special Fund is assisting the Government of Chile in this, and FAO is the executing agency. The Institute's main training effort will be directed at the middle and lower levels of administration. Starting with one hundred students a

year and increasing to 200, it will offer short specialized courses to graduates or non-graduates on the following topics: land appraisal and agricultural taxation, land administration, project planning and administration, farm planning, supervised credit, co-operatives, marketing, and agricultural extension. A second type of course will be for about fifteen graduate students a year; it will last approximately twelve months and will provide a general training in the policy problems of land reform flexibly adapted to individual needs. In the latter courses, the Institute will work closely with the School of Latin American Economic Studies (ESCOLATINA) and will also co-operate with the general teaching of related subjects in this School and other departments of the University of Chile. It will also organize research, and though at first designed specifically for Chilean needs, may eventually undertake regional international projects as well.

526. Elsewhere, also, training institutes have been established in association with land reform programmes. In Iran, the Ministries of Agriculture and Land Reform have jointly set up two-month courses in co-operative management to aid in the process of building the co-operatives needed to replace the landlords. The most comprehensive plans, however, are those associated with the Philippine reform programme. The special training institutes are to have a maximum capacity of 600 persons at any one time. They will operate at all levels. There are to be executive conferences for the heads of the various agencies involved in the reform programme, five-week seminars for middle-line supervisors, and training programmes for the rank and file members of each project team.

527. Preliminary outlines of these programmes underline the point that the attitudes of administrators are just as important as their knowledge and skills. Thus, the major purposes of the institutes are defined as being:

To orientate personnel in the significance of the programme;

To give them a broad perspective of its underlying philosophy, goals and specific objectives;

To give the ability to cope with organizational tasks required by a succession of new problems;

To re-orientate personnel in the principles and practices of effective management;

To build a unified and co-operative spirit.

It remains to be seen what these phrases are interpreted to mean in practice, and whether the desired attitudes can be induced by the cognitive processes of formal teaching in the framework of an institute, but the importance of these aspects would hardly be challenged. Meanwhile, the contrast between Iran and the Philippines serves to illustrate the unfortunate fact that there usually exists, in practice, an inverse correlation between the need for and the provision for training programmes. It is in the Philippines where activity has so far been limited to leasehold reform in a small number of project areas that the comprehensive training programmes are to be found, while in Iran where over a million acres changed hands in the first year of reform, apart from some *ad hoc* regional training courses, it has only been possible to organize one type of systematic training course on a limited scale.

#### *Training programmes for beneficiaries*

528. A different method of approach is to reduce the problems of organizing extension programmes while at the same time dealing with the legal and other problems of land reform beneficiaries *in situ*, by getting them together in training centres. The Caracas seminar on training for agricultural development and agrarian reform (see table 4 below) urged that this was as important as the training of administrators. Such schemes are a noteworthy feature of the Peruvian land reform programme. In both of the two departments where major projects are under way, boarding institutes have been established which can take respectively fifty and 100 farmers at a time for two- to six-week courses of "civico-technical instruction". In other Latin American land reform programmes, too, such institutes are either planned or are in operation.

TABLE 4

#### Recent training programmes for land reform administrators

Place	Duration	Sponsors *	Title	Participation	Coverage
San José, Costa Rica . . . . .	10-62 to 12-62	IICA and University of Costa Rica	Training Course for Land Reform Professionals	32 senior officials from 18 Latin American countries	Lectures on various aspects of land reform — economic, legal, fiscal, social, ecological, historical, agronomic; analysis of case studies, practical planning exercises
Santiago, Chile .	7-1-63 to 9-3-63	FAO, BID, CORFO and University of Chile	As above	45 senior officials from 16 South American countries	As above
Campinas, Brazil	30-5-63 to 20-7-63	IICA, BID, and OAS	As above	37 from 10 South American centres of all official levels	As above

TABLE 4 (continued)

Place	Duration	Sponsors <sup>a</sup>	Title	Participation	Coverage
Bogotá, Colombia	14-10-63 to 15-12-63	FAO, BID, INCORA and ESAP	As above	49 senior officials from 11 Central and South American countries	As above
Caracas, Vene- zuela . . . . .	30-9-63 to 10-10-63	The ILO, FAO and OAS	Seminar on Employment and Vocational Train- ing in relation to Agra- rian Reform	24 senior officials from 8 Latin American countries	Organization of training for rural development and particularly land reform programmes
Campinas, Brazil.	19-12-63 to 29-12-63	IICA	Interamerican Seminar on Problems of Land Reform	43 from various Latin American countries	Three working groups on inter- national co-operation, personnel training and research direction. Drafting of recommendations to Governments.
Panama City, Pa- nama . . . . .	25-5-64 to 30-5-64	IICA, CIRA	Seminar on the Financing of Land Reform	Experts from 9 Central American countries	Financial aspects of land reform (land valuation, financing of infra-structure, compensation etc.). Practical problems of land reform administration
Lima, Peru . . . .	8-64	IICA, CIRA	Seminar on the Manage- ment of Land Reform Operations	Experts from Andean La- tin American countries	Practical problems of land reform administration
Freetown, Sierra Leone . . . . .	28-12-63 to 18-1-64	FAO, ECA	Land Policy Centre	Senior officials from 6 West African coun- tries	Lectures and discussions on tenure and development problems of West Africa
Tjiawi-Bogor, In- donesia . . . . .	1-4-63 to 4-5-63	Govt. of Indo- nesia and FAO	Symposium on Land Re- form and Land Settle- ment	Officials of Indonesian Government depart- ments, agriculture and credit institutions	Land tenure and settlement pro- blems in Indonesia. Discussions of evaluation methods; field sur- veys, formulation of policy pro- posals
Madrid, Spain . .	13-3-63 to 19-3-63	FAO	Fifth Session of the Working Party on Consolidation of Ho- ldings	40 senior officials from 18 European nations, 8 from international agencies	Institutional obstacles to agricul- tural development in Europe and their remedies
Rotterdam, Ne- therlands . . . .	16-9-64 to 23-9-64	FAO	First Session of the Working Party on Agrarian Structures	30 senior officials from 16 European coun- tries 12 from inter- national agencies	European problems of consolidation and irrigation; of co-operation, and of evaluation of the efficiency of tenure institutions

<sup>a</sup> List of abbreviations

CIRA	Centro Interamericano de Reforma Agraria
CORFO	Corporación de Fomento de la Producción, Chile
ECA	European Commission for Agriculture
ESAP	Escuela Superior de Administración Pública
FAO	Food and Agriculture Organization of the United Nations
BID	Banco Interamericano de Desarrollo
IICA	Instituto Interamericano de Ciencias Agrícolas
ILO	International Labour Organisation
INCORA	Instituto Colombiano de la Reforma Agraria
OAS	Organization of American States (Pan-American Union)

## Chapter II <sup>1</sup>

### FINANCING OF LAND REFORM PROGRAMMES : COMPENSATION PAYMENTS

#### A. SUMMARY

529. General Assembly resolution 1932 (XVIII), entitled "Means of Promoting Agrarian Reform", requested the Secretary-General to include in the next progress report on land reform "...taking into account the experience of the various countries in this regard, the different approaches and methods of undertaking the financing at the national level of a comprehensive land reform programme, including the method of financing by bonds". A number of other aspects of this problem having been dealt with in previous progress reports on land reform,<sup>2</sup> the present chapter centres on the analysis of issues, techniques and approaches relating to compensation payments for land taken for reform purposes.

530. The importance of compensation payments in the financing of land reform is obvious, for this aspect often forms the focus of landowner opposition to reform and may well hold the key to the successful initiation and implementation of an entire land reform programme. The cost of compensation is one of several major financial variables, all interrelated, that must be considered in the planning of land reform programmes; these include the cost of direct loans or grants to new owners, the cost of indirect assistance through technical training and advisory services, and infra-structure works in support of agricultural development as well as general administrative overhead costs. Thus, although it is possible to discuss the question of compensation payments separately, as is done in the present chapter, every decision taken in this area by a government necessarily affects other aspects of a land reform programme by, for example, releasing more or less funds for other items of expenditure and thereby determining indirectly the revenues that must be raised from new owners or from the taxpayers at large.<sup>3</sup>

<sup>1</sup> Professor John Strasma of the Graduate School of Latin American Economic Studies (ESCOLATINA), University of Chile, and the Land Tenure Center, University of Wisconsin, acted as consultant to the Fiscal and Financial Branch of the Department of Economic and Social Affairs United Nations in the preparation of this chapter.

<sup>2</sup> Agricultural credit, reduction of indebtedness, and fiscal policy in relation to land reform were discussed in the first and second reports on *Progress in Land Reform* (United Nations publications, Sales Nos. : 54.II.B.3 and 56.II.B.3). The needs of the new cultivators for production capital, the payment for land, and tax policies were dealt with in the third report (United Nations publication, Sales No. : 63.IV.2).

<sup>3</sup> Foreign financial assistance, though it may be available for aspects of the land reform programme other than compensation (see paras. 662-666), is left out of consideration here, in accordance with the express limitation of the above-quoted resolution to "financing at the national level".

531. The significance of compensation in the financing of land reform depends on the amount of land acquired in return for the compensation paid to private owners, the value assigned it, the time over which payment may be spread, and the cost of the remainder of the reform programme. It also depends on the resources available, to the government: potential increases in tax revenues, ability to borrow from the private sector, and the level of payments to be made by the beneficiaries of the land redistribution. A fundamental variable is the extent to which wealth now invested in land is to be redistributed, and to whom. Traditional bases for valuation in expropriations for land reform include estimates of market value, potential or actual output or income, rentals, and tax assessments. Because none of these methods is fully satisfactory to all concerned, Governments are led to use approximate methods as a way of resolving the conflict between painstaking valuation and reasonable speed in executing land reform. Also, compensation should refer to the true net loss, if any, to the landowner, taking into account public investment in the developmental aspects of land reform which may increase the value of that part of his land which is not expropriated. Whatever the criteria or procedure for valuation, effective progress in land reform usually requires that possession of land be transferred promptly to the reform agency, leaving the resolution of possible conflicts regarding the amount or form of compensation and the entitlement to it, to be fixed later through appropriate administrative and judicial procedures.

532. Market values are notoriously irrelevant in a situation of massive land transfers, and official records are often falsified by evasion of transfer taxes. The imperfect land markets in developing countries are influenced by many factors having nothing to do with the value of given lands as an input in the production of food and fibre. Land prices are affected by speculation and by the usefulness of land as a basis for credit, political or social prestige, or as a hedge against inflation; prices may also be influenced by the fear or expectation of land reform.

533. To the extent that land prices reflect community growth rather than the effort and investment of the owner, the community would expect to share in compensation, e.g., by applying capital gains taxes to expropriated land just as to other transfers. When values are judged to be inflated by exactions from workers or tenants in the form of unduly low wages or excessive rents, indemnification may be divided between them and the former landowner.

534. Actual or potential output and income as a basis for valuation is difficult to estimate reliably, but legal

rents or tax assessments are usually available in public records. Tax assessments have the additional advantage that the owner has assented, tacitly or explicitly, to fulfil his financial obligations toward the community on the basis of these valuations. Where tax records are deficient, owner self-assessments (setting a minimum for tax purposes which will not be exceeded in expropriation valuations) may be a practical stop-gap measure.

535. To avoid increased inflationary pressures, the annual disbursement of compensation payments should be made compatible with over-all monetary and fiscal policies. The difficulty of rapid increases in tax revenues and the pressure to finance other priority programmes, including credit to new owners and other development measures under land reform, usually oblige Governments to pay compensation in bonds amortized over fifteen to thirty years. The bonds usually bear interest at 2 to 5 per cent yearly. Amortization and interest rates are usually uniform among all landowners. However, some systems differentiate between landowners according to the efficiency with which the expropriated land had been used, or according to compliance with norms regarding minimum wages, working conditions, rent controls etc. In countries affected by drastic, continuing inflation, compensation bonds (and the charges payable by the new owners) may be related to a price index or paid in kind. Capital flight, in reaction to fears of inflation or to temporary feelings of political alienation on the part of ex-landowners, can be prevented by making compensation bonds non-negotiable.

536. Major importance attaches to the effective channelling of compensation payments into economically desirable uses. This is so, not only because of the relatively large resources represented by these payments but also because landlords as a group are likely to include a substantial number of highly educated and qualified persons. A number of Governments have therefore devoted considerable efforts to directing these resources into projects of high development priority, not only in industry but also in agriculture. A variety of techniques is available for effecting this objective, including the payment of part of the compensation in shares of government-owned enterprises or in land suitable for reclamation, the advance redemption of bonds for investment in priority projects or their acceptance as security for Development Bank loans for such investments. To the extent that these efforts are effective, compensation payments can be turned from a financial sacrifice into a positive contribution to development.

537. Because land reform is not a mere real estate transaction, charges to beneficiaries (though usually the major source of finance) are not necessarily identical in amount with compensation payments. Governments may subsidize the new owners by charging lower interest, allowing a grace period, or permitting repayment over longer periods. On the other hand, some systems require beneficiaries to repay more than the cost of the land so as to cover part of the cost of credit, public works, technical assistance and general administration.

538. The optimum level of charges will also depend on the expected income of beneficiaries; provision may be made for rebates when desired investments are made or in the event of crop failure. When tenants are made

owners, the rent previously paid indicates one (usually maximum) level of charges that could be sustained. However, charges should be set lower than former rents if the beneficiary is to enjoy some immediate improvement in his level of living, and to create a market for urban manufactures.

539. Land acquisition is merely the first step in land reform; institutional arrangements for valuation and compensation should therefore be kept simple and subordinate to the over-all programme of rural development.

540. The present chapter analyses certain critical problems in valuation and compensation, describing solutions adopted by various countries. However, every government will determine the policies most appropriate for its own programme, consistent with its resources and in the light of the total requirements of the reform programme and of over-all development.

## B. INTRODUCTION

541. The question of compensation for expropriated land falls within the competence and legislation of the country concerned in the exercise of its sovereignty. In countries not maintaining the concept of non-restricted private property in land, the question is not even relevant to land reform.<sup>4</sup> In other countries, the level of compensation varies widely with time and place, ranging from outright confiscation in certain cases to compensation levels fully satisfactory to the landlords. The precise level and modalities of compensation adopted in a particular land reform programme appear to be determined by historical, legal, social and political factors, as well as by the actual economic situation of the country and the financial position of its government.

542. The magnitude of the compensation problem varies substantially among countries, as does the need for land reform itself. When land redistribution involves mostly State-owned lands, or current charges for (cash) compensation payments are held low, or the amount of land redistributed (altogether, or at any one time) is comparatively small, compensation payments tend to be of little or no importance compared with other costs in land reform programmes.

543. On the other hand, if all of the needed land were privately owned, its market value high and compensation to be paid in full over a short period of time, the compensation problem could assume serious proportions relative to the over-all burden of financing the total costs of a broad and effective land reform and agricultural development programme.

544. While detailed statistical data are scarce, especially along comparable lines, it may be noted, by way

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<sup>4</sup> Some Socialist countries, however, have treated the question of compensation as a matter akin to social security. Poland, for instance, in its post-war land reform, allowed able-bodied landowners to retain a small plot for family operation, while pensioning off the elderly. Cuba, under the land reform law of 1963, requisitioned private landholdings above a certain limit, but owners who had been tilling or managing the land personally were to receive between 100 and 200 pesos monthly for ten years, depending on the amount of land involved.



of examples, that under the Venezuelan budget for 1963 the annual cost<sup>5</sup> of land acquisition amounted to some 0.7 per cent of the federal budget or 7 per cent of the total outlays on land reform. The corresponding figures for Colombia (draft budget 1965) were 2.7 and 30 per cent, and for Peru (draft budget 1965) less than 1 and 8.4 per cent, respectively. Looked at in another context, bonds issued in payment of land acquisition increased the total public debt of the United Arab Republic by some 9 per cent while land reform increased the domestic public debt of Italy already much larger than that of most developing countries, by a mere 0.7 per cent, and its redeemable debt by 2 per cent.

545. In fact, payment in cash at "full value" for large quantities of land would be impossible for most countries. It would absorb resources urgently needed for other development purposes, including other land reform measures such as credits and assistance to the new landowners, or the building and staffing of rural schools. Only a government that felt no scarcity of resources, or attached an absolute priority to compensation over all development needs, could value generously and pay cash for all the land it requires. In the usual case of limited resources and multiple demands for their use, however, major decisions must be made on compensation policy. The choice, typically, is between a slower pace of land redistribution or cutback or abandonment of other programmes, or a lower annual disbursement for compensation. The latter has been achieved by reducing cash payments for the property taken; by acquiring some land where no compensation is due; by paying at a lower rate, over a longer time, through compensation in long-term bonds; or by a combination of these methods.

546. Experience in various countries also indicates that choices must be made between technical perfection and speed in accomplishing land reform. When social, political or economic pressures become overwhelming, reform often proceeds at too rapid a pace for elaborate procedures to protect all the rights of the landlords; greater priority is in effect assigned to speeding justice for those who are to benefit in the land reform programme. Likewise, countries beginning land reform early, while pressures are mild, are more able to dedicate resources to compensation payments, to valuation and procedural safeguards as well as to other aspects of reform and agricultural development, than are countries forced by an accumulation of pressures into a massive, rapid, nationwide reform.

547. In all these respects, the formulation of provisions governing the terms and processes of compensation raises legal problems which have sometimes tended to obscure the framework of economic facts and policies within which land reform must realistically operate. Considerable discussion has thus centred around the effects of general constitutional provisions which, in many countries, subject expropriation procedures to a broadly phrased requirement of "full and fair" compensation in cash or the equivalent, before any land or other property is taken

for public purposes. Yet, it must be realized that norms traditionally designed for the occasional taking of a small piece of land — say, for road-building or a post office site — are rarely appropriate — or even intended — for the massive transfer of rights to own and use land, contemplated in most land reform programmes as part of major and deliberate social and economic structural changes in a society. As a result, the desire for significant progress in land reform has in some countries led to constitutional amendments to permit payment in long-term bonds as compensation for land redistribution. In other countries, the power of the legislature to provide for partial or deferred compensation has been held to be implied in constitutional provisions authorizing complete denial of indemnification in proper cases for reasons of equity.<sup>6</sup>

548. In many countries, the search for constitutionally acceptable compensation schemes relies heavily on other provisions which embody the principles of equality of opportunity, redistribution of wealth and full employment. Along the same lines, several developing nations, among them Colombia, Peru and Venezuela, hold in their legislation that private property ownership is justified only when property use fulfils a social function. Land held speculatively, ungrazed and uncultivated, is defined as failing to fulfil this social function and, hence, especially eligible for expropriation. In Colombia, land unexploited for ten years or more is subject to confiscation, and more than 610,000 hectares were returned to government ownership under this rule in 1962 and 1963. Much of this land was remote and of little value, being held speculatively by absentee owners who hoped for a new road or population growth to make the land valuable. Future grants of public land are to be limited to "reasonable" size, as determined by the reform agency, and grantees are under a commitment to exploit the land promptly; two properties totalling 27,000 hectares were recovered in 1963 for substantial failure to fulfil these conditions specified in the grants.

549. In Venezuela, the land reform law provides the possibility of fines up to 75 per cent of the amount of compensation otherwise due for land which was idle for three to five years or more before expropriation. The Peruvian law extends the requirement of social usefulness beyond cultivation, to include also payment of legal wages, taxes, and provision of workers' housing and similar benefits. In partial indemnification for past deficiencies in this respect, the reform agency will divide the amounts fixed for compensation by allocating up to 30 per cent of the total value to the tenants and labourers (to be credited against the price of the land they receive), and the balance to the ex-landlord.

550. In many countries, the redistribution of wealth, chiefly held in the form of land, is a major objective of reform. "Full" compensation in such cases would defeat this purpose, (just as would, for example, compensatory payments to persons subject to top progressive income

<sup>5</sup> As to the relation between annual and total cost of land acquisition, see paragraph 600. These figures include only cash down payments and current service on bonds issued earlier.

<sup>6</sup> This view has been taken, for example, in support of the constitutionality of the deferred payments provisions of the Colombian Land Reform Law of 1961 (see Annual Report of the Instituto Colombiano de la Reforma Agraria for 1962, appendix, pp. 25-34); for further details, see paragraph 633 below.

tax rates) and land reform would become a mass real estate transaction, instead of a major social and economic reform.

551. Redistribution of wealth, along with that of land, may be achieved at many points in land reform programmes, for example, through the choice of appropriate valuation techniques, or terms of payment, or explicitly through the above-mentioned division of compensation payments between former owners and their tenants or labourers. In Pakistan and in several Indian states, compensation is reduced progressively as the area or total value of the landholding increases — in analogy to progressive income and wealth taxation.<sup>7</sup>

552. These objectives of redistribution of wealth and social justice have also been pursued through other policy measures which are related to the land reform programmes, though not directly to the transfer of land rights. Thus, reform programmes often include the control and reduction of rents (as in Brazil, China (Taiwan) and the United Arab Republic); tax increases (as in Chile); and the raising of minimum wages and the improvement of working conditions for agricultural labourers (as in Brazil and the United Arab Republic). These measures are designed to provide relief where the government is unable to carry out land reform simultaneously throughout the country, or where certain crops require the retention of large units for efficient production, while — at least for the present — co-operative forms of ownership are not considered desirable or feasible.

553. Such tenancy and labour regulations in turn tend to reduce net profits earned by landowners, and thus to lower market prices of land. Expropriation after such measures have taken effect, therefore, may lead to lower compensation than would have been indicated by the level of land prices prevailing before the rent and wage reform measures. The very announcement, or expectation, of land reform programmes also tends to affect the market values of land, especially their speculative excesses, and thus the benchmark to which compensation is often related.

554. Whatever the situation or the policy approach, the basic problems in the financing of the transfer of property rights to land may be reduced to the questions of determining the value of the land taken, identifying the persons with claims to a share in this value, and deciding the amount of compensation each shall receive and the method of payment. Once the total amount — or, more realistically, the annual outlay — involved is estimated, the government must determine the sources of financing and take necessary steps to obtain the resources to be paid out in compensation. These steps will usually include, but are not limited to, payments by the beneficiaries to whom the land is transferred.

555. The remaining sections of this chapter will examine each of these questions in the light of the various techniques employed and experiences gathered in different countries, and of the impact of the policy decisions

involved on economic growth and, more particularly, on the success of land reform.

### C. VALUATION FOR COMPENSATION IN LAND REFORM PROGRAMMES

556. The present section is concerned with the manner and timing of land valuation for purposes of fixing the amount of compensation. Reference is made only to countries where compensation is related in some fairly direct way to the value of the land taken. The valuation problem in such cases consists primarily in estimating the actual economic loss, if any, suffered by those who lose part or all of their landholdings in the course of reform programmes. Valuation cannot, therefore, be confined strictly to the land actually transferred, since any loss with respect to that land may be offset by increased value of other property remaining to the owner, resulting from road construction and other developmental aspects of land reform.

557. Traditionally, valuations for compensation in land reform programmes have been based upon estimates of market value, gross output, potential or actual income from the land, legal rentals, and tax assessments. When official records are inadequate bases for such valuation, the process tends to evolve into bilateral negotiation. Owner self-assessment, subject to controls, has also been proposed as a technique for simplifying and accelerating expropriation valuation.

558. In most cases, Governments must choose between maximum protection of the economic rights of landlords and reasonable speed in executing reform. Agronomists can either be employed in appraisals and in testifying before courts in valuation cases, or in establishing the new cultivators and helping former tenants improve their productivity. If landlords are permitted to retain the land until they have exhausted lengthy court appeals over the value set for compensation purposes (and over conflicting ownership claims), reform will be slowed down and much of its intended economic and social impact lost in disillusionment.

559. As will be evident in the following paragraphs, Governments have therefore usually been compelled to use approximate valuation procedures. There may be divergences from "true value", but they are less serious than the social cost of slowing down the reform would be. In most cases, too, provision is made for the land title to pass quickly to the reform agency. The landlord may still appeal valuation to the courts, but the pressure to compromise on price is on him and no longer on a Government anxious to acquire the land quickly.

#### *Current market values*

560. In a perfect land market, there would probably be little need for land reform. Would-be buyers could choose among many properties for sale, large and small, at prices based mainly on expected income and alternative investment opportunities. In practice, however, land markets are often highly imperfect and land prices are influenced by factors quite unrelated to the supply and demand for land as means of producing food and

<sup>7</sup> See table 6, p. 109.

fibre. For example, market prices will fall suddenly, regardless of earnings, if the government announces land reform and the terms of the compensation to be given are uncertain. The first hint of government plans for redistribution is, therefore, likely to upset the market, halt and indeed reverse speculative booms and destroy all continuity of valuation. Theoretically, difficulties of this nature could be eliminated by basing valuations on prices of a time period before serious suggestions of expropriation were made public. In practice, in most developing countries, the reconstruction of such historical price levels would encounter great practical obstacles, even where inflationary price movements would not make them completely inapplicable.<sup>8</sup>

#### *The non-agricultural uses of land*

561. Efforts to relate the price of compensation to market values also raises a series of other problems. In many areas, there is no real land market due to the fact that transactions are very infrequent. Even where land is bought and sold frequently, ownership of land is often a source of prestige, social and political power not traditionally associated with other types of investment. Such factors cannot be recognized in compensation valuation, because land reforms are designed precisely to eliminate, not consecrate, social privilege which is unrelated to real economic contribution.

562. In many countries, land is regarded as an ideal inflation hedge and a prudent speculation; population growth and expected future public investments result in higher rentals and profits with no effort or cost to the landowner. In some countries, land enjoys tax privileges or offers unusual opportunities for tax evasion, including the concealment of non-agricultural income.<sup>9</sup> In many, real estate transfers are habitually recorded at prices far below the real prices in order to evade transfer taxes. On the other hand, an absence of transfer taxes, as in Venezuela, may favour overstatements of prices in anticipation of land reform when valuations are known to be based upon recorded sales. In either case, there are no reliable official records of market transaction prices.

#### *The social share in land values*

563. The present market value of land in developing countries includes a substantial element produced by public development outlays and population growth, and it has been argued that this part of present market values should be excluded from compensation. Admittedly such an approach might appear to have less justification in those cases where the expropriated land had recently been purchased at a price reflecting this community-

produced value. However, large-scale programmes such as land reform can strive only for over-all equity without it being practicable to give detailed consideration to each special case. In the case just mentioned, moreover, there is not likely to be any injustice, since just as the recent purchaser would have expected to pocket unearned gains accruing in the future — for example, from speculative price increases — so, too, must he have expected to bear a loss should the speculative spiral be broken off (by the initiation of land reform, for instance).

564. Similarly, if the transfer price had been recorded below the "true" price to evade transfer taxes, the owner would now suffer the consequences. For inherited land, the value would be that recorded for inheritance tax purposes. Improvements added by the owner would also be compensated; valuation would be at cost-less-depreciation, at replacement cost, or at market values according to whether the owner is expected to replace with similar investments.

565. Even when expropriation is carried out on the basis of earlier transfer prices as a way of recapturing for the community that part of the land value produced by the community, the land remaining in the possession of the landowner as part of his legal entitlement continues to enjoy the enhanced value resulting from general agricultural development. At most, the owner is required to pay betterment levies to finance public works that benefit the land directly.

#### *Examples of the use of market value in valuation*

566. In some countries, as in Peru and Venezuela, market values enter as one element in compensation valuation formulas (see section E, below). The market value has also in certain instances been referred to as the maximum amount to be paid, although other criteria of valuation have been used. This is the case, for example, in the Indian State of Gujarat.

567. Although market value is seldom considered appropriate for land valuation, it is a common and relevant basis for valuation of cattle, plantation, machinery etc. This is the case in Colombia, Iraq, Peru, Venezuela and the Indian States of Madhya Pradesh, Madras, Maharashtra, and the Union Territories of Delhi, Manipur and Tripura.

#### *Tax assessments*

568. A frequently used basis for valuation in land reform programmes is the value assessed for tax purposes. This method has the advantage of being readily available in official records, and expropriation proceedings are often expedited by the fact that the owner has assented, explicitly or tacitly, to the tax valuation of his property. Where land is notoriously under-assessed for tax purposes, the use of the assessment as at least a partial factor in determining compensation levels amounts in effect to reclaiming for the national treasury some of the unpaid tax amounts. Quite apart from this consideration, it is clear that the government cannot be expected to compensate landowners for the price increment which results from the very fact of under-taxation.

<sup>8</sup> See also, *Financial Aspects of Agrarian Reform* (Washington, D.C., Organization of American States, October 1963).

<sup>9</sup> In some developing countries, land income enjoys lower tax rates than income from other sources. In others, farmers are taxed on a presumed rather than a real income. Landowners who also have non-farm activities may charge farm costs to the other activities, and assign non-farm profits to the farm; i.e., those living beyond the income declared for tax purposes explain, if accused of evasion, that the excess income came from the land.

569. Land reform in Italy, for example, was thus accompanied by compensation not at market value, as in the case of expropriation for conventional public purposes, but at values that had been determined for the extraordinary graduated tax on wealth imposed at the end of the Second World War. These were generally regarded as less than full market value.

570. Tax records constitute the basis for valuation in four Indian States : Assam, Madhya Pradesh, Uttar Pradesh and Himachal Pradesh. The multiple of the annual tax (land revenue) taken as the land value varies widely between the different states; 50 times (25 times for fallow lands) in Assam; from 20 to 50 times in Madhya Pradesh, depending on the annual amount of land revenue; 80 times the land revenue or 40 times the hereditary rate, whichever is greater, plus 20 times the difference between the hereditary rate and the land revenue for *Bhumidhars* (landowners) in Uttar Pradesh; and finally in Himachal Pradesh, 4 times for lands lying uncultivated for 6 years and 48 times for cultivated land.

571. In Iran, compensation is to be set at 105 to 180 times the annual land tax, varying among regions. The tax in turn was originally intended to be 10 per cent of the net rental income of the landlords. In the United Arab Republic, the land tax served as basis for both compensation (70 times) and legal rents (7 times).

572. In Japan and the Republic of Korea, taxes were not the basis for compensation. However, the ratio of the land tax for each property to the tax of an average field in the locality was used to determine the exact valuation of each specific field. In the Republic of Korea, for instance, compensation was 150 per cent of the average annual product. The product determined for the average field was adjusted by the ratio of the land taxes, to determine the presumed product of the property in question.<sup>10</sup>

573. In Venezuela, tax values are one of the factors to be considered in valuations. However, when tax declarations are not readily available, or non-existent, or admittedly far from real values, they are usually left out of the calculation. In Peru, on the other hand, the income declared for income tax purposes is to be capitalized to obtain one of three values which are averaged for compensation valuations.<sup>11</sup> Under-declaration during any or all of the five years prior to expropriation proceedings will therefore lead to lower compensation. The capitalization ratio was to be fixed by subsequent Decrees; yields from 6 to 9 per cent were mentioned as appropriate during the congressional debate of the Peruvian Reform Law in 1964, while the Presidential proposal originally called for capitalization at 12 per cent. Another recent Peruvian law provides enforcement for transfer taxes by authorizing the Government to pay the last recorded sale price where lower than the price otherwise determined in expropriation cases.

<sup>10</sup> Other procedures were used to appraise tree crops and certain other special cases, as reported in *Progress in Land Reform—Third Report*, op. cit., chap. V, para. 64).

<sup>11</sup> Market value and capitalized potential income are the other bases; see the next section.

574. Finally, in Colombia, tax assessments serve as a ceiling.<sup>12</sup> Valuation, whether determined professionally in expropriations proceedings or by negotiation, may not exceed the figures upon which owners paid taxes before being notified of government interest in their land. At first, during 1963, the ceiling was 130 per cent of the assessed value, and 13,270 hectares were acquired at or under this limit. Landowners' protests and appeals for justice — most assessments were over ten years old, and similar properties had very dissimilar assessments — led to a new decree ordering a reassessment. To avoid delay for the reform programme, however, owners were permitted to assess their own properties, setting a figure for tax purposes which will be the compensation ceiling as well. The first opportunity to declare an assessment value closed in February 1964, and the values declared are in force for 1964 and 1965. Non-declarers are presumed by law to have ratified the existing values. With this change, the limit was cut back to 100 per cent for all assessments, however and whenever determined.<sup>13</sup>

#### *Capitalized value of potential or actual income*

575. One of the three elements in valuation, according to the Peruvian Land Reform Law of 1964, is the capitalized potential yield of the land, estimated by the technical staff of the Institute of Agrarian Reform and Development.<sup>14</sup>

576. This method of valuation presents two difficulties. Estimating the potential yield of land that has never been used intensively, involves serious technical difficulties requiring a large staff of qualified personnel. It also requires assumptions as to technology and capital inputs. Secondly, compensation is most often justified as a partial or complete restitution of the *status quo ante*. Compensation according to potential yields and costs, rather than actual income, would leave the landlord better off than he was before. Moreover, one economic reason for land reform in some countries, is precisely that present owners are notoriously under-exploiting the land, retarding economic development for the whole country. It seems therefore reasonable to state that compensation payments determined by historical yields and costs correspond more correctly to the actual economic loss of expropriated owners, while potential yields and costs more readily reflect the income ultimately to be earned by new owners.

577. Most countries choosing a capitalized-income approach have accordingly preferred to relate the price for land to its actual income-production either directly, or indirectly by basing the valuation on the rent of land. In the Indian State of Andhra Pradesh, the scale of compensation is based upon three to five times the gross income. Most often in India, however, the indemnity is based on net annual income, either proportionally

<sup>12</sup> A similar rule appears in the Brazilian land reform law published 30 November 1964.

<sup>13</sup> For further discussion on self-assessment, see paragraphs 579-586 below.

<sup>14</sup> The other elements are commercial values set by an appraisal, and the capitalized average income declared for tax purposes during the five years prior to expropriation. See the discussion in section E, below.

as in Mysore (ten times the average net annual income) and in Delhi (twenty times), or progressively, according to the income of each person, as in West Bengal or according to the total valuation, as in Madras.

578. In Japan, where the land was intensively farmed already, the purchase price, according to the Land Reform Law of 1946, was based on a calculation of the average owner-farmer's net profit, using average yields for 1940-1944 and prices as of 1945. This net profit was then capitalized at the current interest rate on government bonds. Landlords received an additional indemnity for land up to a certain (rather low) maximum acreage, which was similarly calculated on the basis of an estimate of landlord's profit (i.e. average rent — by then controlled under wartime ordinances — less taxes and expenses).

### *Self-assessment*

579. The method of self-assessment has been suggested as an alternative compromise basis to determine value, and recent experiments in Colombia along these lines seem encouraging. The landowner himself would state the value of his holdings, which is then applied in all of his financial relations with the Government. The advantages of this method are that it has virtually no administrative cost, and the owner will think carefully before either under- or over-estimating the value. Over-valuation would result in a high liability under property and inheritance taxes, and under certain types of income taxes based on the presumed earnings of capital. Under-valuation reduces taxes but means less compensation in the event of land reform. If the landowner takes both taxes and the likelihood of expropriation seriously, he is expected to compromise and value his holdings close to "true" value. This "true" value is likely to approximate both the market price and the capitalized value of the income-producing ability of land.

580. This procedure meets a typical landowner objection to technical appraisals: correctly or not, many owners believe they know better than anyone else what their land is worth. Likewise, owners can hardly say self-assessed values are unfair, and it simplifies juridical problems in expropriation. The owners' value would serve for all expropriations, not just land reform, thus vastly simplifying the acquisition process for highway, irrigation and other public works.

581. The method of self-assessment requires that the land reform programme be supported by a substantial land tax, at a rate heavy enough to discourage over-valuation. The system also requires automatic annual adjustments when inflation is significant. Declared values should be fixed for several years at a time, then a new chance given to adjust for technological changes and changes in market conditions. If a new declaration were possible at any moment, many landlords would declare low values until they received information that expropriation was imminent. In Colombia, where this system is in use pending national reassessment, declarations rule for two years at a time.

582. As a method of valuating land for land reform compensation, self-assessment as described above still

presents problems, just as do all the other methods. It is a relatively unknown method, and would require careful publicity, lest owners see only the immediate tax implication and thus rob themselves in compensation when the land is taken. Also, reform agencies might choose to use limited funds to acquire the properties most under-valued. While this would increase redistribution, it would perhaps not be the most efficient way to set up a reform programme.

583. The measure has been attacked as permitting owners, willing to invest one or two years in land taxes on high declared values (but usually at low rates), in order to collect excessive compensation. The technique is most suitable when reform is stretched over years, and owners cannot be sure when they will be affected by it. Some critics fear, for instance, that owners will declare high values, and then prompt their tenants to demand immediate expropriation — the owner deliberately creating social conflict. This difficulty has been resolved in Colombia by stipulating traditional appraisal, with the self-assessment serving as a ceiling rather than a floor, to the value set. Another approach would be to permit the government to appeal to a special valuation court or board when the value seemed excessive. In this case, the reform agency would have authority to take the land and proceed with redistribution pending determination of the price, though interest would be paid from the date on which the land is acquired, rather than from the date of the final decision.

584. From a fiscal viewpoint, the usefulness of self-assessment depends largely upon how good existing assessments are, and how real the threat of expropriation appears to the landowners. To ensure that fiscal revenue will not drop, Colombia prohibits the recording of any declaration for less than present assessment (many ten or twenty years old). Tax rates in Colombia are four to eight per mil, but real estate is also taxed at assessed values under the annual personal net-worth tax, with progressive rates reaching fifteen per mil at about \$US 80,000. Owners of properties under 100 hectares are not subject to land reform measures; they are thus not even expected to declare under the self-assessment system.<sup>15</sup>

585. For fiscal purposes, self-assessment can in some circumstances raise land tax receipts and thus help finance reform. Self-assessment could be considered definitive, but is regarded in Colombia as a stop-gap arrangement. As the official appraising agency gets around to reassessing a property, its assessment takes the place of the owner's value for both tax and expropriation purposes. The threat of expropriation at this price is likely to affect the frequency of appeals, however.

<sup>15</sup> Self-assessment could also be used for fiscal purposes where no land reform is involved. Here compliance could be obtained from owners by permitting any person to bid for property at the value declared by the owner, plus a minimum of, say, 10 per cent. If the owner declined to sell, the assessment would be raised to the amount rejected, retroactively for two or three years. A share in the tax increase would be paid the frustrated would-be buyer in this case. For a summary and discussion of the various problems involved, see J. D. Strasma, "Market-enforced Self-assessment for Property Taxes" (Land Tenure Center, University of Wisconsin 1965).

It is even conceivable that some owners will appeal for higher valuation.

*Combination of different methods (Venezuela and Peru)*

586. On the assumption that it is impossible to have full confidence in any one basis of valuation of the kind described above, some land reform programmes resort to a formula specifying the use of several different bases. The Venezuelan Land Reform Law (Article 25) of 19 March 1960, for example, specifies that valuation shall take into account the following factors :

“(a) Average production during the six years immediately prior to the amount of acquisition or to the date of the request for expropriation;

“(b) The value of the declaration or official estimation made for fiscal purposes according to appropriate laws;

“(c) The price of acquisition of the property in the last transfers of title realized in the ten years preceding the time of valuation and the prices of acquisition of similar properties in the same region or zone during the five years prior to the date of the request for expropriation or of the offer of purchase.

“*Paragraph 1* : Even when the before-mentioned factors are to be taken principally into account in the valuation of properties, any other factors that serve to fix the just price, as well as others mentioned in the Law of Expropriation for Cause of Public or Social Utility, shall also be considered.

“*Paragraph 2* : The valuation will include, in addition to the price of the lands, that of existing constructions, installations, annexes, livestock, tools and improvements.

“*Paragraph 3* : For the determination of the price, the valuation shall take into account solely the real and true value of the farm, omitting all consideration of hypothetical damages and sentimental relations of the owner with the property.”

587. The Venezuelan Law of 1960 does not specify the manner in which various problems inherent in the application of these factors shall be resolved. However, the manual of procedure for valuers states that the net production is to be determined and capitalized so as to represent the value of land alone, excluding other capital and management. Net product is to be determined by subtracting all capital except land, plus 12 per cent on costs plus interest, as a return for management, from gross value of production.

588. The resulting figure for net earnings from land is to be determined for six years and averaged; the average is to be capitalized at 8 to 12 per cent, i.e., multiplied by a factor between 8.33 and 12.5, the factor depending on the judgement of the valuer as to “risk and similar factors” tending to a higher or lower return on capital invested in land in the area. The resulting figure is the valuation to be applied to land and improvements.

589. In Venezuela as in some other Latin American countries, available records and accounts of output and costs and tax assessments are incomplete or un-

reliable. In practice, therefore, most valuations are said to be determined almost entirely by recorded past sales prices for the property in question (the last ten years) and for other nearby lands (during the last five years).

590. Recorded sales prices have tended to move upwards in the last two or three years in large areas of Venezuela, tending to higher valuations for land acquisitions. This tendency may be partly a result of the removal of earlier uncertainty as to the pace and methods of land reform. It may also be explained by a devaluation of the currency and an associated increase in the prices of some agricultural products, and by economic growth in general tending to outrun the increase in agricultural output in most years.

591. It is also possible that recorded prices are exaggerated; land buyers would prefer over-statement, in order to increase the compensation in the event that the same land were later to be expropriated. Since there is no transfer tax and a very light tax on capital gains from land sales, the seller has no reason to refuse to report an exaggerated price.

592. In the Peruvian Land Reform Law of 1964, compensation valuations are to be determined as an average of three values :

“1. The value corresponding to the average value declared for the tax on rural property (an income tax);

“2. The value according to the appreciation of potential yield of the land formulated by the technical staff of the Institute of Agrarian Reform and Development;

“3. Direct valuation according to the latest scales of the Technical Body of Appraisals (a professional association) of Peru.”

As in most countries, land improvements, machinery and live-stock are to be valued separately.

593. The Technical Council set up under the Peruvian law to advise and review the progress of land reform stated in its 1964 report that potential earnings were not a suitable basis, and that actual earnings would be “more technical” and most appropriate. The basis for this proposed change appears to be that suggested in paragraphs 558 and 576.

594. In any case, it appears that the use of multiple-factor formula increases the cost and delay of valuation procedures. It does not necessarily lead to more accurate values, because the valuation office and the courts must work with the limited technical staff and data available, which are inadequate for thorough valuation by several approaches. Here again, Governments must choose between more rapid progress in land reform on one side and greater attention to handling individual cases on the other.

*Indebtedness and land reform*

595. Creditors of landlords are not usually permitted to delay proceedings, nor to cloud the title of land expropriated in land reform programmes. Individuals, banks and State institutions may hold liens against the land. Most reform laws provide that the lien must be



lifted, but in some cases the creditor is simply obliged to accept payment in bonds. For the sake of convenience, the reform law often authorized banks and State institutions to accept such bonds and hold them as investments in their portfolios, as an exception to general regulations to the contrary. An alternative is sometimes provided, as in Peru and Colombia, where the creditor and the reform agency may agree that the latter shall pay the debt according to its original terms and due date.

596. If the interest rate exceeds a legal maximum for the land reform agency — 4 per cent in the United Arab Republic, 4 to 6 per cent in Colombia — the reform agency in some countries is authorized to pay the difference, less the decreased risk factor when the government agrees to pay a private debt. In Colombia, the present value of the difference is supposed to be computed and added to the principal of the debt; in the United Arab Republic, allowances for collection costs and bad debt losses are to be subtracted from the interest rate to determine the rate which the agency will agree to pay. Naturally, allowances for creditors are deducted from the indemnification assigned the former owner.

#### D. TECHNIQUES OF PAYMENT OF COMPENSATION

597. The choice of methods of paying compensation depends largely on the total amount to be paid and the extent to which resources are available for payment in liquid, or negotiable, form. These methods largely consist in variations and combinations of payments in the form of cash, bonds or participation in public enterprises and institutions. Before examining in more detail the methods used in different countries, it may be useful to draw attention to two overriding considerations Governments have in mind in making their selection.

##### *Liquidity and inflation*

598. Inflationary pressures, often a problem in developing economies, will be increased if the supply of purchasing power in the economy is increased significantly through compensation payments. One way to meet this is a corresponding reduction in money demand elsewhere, through credit restraint, increased taxes, or the sale of government securities or of other assets to the private sector. Compensation paid in non-negotiable bonds or shares in public undertakings generates little or no inflationary pressure. In such cases, there is no immediate increase in over-all effective demand, regardless of whether compensation levels are high or low in relation to former market values of the land taken.

599. For example, in a draft working programme for 1965, Peru planned to acquire land costing 1,215 million soles. However, only 10 per cent (the initial cash outlay averaging 5 per cent, plus an average six months of debt service) would be required in 1965, with the rest deferred over an average of twenty years. Of a total draft budget for land reform in 1965 of 1,643 million soles, only 8 per cent would thus be spent on compensation in 1965. More than half of the 1965 programme (942 million soles) was sought for the extension of credit to the beneficiaries of the various programmes, existing and new.

#### *Example*

##### A DRAFT PROGRAMME IN LAND REFORM (PERU)<sup>16</sup>

	<i>Million soles</i>
Land acquisition (first year) . . . . .	121.5
Colonization . . . . .	255.6
Technical and social assistance . . . . .	111.4
Research (cadastral, resources) . . . . .	30.0
Aid to local parcelations . . . . .	20.0
Staff training . . . . .	2.0
Reserve for contingencies . . . . .	20.0
Administration — Lima . . . . .	20.0
Administration — programmes . . . . .	130.1
Credit (net) to be extended . . . . .	942.2
TOTAL	1,642.8

600. Outside this programme, 1,157 million soles of amortization, plus interest at an average of 5 per cent, would remain to be paid in future years for the land taken in 1965. The entire land redistribution programme has been estimated to require ten years in Peru.<sup>17</sup> If each year were to have the same initial outlay for land acquisition, as shown in the 1965 draft programme, the tenth year would include (besides 121.5 million soles for current acquisition) some 972 million soles for amortization of debt on the land taken earlier. If the total programme budget were maintained at the 1965 level, compensation would absorb some 60 per cent in the tenth year, compared to 8 per cent in the first year. This in turn would mean that development outlays and administrative costs would have to be reduced drastically below the levels of 1965, unless substantial new revenues were to be raised. Yet, the fact remains that in the immediate future, deferred payment through the use of bonds does largely eliminate the inflationary threat which might otherwise result from the compensation process.

601. Moreover, such deferred payment corresponds to what is in fact common practice in private land markets. Landowners' investments prior to reform are by no means entirely liquid. Movable property can usually be sold at "normal" prices, for cash, provided not all landowners try to sell at the same time, as they might in fear of drastic land reform measures. The land itself, and immovable property, however, can generally be sold only with great difficulty and delay. Very few land buyers are willing or able to pay the full price agreed upon in cash. In terms of liquidity, landowners compensated in cash for movable property, and in instalments, bonds or shares in public undertakings for land and fixed capital, are therefore generally no worse off than in most private real estate transactions.

602. This fact, plus a desire to concentrate government resources and staff on the developmental aspects of land reform, has led to proposals that government should not finance land redistribution at all, but should rather lend its guarantee to the instalment payment obligations

<sup>16</sup> The exchange rate was approximately 27 soles to \$US 1.00.

<sup>17</sup> Erik Thorbecke, "Some Notes on the Macro-economic Implications and the Costs of Financing Agrarian Reform in Peru" (Iowa University/AID contract group, 1963) (mimeographed).



of tenants and labourers who buy land from their landlords and employers. Such arrangements were envisaged in the abortive first Japanese land reform law (1945), and have been tried in some Indian states, without great success. Landowners content with present rentals have, of course, no reason to sell except for higher prices. Land reform, however, usually aims at transferring the land at lower prices, representing some redistribution of wealth to the tenants, and this cannot be done on a voluntary basis through the private market.

603. Perhaps a more realistic scheme, though apparently it has not so far been tried in practice, might be to effect land reform through a compulsory sale of land to tenants at favourable prices in which the beneficiaries pay directly to the former owner, with a government guarantee but no direct government financial intervention.

#### *Liquidity and the investment of compensation payments*

604. It cannot be assumed *a priori* that landlords will reinvest compensation payments in ways favouring economic growth.<sup>18</sup> If not controlled in any way, some of these amounts will flow into less desirable uses (e.g., into luxurious urban construction or into the purchase of foreign exchange for deposit abroad).

605. Even when landowners promise or are obliged to invest compensation payments in some type of industry, this is not always the most desirable use of such capital. In some cases where agricultural products which could be produced in the country are imported, despite the existence of idle land and underemployed or unemployed labour, the highest priority for investment may well be in agriculture. To this end, land reform bonds have been made acceptable as guarantees for medium-term loans from agricultural banks (e.g., under the laws of Peru and Venezuela) for intensification of the exploitation of the lands remaining in the possession of the landowner under the reform programme. Expropriated landlords can also be encouraged to trade compensation claims for virgin lands capable of being brought into cultivation, as in the Philippines.

606. Varying the form of compensation in every individual case according to the intended use of the payments would be difficult, hard to administer, and exposed to corruption. It is more practical to pay compensation in non-negotiable bonds and then, once the ex-landlord has worked up a specific investment project as good as others being considered in national development programmes, lend the required liquid investment funds against the guarantee of his land bonds. The same system is of course applicable when projects are developed by a government agency (or by development consultants), and then offered to ex-landlords (and others) capable of implementing them.

7. This procedure permits control as to the use especially as to the rate of increase of liquid purchasing power in the economy, which simplifies other economic and planning problems. It also permits the com-

parison of projects presented by ex-landlords with those presented by other persons and companies, to ensure that resources available for industrial and agricultural development are invested in the most productive projects presented, regardless of whether the persons involved happen to be former landlords. Naturally, development planning should take land reform and compensation arrangements into account, estimating probable short and long-run structural changes in supply and demand, before determining investment priorities. This, in turn, should affect the choice of activities for which compensation bonds will be most readily convertible.

608. Illiquidity, or non-negotiability, also prevents ex-landowners from reacting hastily to the changed social and political situation produced in the course of land reform or preceding it. This pause presumably makes it easier for the ex-landlords, now *rentiers*, to find a useful role in the new society. If payment were made in liquid, fully convertible form, they might choose hastily to abandon the economy or the country altogether, converting payments into foreign exchange.

609. This, of course, would constitute a great waste not only from the purely financial point of view, but also from that of economic development: landowners as a group — especially those of the younger generation — are likely to contain a substantial proportion of highly educated and qualified persons; their successful integration in the developing economic structure of the country is thus a matter not only of vital interest to them, but of great potential advantage to economic development as a whole. Government efforts to direct their compensation funds into desirable channels might therefore usefully extend also to securing their personal involvement in, and commitment to, the new development objectives.

#### *Forms of compensation in recent reform programmes*

##### *Cash*

610. Many countries reporting progress in land reform make at least token cash payment for land actually in use when taken, whether purchased by mutual agreement or expropriated. Such payments vary from the equivalent of about \$US 10.00 (Japan) to nearly \$US 40,000.00 (Venezuela). The amount paid in cash may be a fixed amount, or may be a percentage of the total value. In Colombia and Peru, it also depends on whether the property was exploited poorly or well under the previous owners. When reform programmes require the expropriation of *minifundia*, welfare considerations and the small amount involved in each case favour compensation payments 100 per cent in cash, as under the Brazilian Land Statute of 1964.

611. Movable property is most often valued separately and paid for in cash if the land reform agency wants to acquire it. This is almost always the case with live-stock. Venezuela is an exception; all property found on the land at the time of valuation is to be inventoried and included in the over-all price which is paid for partly in cash and partly in bonds.

612. Buildings and other immovable property are in most countries (e.g., Chile, Colombia and Peru) included

<sup>18</sup> This subject is also treated in chapter VI, in connexion with the question of capital formation.

in the value of the land itself and compensated in the same manner as the land, in cash, bonds and/or shares in public undertakings. Separate compensation arrangements for immovable property are, however, to be found in some cases — e.g., in the Indian states of Andhra Pradesh, Assam, and Madhya Pradesh.

613. Fear is sometimes expressed that land reform legislation which does not pay cash in full for improvements will discourage investment in land whose owners expect to be affected. In practice, however, investment

in such lands is usually halted at the first discussion of land reform. In a few countries, particularly in Latin America, the lack of investment by the present owners in land improvement has long been noted and constitutes a major economic reason for reform. Once a reform programme has been announced, owners are understandably reluctant to invest — even if promised repayment in cash — in plantations or improvements which will not yield additional income immediately, since the land may be taken before they receive an adequate return on their investment.

TABLE 5  
Form of compensation payments in selected recent land reform programmes

Country (and type of land <sup>a</sup> )	Year of law	Cash	Bonds or contracts <sup>b</sup>
Bolivia . . . . .	1953	none	25-year, 2 % (never issued)
Chile . . . . .	1962	up to 20 %	10-year, 4 % <sup>c</sup>
China (Taiwan) . . . . .	1951	none	10-year, 4 % <sup>d</sup>
Cuba . . . . .	1959	none	20-year, 4.5 %
	1963	none	100-200 pesos/month <sup>e</sup>
Colombia: type A . . . . .	1961	none	25-year, 2 % (N) <sup>f</sup>
type B . . . . .	1961	75-100,000 pesos	8-year, 4 %
type C . . . . .	1961	150-300,000 pesos	5-year, 6 %
India . . . . .	(State laws; see table 2)		
Iraq . . . . .	1958	none	20-year, 3 % (1st 10,000 dinars)
	1958	none	40-year, 3 % (all above) <sup>g</sup>
Iran . . . . .	1963	6.67 %	14-year, 3 %
Italy . . . . .	1951	<sup>h</sup>	25-year, 5 % (N)
Japan . . . . .	1946	up to 1,000 yen <sup>i</sup>	30-year, 3.65 % <sup>j</sup>
Pakistan . . . . .	1959	none	25-year, 4 %
Peru: type A . . . . .	1964	50,000 soles	22-year, 4 % (N)
type B . . . . .	1964	100,000 soles	20-year, 5 % (N)
type C . . . . .	1964	200,000 soles	18-year, 6 % (N)
Philippines . . . . .	1963	10 %	25-year, 6 % <sup>k</sup>
Republic of Korea . . . . .	1950	none	5-year, no interest
United Arab Republic . . . . .	1952	none	40-year, 1.5 % (N) <sup>l</sup>
	1961, 1963	none	15-year, 4 % (N)
Venezuela: type A . . . . .	1960	100-200,000 bolívares	20-year, 3 %
type B . . . . .	1960	100-200,000 bolívares	15-year, 4 %
type C . . . . .	1960	100-200,000 bolívares	10-year, 5 % (N) <sup>m</sup>

<sup>a</sup> Type A land is idle when expropriated; B is poorly exploited; C is well exploited.

<sup>b</sup> Bonds are non-negotiable unless the symbol N appears.

<sup>c</sup> Readjusted in principal and interest according to wheat prices.

<sup>d</sup> Payable in rice, sweet potatoes, or current cash equivalents.

<sup>e</sup> Monthly pension during 10 years; within these limits, amount is calculated as 10 to 15 pesos monthly for each 13 hectares taken. Limited to persons actually operating land.

<sup>f</sup> Land idle for ten years is confiscated outright.

<sup>g</sup> Half of all amortization payments must be deposited in the Agricultural Bank at 2 % interest yearly, until maturity of the bonds.

<sup>h</sup> Owners may request part compensation in cash for immediate investment in their remaining lands.

<sup>i</sup> Odd sum under 1,000 yen of the amount paid.

<sup>j</sup> Within 30 years, but actually 22 years deferred for 2 years.

<sup>k</sup> Owners have a variety of alternatives to bonds, including 6 % participating preferred stock in the Land Bank, reparations goods, public lands, and stock in denationalized enterprises.

<sup>l</sup> Transferable only to United Arab Republic citizens and Palestine refugees.

<sup>m</sup> The law specifies "market" rates for type C land bonds.

614. The best solution to the problem where investment is actually reduced by uncertainty is to identify quickly the lands not subject to expropriation and to acquire and distribute the other lands to be affected as promptly as possible. The aim is to put all land again in the hands of persons who expect to keep it, and thus to reap the fruit of investments they make.

615. In the Italian land reform programme, landowners were permitted to request the cash payment of part of their indemnity to cover the cost of improvement works they wished to carry out on their remaining property.<sup>19</sup> In most regions this offer was limited to 25 per cent of the total compensation. Cash payments were made in instalments according to progress in the work, with not more than 20 per cent of the project cost advanced

<sup>19</sup> See also the discussion of reinvestment in chapter V, section B.

at any one time. Between 10 and 15 per cent of total compensation is reported to have been disbursed in cash for such investment projects.

#### Bonds

616. Generally, deferred payment for land takes the form of bonds (usually non-negotiable), sometimes denominated "agrarian debt", which generally enjoy the full guarantee of the Government. The maturities of agrarian bonds range from fifteen to twenty-five years, with a few as short as ten and others as long as forty years. Interest is usually paid annually by coupon. Amortization is frequently by drawing, with one series or individual bonds retired at par when drawn in the lottery. In other cases, bonds may be retired through purchase in the market or by payment at the end of the term specified. Interest rates on land reform bonds vary from 1.5 to 6 per cent, as indicated in tables 5 and 6.

TABLE 6

### Compensation schemes in some Indian states <sup>a</sup>

States	Scale of compensation	Mode of payment
Andhra Pradesh.	For the first 4 1/2 family holdings: 5 times the gross income; for the next 4 1/2 family holdings: 4 times the gross income; for the balance of the holdings surrendered: 3 times the gross income	Payable either in cash or bonds or both
Assam . . . . .	Fifty times the annual land revenue; for fallow land, 25 times compensation for improvements not to exceed 100 times the land revenue; for fallow lands, not to exceed 50 times the land revenue. If there is a tenant, he receives (out of the total) 30 to 35 times the land revenue, and for fallow land 5 to 10 times	Payable in cash or annual instalments not exceeding five with interest at 2 1/2 per cent on the unpaid amount
Kerala . . . . .	The percentage of market value of land calculated as follows: on the first Rs.15,000 of total market value, 60 %; on the next Rs. 15,000 of total market value, 55 %; on the next Rs. 15,000 of total market value, 50 %; etc., down to (in excess of Rs. 105,000); 25 %	Payable in cash and/or negotiable bonds redeemable in ten years at 4 1/2 per cent interest per annum
Madhya Pradesh.	Payable on a progressive system based on annual land revenue per acre ranging from fifty (revenue up to R.1.0 per acre) to twenty (revenue over Rs.6.0 per acre) times the amount of land revenue; plus the value of improvements	Compensation up to Rs.1,000 is payable in cash and balance in nineteen equal annual instalments with interest at 3 per cent
Mysore . . . . .	Ten times the average net annual income of land. In case there is a tenant in possession, he shall receive out of it one year's average income	If the land vested is less than a basic holding, in a lump sum. In other cases, in instalments not exceeding twenty with interest at 4 1/2 per cent per annum
Uttar Pradesh . . . . .	1. For <i>Bhumidhars</i> (owners) 80 times the land revenue or 40 times the hereditary rate, whichever is greater, plus 20 times the difference between the hereditary rate and the land revenue 2. For <i>Sirdars</i> (who have permanent and heritable rights but not the right of transfers) and tenants who have similar rights — 20 times the hereditary rate plus 20 times the difference between the hereditary rate and the land revenue 3. For <i>Asamis</i> and other tenants without permanent rights, 5 times the rent 4. Market values are paid for masonry, wells, buildings and trees	Payable in cash or in bonds with interest at 3 1/2 per cent
Delhi (Union Territory) . . . . .	Twenty times the net annual income (net income is one-fifth of gross average produce), plus the market value of improvements	Payable in cash in a lump sum, or in instalments or in bonds redeemable over a period of ten years at an interest of 2 1/2 per cent

<sup>a</sup> SOURCE : *Progress of Land Reform* (Planning Commission, Government of India, 1963). The Constitution was amended in 1951 and 1955 so as to permit legislatures to provide by law for less than full compensation in expropriation measures.

617. The liquidity of compensation payments, and thus the effective annual burden, is reduced or postponed in two stages under the Iraqi Law of 1958, which provides for payment in 3 per cent bonds, due over twenty years if the total compensation is 10,000 dinars or less, and in forty years for the amount that exceeds that sum. One half of each annual payment must be deposited in the Agricultural Bank, where it will earn 2 per cent annual interest but will be frozen until the end of the twenty or forty-year period, as the case may be.

618. The interest rates and maturities of bonds may also vary according to the degree to which the land taken fulfilled or did not fulfil its social function. In Peru, for example, idle land is paid for in 4 per cent twenty-two-year bonds, while well-exploited property is paid for in 6 per cent eighteen-year bonds — provided labourers were well paid, taxes up to date etc. The down payment in cash is also much larger for the landowner who used the land well and respected these norms.

619. Alternatively, or in conjunction with such features, a fine may be levied on the owners of idle land. Venezuelan law contemplates a fine of up to 75 per cent of compensable value for the owners of land idle for three to five years prior to expropriation, and Colombia confiscates outright when land has been idle for ten years or longer. For land idle for shorter periods, Colombia pays in twenty-five-year 2 per cent bonds, while even poorly-exploited land must be paid for in only eight years at 4 per cent interest.

#### *Bonds and landlord debts*

620. In most countries, debts secured by liens on the land taken, are settled and the compensation paid to the owner is reduced accordingly. In Venezuela, both these and other debts of ex-landlords to official financial institutions may be paid in land bonds, which are otherwise non-negotiable.

621. In Peru, the Philippines and Venezuela, land reform laws also provide that land bonds may be pledged to official banks as guarantees of new credits for industrial or other investments.<sup>20</sup> There is no actual operating experience as yet with these provisions. In Peru, bonds are to guarantee loans of from 50 per cent to 80 per cent of par for most purposes, and may be exchanged at nominal value for shares in a new trust fund, administered by the Industrial Bank, for the financing of new enterprises organized by the Bank or by ex-landowners. Bonds are to guarantee loans for up to 60 per cent of their nominal value in the Philippines, while the discount has yet to be determined in Venezuela.

#### *Bonds and taxation*

622. Most countries accept the bonds and interest coupons, upon maturity, in payment of taxes and of other debts owed the government or official financial institutions. This makes the bonds more attractive without any net change in government resources. Acceptance prior to due dates, however, would reduce revenue without reducing current liabilities, tending to create a fiscal deficit.

623. In some countries, the bonds and interest payments are exempt from income and wealth taxes, while in other countries (Colombia for instance) the interest and principal of land reform bonds and certificates are fully subject to income and net wealth taxes. An exemption would in effect favour very wealthy bondholders more than others under a system of progressive income taxes. Since the ex-landlords have no option to receive cash instead of bonds, the income taxation of interest would not decrease the extent to which bonds can be placed, and it would help finance the reform programme. When bondholders are encouraged to convert bonds into other investments (see paragraphs 631 and 632 below), the taxation of bond interest income should increase their willingness to do so.

#### *Payment in bonds by beneficiaries in land reform programmes*

624. In those reforms in which bonds are made negotiable, such as that of Peru, the bonds are often accepted at nominal value, even before maturity, in payment of the obligations of the beneficiaries of land reform. The beneficiaries, if they are to take advantage of this provision, must buy the bonds from the ex-landowners. This demand helps support the market price of the bonds, but to the extent that market quotations are below par, it produces further redistribution in favour of the beneficiaries in land reform programmes. Given the lack of contact of the average beneficiary with the capital market, either a bank or the reform agency itself would have to take the initiative in helping the beneficiaries acquire bonds at favourable prices. The Colombian law provides that this be done by the Colombian Institute for Agrarian Reform (INCORA), which is to buy bonds in the market and sell them to beneficiaries at the average purchase price.

625. The redistribution thus achieved, however, is equally well achieved under those schemes which provide for less compensation (in non-negotiable bonds) and charge the beneficiaries less for the land. This avoids the speed-up in redemption of the bonds caused by payment of land quotas with bonds before their maturity. Redistribution by this more direct means has the further advantage of not involving the beneficiaries in bond transactions at the same time that they have to adjust to the new techniques being urged upon them in the development programme.

626. Below-par quotations of the bonds, which may be considered embarrassing to some Governments, are more directly avoided by making bonds non-negotiable than by seeking to increase the demand for them in a capital market unaccustomed to such volumes as are involved in a sweeping land reform programme. If the capital market were able to absorb securities in large quantities at reasonable interest rates, the Government could place its own regular securities there and then pay cash for the land required.

#### *Guarantees against inflation*

627. The Japanese reform of 1946 is frequently cited as a case in which inflation made the payment for land

<sup>20</sup> See also the discussion in chapter V on reinvestment.

in bonds substantially easier for both the beneficiaries and the Government. In calculating the multiple of land taxes which was to fix the price of each farm, the Government considered 1945 costs and 1940-1944 yields; the values applied to crop yields as a basis for compensation were already unrealistic by 1945 price levels and by 1946 the Tokyo wholesale price index (1934-1936 = 100) had risen to 1627, to 12,793 in 1948, and 24,552 in 1950. If this is representative of the landlords' cost of living, his loss is obvious. First, the method of valuation was based on official prices for rice delivered by landlords, lower than the official price paid to other growers; secondly, the bonds were denominated in a currency whose purchasing power was falling rapidly.

628. Payment in kind to the landlords was considered but rejected, because payment in rice was considered "feudalistic" and, in any event, rice was scarce, rationed, and under price control. Payment in rice would, therefore, have been impossible, while payment of the money value of a stated amount of rice would not have kept up with the inflation. In any case, the resulting wealth redistribution was greater than planned. More recently, the landlords have demanded further compensation and it appears that the Government may make some adjustment.

629. In some countries, including Chile, China (Taiwan) and the Republic of Korea, guarantees against inflation have been provided. In Chile, the 1962 law provided for adjustment of principal and interest according to movements in the government-fixed support price of wheat. In the Republic of Korea, bonds were made redeemable in rice or sweet potatoes, and annual service was paid in rice or in cash at the official price set in that year for rice or sweet potatoes. In China (Taiwan) compensation for land taken was paid for 70 per cent in rice or sweet potato bonds and 30 per cent in shares of denationalized government enterprises (see paragraph 631 below). The bonds carried 4 per cent interest and were redeemable in twenty semi-annual payments, wholly in kind, wholly in cash (at the official price prevailing at the time of payment), or in a combination of both, depending on the type of land taken. The land reform programme, which transferred 55 per cent of the total tenant-operated area to some 50 per cent of all tenant and part-owner families, was carried out between February 1953 and January 1954. Redemption of the bonds started in 1953 and was completed by the end of 1962, as were the corresponding payments by the new owners.<sup>21</sup>

630. In these special cases of countries with a long experience of inflation, bonds not protected against inflation would have left the ex-landowners relatively worse off than other sectors in the country which had organized themselves to obtain annual adjustments in their wages or prices. In most countries, however, adjustable bonds would leave the bondholders better off than the majority of the population. In addition, land reform compensation should not cause inflationary pressure

unless it exceeds available resources — that is, is not properly financed. The attitude of landowners towards, tax reform may have much to do with whether compensation can be properly financed from ordinary revenues and thus without inflation: compensation in bonds protected against inflation would thus eliminate any willingness on the part of the landowners to accept tax reform.

#### *Compensation in shares of public undertakings*

631. In a number of countries, ex-landowners are given a combination of, or a choice between, bonds and other types of securities or assets. In China (Taiwan), 70 per cent of the compensation was paid in produce-tied bonds (see paragraph 629 above) and 30 per cent in shares in four public enterprises denationalized for that purpose, namely the Taiwan Paper Corporation (Taipaper), Taiwan Cement Corporation (Taicement), the Industrial and Mining Corporation, and the Agricultural and Forestry Development Corporation.<sup>22</sup> There was some delay in issuing the actual stock in order to permit the valuation of these companies as a basis for the allocation of the shares. The shares were distributed on the basis of a par value of NT \$10.00 each. Their average stock exchange prices during 1964 were NT \$32.94, 31.04, 18.46 and 17.60 in the order listed above. Considering that prices rose from 1953 to 1964 by about 100 per cent, and that the shares of the first two companies accounted for 65,000 out of the total of slightly over 83,000 shares of the four companies, the shares turned out on balance to have provided a capital gain in real terms to the landowners and accordingly to have been even more advantageous than the tied bonds. From the viewpoint of a Government seeking to denationalize certain industries, the procedure provided a large group of potential stockholders despite the absence of a developed market for shares. In fact, it undoubtedly helped prepare the ground for the establishment of the stock exchange in 1962, since these companies provide one fourth of the total number of shares listed and two of them, Taipaper and Taicement, head the list of the most widely traded shares.<sup>23</sup>

632. In the Philippine land reform law of 1963, landowners are compensated in 6 per cent twenty-five-year bonds. They may choose to take up to 30 per cent, however, in 6 per cent participating preferred stock in the Land Bank. They may also exchange bonds for a variety of alternatives, such as reparations goods, public lands for new plantations, and shares in six government-owned or controlled corporations being denationalized for the purpose — the National Development Company, Cebu Portland Cement Company, National Shipyards and Steel Corporation, Manila Gas Corporation, and the Manila Hotel Company. Upon offer from a bondholder, the corporation shall negotiate with him the price and other conditions of the sale of part or all of its shares. If the parties cannot agree upon a price, the corporation and the bondholder making the highest offer each name

<sup>21</sup> See Hui-sun Tang, *Highlights of Land Reform in Taiwan*, revised ed. (Taipei, Land Reform Division, Joint Commission on Rural Reconstruction, 1963), pp. 6-8.

<sup>22</sup> *Ibid.*

<sup>23</sup> These data are as of 30 June 1964 (Taiwan Stock Exchange Report of September 1964, pp. 9-12).

an appraiser; if these cannot agree, they mutually agree on a third appraiser.<sup>24</sup>

#### *Other forms of compensation*

633. In a few cases, compensation is paid in instalments without the formality of issuing bonds. In Colombia, for example, the land reform law of 1961 provides that expropriated land which had been under exploitation, however deficiently, be paid for in "effective money". Under this provision, payment is made partly in cash and partly in instalments stretching over five to eight years.<sup>25</sup> No bonds are issued. The obligation is recorded in a contract which is not a negotiable security and cannot be quoted on a securities market, though payment is fully guaranteed by the Government. It can be transferred to another person only with considerable effort and administrative formalities. Holders of these contracts can demand their exchange for fully-negotiable government bonds. In practice, however, they have seldom done so, because of the formalities required and because the bonds in question would be paid off in fifteen years, whereas the contracts are paid off sooner. Similarly, in the Indian States of Assam, Bihar, Madhya Pradesh, and Mysore and the Union Territory of Delhi, part of the compensation is paid in the form of annual instalments over a period of five to thirty years, at interest of 2.5 per cent to 4.5 per cent, without the issuing of bonds.

634. Expropriated landowners may also receive compensation in fact (rather than through actual payment by the Government) by way of the complementary, developmental aspects of land reform programmes, since owners are usually permitted to reserve some land for themselves and for their sons. Government investments in infra-structure under the over-all reform programme will benefit these retained lands as well as the redistributed plots. When these two aspects of the programme are kept separate, as in Venezuela, land acquisition becomes much more costly.<sup>26</sup> This increase in costs is avoided in other countries — in Colombia for example — which estimate the increase in value of reserve land from planned projects and discount it from the valuation of the land actually taken. Compensation is thus limited to the real loss of the landowner, if any.

635. Ex-landlords may also establish themselves in many areas as processors, distributors of farm machinery, and otherwise continue to participate in the local economy and society. If reform agencies fail to meet credit needs of the beneficiaries, they will also tend to function as money-lenders. Whatever their merits in these roles, the opportunity to make profits in this way is yet another form of compensation for the ex-landlord, for the ability

<sup>24</sup> The law does not specify the manner in which new shareholders may take over or participate in management. Presumably, this is one of the conditions to be negotiated along with the price, between the bondholder and the present (government-appointed) Board of Directors of each company.

<sup>25</sup> See foot-note to para. 541 above.

<sup>26</sup> Cases are reported in which a penetration road opened up a new area at no cost to landowners, and land subsequently acquired for redistribution was bought at the higher value caused by the construction of the road. The problem could also be met through betterment levies and capital gains taxes.

of the former labourer or tenant to buy, sell and borrow and repay is a direct result of the redistribution and developmental aspects of the reform programme.

#### E. RESOURCES FOR FINANCING COMPENSATION PAYMENTS

636. Whatever the total amount of annual compensation payments, provision must be made to raise the required amounts from available financial resources. In most cases, a large part, but not all, is obtained sooner or later from payments by those who receive the land. Some subsidy however, or at least a time lag, must be covered, especially in the early years of the reform.

637. Efforts to pay compensation without providing sufficient resources for the purpose may tend to create or increase inflationary pressures at a high social cost. Tax increases or the other alternative sources of financing suggested below are generally preferred. A limited measure of inflation, however, might represent less social cost than would an undue delay in land reform itself.

638. If it appears that expected compensation payments will exceed the resources available and destined for that purpose, several alternatives are possible. The quantity of resources required can be reduced by :

(a) Carrying out land redistribution more slowly;

(b) Disbursing compensation at a lower annual rate — i.e., spread the compensation payments over a longer period of time;

(c) Modifying the criteria governing the valuation of land or the portion of land value to be granted as compensation.<sup>27</sup>

639. The extent to which these measures, as discussed earlier, are used in a given country depends on what is considered desirable and acceptable on social, political or economic grounds. In practice, these policy decisions are interdependent. After the ease or difficulty of obtaining more resources is known, the rate or terms of compensation or of land redistribution may be adjusted. For example, if more resources suddenly became available in external loans, Governments might choose to accelerate land redistribution; to value land more generously and complete payment in a shorter period; to charge the new owners less for the land distributed; or, to postpone tax and spending reforms that would otherwise be undertaken.

640. When more resources are needed to finance the level of compensation finally determined, the basic alternatives are the following (not in order of preference) :

(a) Charging beneficiaries more for the land distributed;

(b) The reduction or postponement of other government expenditures, including the developmental elements of land reform;

(c) The use of government-owned assets — real estate, enterprises, and foreign exchange reserves;

<sup>27</sup> The latter was done in India, for instance, when a constitutional reform permitted the states to determine by law the basis for compensation in land reform. For typical results, see table 2 above.

- (d) Borrowing — domestically or abroad;
- (e) Increasing tax receipts.

#### *Charges to be paid by beneficiaries*

641. In many countries, Governments look in the first place to the new owner to finance the compensation payments through his purchase instalments for the land.<sup>28</sup> Where no safeguards are taken, such an approach, coupled with the Government's continuing need to collect the land tax which was previously paid by the landlord, may leave the new owner financially (though not socially) worse off — or at least not substantially better off — than before the land distribution. Relief is provided under many land reform schemes through a variety of measures, which result either in fixing compensation payments (and thus land purchase instalments) at a level below that of rents previously paid or in granting the new owner government subsidies in the form either of a direct reduction of his obligation or of credit facilities for meeting it.

642. The level of charges to beneficiaries should presumably depend on their income, on the cost of the reform programme and, to a great extent, on the same social, political and economic forces that shape the rest of the programme. When tenants become owners of the land they cultivate with no change in the size of the unit, the rents previously paid are often taken to indicate an annual charge which the beneficiary could pay. This argument, however, is more persuasive in those cases where the position of the tenants was recently improved through a reduction in rents, as was done, for example, in China (Taiwan) and the United Arab Republic. In the United Arab Republic, the tenant was in fact required to pay the new legal rent to the State for one year following expropriation; in the second year he received provisional title and began to pay the purchase price in forty-year instalments.<sup>29</sup>

#### *Charges and investment*

643. Thus, the level of charges is in good part determined by the planning strategy with respect to savings and investment by the beneficiaries. If they are to intensify their cultivations with tree crops, more fertilizer, on-farm storage, deep ploughing etc., charges lower than previous rentals increase disposable income, and — coupled with the tenure security of ownership — may lead to such investment. Alternatively, while charges might be even higher than former rentals, credit made readily available to those who wish to make the desired investments would permit control of the diversion to consumption of the increased income resulting from land reform. However, this alternative raises overhead costs, may cause resentment among the beneficiaries towards the land reform programme, and may actually decrease investment if for any reason the banking agency (and its

staff) fail to function well. The gain (or loss) achieved by channelling investment funds through a credit mechanism needs to be weighed against the lower investment, lower future output, and increased consumption which may follow if beneficiaries are free to decide the use of their new income. A third possibility is to reduce payments automatically in relation to the money invested by beneficiaries in desired improvements, such as businessmen enjoy investment credits or deductions under the income tax laws of many countries.

#### *Charges and net incomes*

644. Even for former tenants, it should be remembered that ownership is not all gain if annual charges are as high as former rentals. Landlords often provided seed and fertilizer, or at least part of such costs, and costs are now entirely to be assumed by the new owner. On the other hand, new marketing and credit arrangements in the reform programme may also increase the net amount received by the cultivator for his crop — offsetting the costs now paid by him but formerly assumed by the landlord.

#### *Unit size in relation to charges*

645. When an area is fully settled and reform consists largely in making owners out of tenants, the size of the operating unit is often unchanged by reform, at least in the first stages. But when the size of the operating unit is also changed, as when a *hacienda* is divided among its former labourers, then social aims, potential yields per hectare, and land availability, all enter to the determination of the unit size, which, in turn, affects the disposable income of the beneficiaries. When population pressures are severe, units will tend to be small, income beyond mere subsistence will be small, and the beneficiaries will thus be unable to bear heavy annual charges.

646. Where population pressure is less urgent, social and economic aims also influence unit size. In Chile, for example, early reform projects sought to create a rural middle class that would reflect traditional structures. Units were assigned to persons with some capital and with a secondary education; the unit was large enough for the owner to have a worker-family living on the property and day labour was frequently hired as well. The previous social structure was reproduced in smaller scale. Owners might still reside elsewhere and generally had another source of income. The actual labour was done by persons receiving only a wage and the year-to-year use of a house and garden plot.

647. In Chile, as in most developing regions, this approach has been replaced by the concept of the "family economic unit" — a unit of such a size that the adult members of the family have work during most or all of the year and outside labour is needed only occasionally during the year. Such a unit may be estimated by preparing farm management plans for various sizes of plots and classes of land to determine labour requirements during the year, or by aiming at a certain income level. In Colombia, for instance, the aim has been stated as a minimum gross annual income per family of about \$US 650-700 per year — the amount the family would earn in wages as rural

<sup>28</sup> In some cases (e.g. the United Arab Republic), beneficiaries even pay for land which the State confiscated from former owners; this helps finance other costs of the land reform programme. See: Doreen Warriner, *Land Reform and Development in the Middle East*, 2nd ed. (London, Oxford University Press, 1962), pp. 34-35.

<sup>29</sup> Doreen Warriner, *op. cit.*, p. 35.



labourers if there were employment all year, which has usually not been the case. Two tons of coffee will yield that income, so the parcel size is that needed to harvest two tons of coffee a year (1-4 hectares according to the soil and climate). Larger units are out of the question because of population pressures; in fact, one million families (half of the rural population) would be left over if all of the agricultural and grazing lands now in settled areas were to be distributed in such family units.

648. Some current reform programmes (e.g., in Peru) require that the beneficiary live on or very near the property as a condition of keeping it. Many, such as that of Venezuela, prohibit indirect exploitation (letting out or sharecropping) except in special cases, such as on the death of the father when a son is not quite old enough to take over. This ensures that the income of a parcel will be supporting one family, rather than two families with one doing the work and another acting as landlord. Incomes will vary among beneficiaries not only according to the effort and intelligence exerted in the operation, but also to the extent that the more enterprising obtain additional income by using their parcels as a base for side activities. In the San Lorenzo project of Peru, some beneficiaries have small trucks available for general hauling; others sell food, clothes, liquor and trinkets to their neighbours. Many of the San Lorenzo beneficiaries have paid off their debt for the land ahead of schedule with the aid of such outside earnings. At the same time, the parcels of irrigated land of 16-18 hectares, are somewhat larger than those in many countries and annual incomes of well over 40,000 soles (\$US 1,450) are reported.

#### *Charges and flexibility in unit size*

649. Economists are also concerned about the need to retain sufficient flexibility to permit future cultivation changes once economic development has overcome food shortages and promoted greater urban job opportunities and higher incomes. Larger production units in agriculture may become desirable at some future time, yet beneficiaries are seldom free to sell or lease their land. In Italy, instalments must be paid during thirty years (at 3.5 per cent interest) and pre-payment is not even permitted, because of the agency's wish to retain control over the land in order to prevent its purchase by persons seeking to form larger operating units. Slightly more flexible arrangements exist in Colombia, Peru and Venezuela, where sale is permitted with approval of the reform agency; the agency has the right to take the property itself, if it wishes it for another person eligible to receive land in the reform programme. At a future stage, however, this process could permit the formation of larger units. In other countries, including Algeria and the United Arab Republic, beneficiaries have been grouped and organized into obligatory co-operatives to maintain highly-organized and efficient large-area estate management such as existed in many parts of the country prior to reform.

650. In Iran, it is also intended to establish large-scale commercial farming co-operatives on idle lands, which will attract the underemployed farmers who in the first stage of the land reform programme had acquired

ownership of the inadequate plots they had previously worked as tenants.

#### *Other obligations*

651. The charges which can be assessed beneficiaries and the timing of payments thus depend on the size of the unit, on the increase in average disposable income produced by reform, and on whether funds for investment and working capital are to be : (a) left in the hands of the cultivator; (b) channelled to him through controlled credit schemes; or (c) paid for by the government. The charges also depend considerably on the cost of the reform programme itself; when more benefits are received, more may — and often must — be charged.

652. Loans made for the first crop to enable cultivators to survive without having to resort to usurers or to eating the seed are sometimes forgiven or included in the long-term debt for the land. Loans made for the acquisition of livestock are usually repayable over three or more years; those for the establishment of plantations are repayable when production begins, usually about five years or more after planting.

#### *Charges for improvements*

653. Dwellings, or at least building materials, are often included in reform programmes, as are fencing, partial clearing of forest cover, and similar improvements on the parcel. Beneficiaries are often required to reimburse all or part of such costs over an extended term.

654. Other improvements benefiting a whole area, such as access roads, drainage, marketing facilities, schools, malaria elimination etc., are also costs of many land reform programmes, but it is common for the government to finance them largely out of other resources. They may be regarded, in part, as counterparts of services long provided city dwellers out of tax revenues and without direct charge and, in any case, as beyond the means of beneficiaries, so that the imposition of charges would merely lead to conflict. In Italy, consideration of the beneficiaries' ability to pay led to charges for public works investments at about 60 per cent of the cost to the State, financed over a long term in the same way as the land purchase.

#### *Charges in relation to compensation paid landlords*

655. When compensation has been paid for land distributed, the beneficiaries are usually expected to reimburse all or part of the cost with interest. The interest charged may be less than that paid the former landowners, with the State assuming the difference as a subsidy. In Iran, for instance, no interest is charged beneficiaries, while ex-landlords receive 6 per cent. In Peru, ex-owners are paid 4 to 6 per cent interest on land bonds, while beneficiaries are to be charged whatever interest rate the reform agency deems appropriate. In many reforms, however — those of China (Taiwan), Costa Rica, Iran, Ireland, the Philippines, the Republic of Korea and Spain — payments by beneficiaries are expected to cover the full amount of compensation paid ex-landlords. Beneficiaries in Spain even have to make an initial payment of 20 per cent in cash, although in most other cases, payments are

in equal annual amounts or, as in Colombia and Peru, there is an initial grace period. In Peru, the reform agency may concede up to five years without payments, and in Colombia the first two years involve no repayment of principal and only 2 per cent interest; thereafter, Colombian beneficiaries have fifteen years to pay the cost of the land and of improvements made on it, plus a small sum for overhead costs—all at 4 per cent interest.

656. In some cases, beneficiaries pay for the land even when the State acquired it without cost. For example, beneficiaries of the redistribution of the former royal estates in the United Arab Republic pay on the same forty-year plan as that applied to those receiving other lands.<sup>30</sup> In the Philippines, those settled on public lands pay on the same basis as those getting title to private estate parcels. On the other hand, in Venezuela, much but not all of the land distributed was confiscated from persons accused of illegal enrichment during a dictatorship, and no charge has been made for any of the land distributed through 1964. (The Venezuelan reform law contains elaborate provisions for determining the level of charges in ordinary cases, as reported in the *Progress in Land Reform — Third Report*,<sup>31</sup> but land has in fact so far been distributed without charge.)

#### *The optimum level of charges*

657. Finally, the determination of charges to be levied on beneficiaries should not overlook their integration into the market economy. If consumption does increase, this may be desirable; it may end malnutrition, or it may increase the rural market for industrial products, which is another aim of land reform programmes in many countries. If higher charges would permit the payment of higher compensation to ex-owners, then the relative effects of higher consumption or investment by the ex-owners must be compared with the results of higher disposable incomes in the hands of the beneficiaries. The level of charges, especially as compared to previous burdens, may have a large psychological effect on the beneficiaries. If charges seem reasonable, output may be increased so as to have a saleable excess with which to pay the charges — subsistence farmers thereby begin to supply city food needs. If charges are deemed abusive, they will not be paid and output will in any event fall.

#### *Financing of compensation from other domestic sources*

658. When beneficiaries repay only part of the compensation, or when payments to landowners precede payments by the beneficiaries, the shortfall must be met from other sources. The Government has several choices: it can reduce other spending, raise taxes, or borrow. In most developing countries, however, fiscal budgets are, at best, already in precarious balance. Demands for new public investment, higher wages for public employees, and tax incentives for investment, all threaten ever-greater deficits. In practice, it has proven difficult in many developing countries to enact and enforce tax increases to finance even such popular spending objects as more

schools and low-income housing. The political difficulty in raising taxes to pay compensation to landlords is, therefore, staggering. Moreover, an increase of taxes in developing countries is often introduced by means of levies which affect sales or production in ways falling largely upon the middle- or low-income groups more than on the rich. Increases in such taxes to finance compensation payments would in effect result in a negative redistribution of income.

659. There is scope in most developing nations for more, or at least better, taxation. However, the Government will seldom be able to secure enactment of tax increases which are to be used to make payments to some of the richest members of the community; rather, it will have to hold compensation to levels that can be accommodated more inconspicuously in the regular budget.

660. Non-inflationary borrowing — for example, through the sale of bonds to the private sector — is limited by the lack of capital markets in most developing nations. However, land reform does offer an unusual opportunity to enlarge the domestic capital market over time. When compensation is paid in non-negotiable bonds the Government in fact borrows the resources required for compensation from the ex-landlords. The Government need only provide for the annual debt service. As the bonds are amortized, however, the ex-landlords may become accustomed to holding bonds and to the fact that the bonds are actually serviced correctly, and, in time, the ex-landlords themselves may constitute a market for the placement of new issues.

661. In many cases, too, the reduction of other spending to free resources for the payment of compensation seems remote. Land reform programmes themselves require more resources for complementary aspects such as training and credit extension than for the compensation itself. If such outlays were cut to finance compensation, the success of the reform might be endangered.

#### *External financing*

662. A few developing nations have large export earnings and relatively low external debt. They have an unused borrowing capacity which is occasionally recognized in world financial markets, as in the recent sale of a \$15 million, 6.5 per cent bond issue in New York by the Philippines early in 1965. However, there are many possible uses for foreign exchange resources, such as equipment for industrial and mining investment, and transport and communications facilities. The payment of compensation to ex-landlords does not necessarily require foreign exchange, nor does it *per se* increase capacity to repay external debts. Rather, foreign loans that facilitate land payment in cash may tend to finance capital flight; in such cases, borrowing abroad for compensation would increase the external debt without increasing national resources in any way.

663. Where “soft” loans and grants are available under bilateral and multilateral aid programmes, the aid-granting agencies have naturally shown more interest in productivity-increasing projects and those, such as supervised credit, which aid the beneficiaries of land.

<sup>30</sup> Doreen Warriner, *op. cit.*, pp. 35 and 209.

<sup>31</sup> United Nations publication, Sales No. : 63.IV.2, p. 73.

reform. There is often an element of subsidy in such credit and grants, and the use of this aid for compensation would redistribute wealth internationally in favour of persons — the ex-landlords — who are sometimes as wealthy as the upper-income groups in older industrialized countries and who often lead the opposition to both land reform and tax reform. Foreign aid loans and grants are therefore considered inappropriate for financing compensation payments, which have repeatedly been held to be a matter to be financed nationally.<sup>32</sup>

664. Proposals for international guarantees of compensation bonds have likewise not been successful, since the guarantors could have no control of the risk assumed without interference with national sovereignty in determining the amount and form of compensation. It also seems more likely that landowners, rather than peasants, would influence the members of an organization set up to oversee a guarantee system.

665. Some externally-financed development projects, such as irrigation and drainage works in Chile and Colombia, require landowners to pay their pro rata share of the project cost in land. Indirectly, then, external borrowing leads to the acquisition of land for redistribution — but only as part of a major development undertaking which should generate the capacity to repay the debt.

666. If the implementation of land reform programmes causes or worsens food shortages during an adjustment period, existing multilateral and bilateral programmes may be able to help with that specific problem. In some of these programmes, the recipient Government sets aside "counterpart" funds in its own currency; these funds are later spent on projects agreed upon by the aid-giving and the recipient countries. They would be of no help whatever for compensation, however, since the use of such funds increases effective demand in much the same way as would cash payment to landlords financed by printing new money.

## F. INSTITUTIONS

### IN LAND REFORM COMPENSATION PROGRAMMES

667. The institutional aspects of compensation are simple compared to those involved in helping the beneficiaries change their whole manner of living and cultivating the land. When compensation is based on tax figures or on legal rentals, for instance, a new agency is seldom required for valuations. Reform, however, adds another task to the load of the revenue authorities, which are already often understaffed and underpaid; the assumption of additional tasks related to the land reform programme would be facilitated by additional personnel and higher remuneration.

668. When compensation is based upon appraisals existing valuation agencies must usually be reinforced. In Colombia, appraisals (and tax assessments) are made by the autonomous "Agustin Codazzi" Geographic Institute, based at the National University. The Colom-

bian Institute for Land Reform (INCORA) has found it necessary to finance (through a grant to the Geographic Institute) and assist in the training of eighty additional appraisers in order to cope with the greatly increased work load caused by the land reform programme.

669. Apart from valuation, institutional changes are sometimes required to accelerate expropriation procedures or to protect the rights of the weaker parties involved. When there are disputes over boundaries and over facts as to who has been cultivating given plots, the establishment of itinerant specialized tribunals may be helpful. Poor and insecure tenants seldom defend their rights in distant courts, especially if cases are tried with long delays and in a language and tradition foreign to them. Tenants may fear landlord reprisals and are often unable to pay legal fees. It has been suggested in Nepal, for instance, that lists of persons claiming to have cultivated certain lands for the time required for ownership in the reform programme be read aloud to the assembled villagers in the presence of a high government administrator. Social pressure and public questioning would be expected to eliminate fraudulent claims by landlords.

670. If the sense of immediacy and of accomplishment is not to be lost in reform programmes, the announcement of action regarding a specific property should be followed promptly by transfer of effective possession to the reform agency. The Peruvian law, for example, provides that possession shall pass to the reform agency as soon as the proposed final boundaries for owner reserves and the proposed valuation have been published, and a few days allowed for the registration of complaints, objections and counter-proposals. The owner may dispute land classification and the amount of compensation in the courts, but he may not delay the actual transfer of the property. Peru also deemed it necessary to prohibit delay through suits of third parties; as in the case of boundary disputes third parties may sue for shares in the compensation but not to delay the land transfer as such.

671. In countries where expropriation procedures are lengthy, the reform agency may concede higher prices in private negotiations so as to obtain possession of land sooner than would otherwise be possible. "Possession first — dispute the price later" methods thus not only accelerate land reform but also shift the bargaining power in favour of the reform agency (and of the beneficiaries, too, to the extent that they must repay the compensation).

672. Another institutional problem that arises in reform programmes concerns tardiness, carelessness and lack of co-operation by notaries, land registry personnel, and minor civil and court servants. When certificates or documents (on land titles for examples) are required, the enthusiasm or reluctance of such persons greatly affects the speed at which the paperwork of the land transfer can be completed. The waiving of notary fees etc. for documents in reform programmes, which appears to favour the beneficiaries, may actually slow the programme through the resentful resistance of persons who normally obtain fees from such work.

673. The actual payment of compensation to ex-landowners is almost invariably handled through existing institutions, while separate institutions handle the organization, selection, valuation, installation, and other

<sup>32</sup> See, for example, the discussion of the General Assembly leading to the adoption of resolution 1932 (XVIII) which requests the present study (A/C.2/SR.905-911).

field work in connexion with the beneficiaries. Bonds are either issued as part of the public debt and handled as such (e.g., in Italy, Japan, Peru and Venezuela), or take the form of government-guaranteed obligations of a Land Bank (as in the Philippines); instalment payments are often liabilities of the reform agency, as in Colombia. When government-owned industries, properties or public lands are to be given in exchange for the bonds, they must be appraised and the exchange carried out.

674. The portion of compensation which is financed by charging the beneficiaries is normally collected by an Agricultural Bank or other institution, which will also extend credit in various forms. This helps lower the collection cost and permits the institution to watch the over-all solvency of the beneficiaries. The concentration of all the financial relations between beneficiaries and government in one agency may permit better anticipation of such problems and adjustment of charges, than if the financial relations were divided among several institutions.

675. When the energies and other resources of ex-landlords are to be channelled into productive activities on reserve lands or in other sectors of the economy — perhaps with the land bonds as additional guarantees for bank loans — existing development banks may be able to handle the operation. If they are not, land reform

may provide the occasion to establish additional financial institutions for the development programme. The formation of a special mutual investment trust fund to underwrite new enterprises was deemed useful as a way of attracting ex-landowners to industrial activities in Peru; bonds are to be exchanged for shares, or pledged at face value for loans from the fund. However, the fund is to be organized and administered as an additional “window” of the Industrial Bank rather than as a separate institution. This helps ensure efficient use of resources; in this way investments proposed by ex-landowners will be measured by the same criteria applied to projects presented by others.

676. No general rules are likely to emerge with respect to the desirability of creating new specialized institutions for these various functions; much will depend on the efficiency and flexibility which existing agencies and their staffs are able to bring to their new tasks in any given situation, and on the availability of additional organizational and technical staff resources for the effective operation of new institutions. The overriding struggle between traditional government departments and new special agencies, which in many countries pervades all areas of governmental development activity, is likely also to intrude into the field of land compensation financing.

## Chapter III

### LAND REFORM AND TECHNOLOGICAL DEVELOPMENT IN AGRICULTURE

677. It is by now a commonplace that judged by the standards of the world's best farmers, the productivity of land and of labour in many parts of the world is appallingly low. So much is obvious even from a reading of comparative yield statistics; for example, the average yield of rice per hectare in the late 1950's was 1,100 kg in Africa; 1,650 kg in the Far East and 1,790 kg in Latin America. In Spain the national average was 5,770 kg. It has been estimated that a thousand acres of well-farmed irrigated land could produce agricultural products to the same value as are now produced on the 24,000 square miles grazed by the Masai. A recent review of national average productivity levels finds that output per hectare is about forty times greater in some countries than in others, while the figures for production per adult farmer show an even greater range of variation with output in most developed countries being eighty times greater than in the least.<sup>1</sup>

#### A. TYPES OF IMPROVEMENTS

678. The scope for improvement is obviously immense. This chapter will consider some of the ways in which land tenure arrangements can inhibit the technological innovations necessary for improved productivity, and the stimulus which can be given to technological development by suitable land reforms. It will be useful to preface the discussion by a brief classification of types of technological innovation. Clearly certain types of improvements are inhibited by certain tenure forms while others are not and it will be helpful to establish the terminology for distinguishing between different types.

679. Technological improvements may be labour-intensifying or capital-intensifying. Examples of the former are, for instance, the introduction of more frequent weeding or the double transplanting of rice in order to lengthen the growing period in temperate zones. Capital-intensifying techniques may have a direct effect on effective yields per acre — as when a tractor makes possible deeper ploughing or when new storage facilities result in less wastage — but more often they are labour-saving, their main purpose being to raise productivity per unit of labour rather than productivity per unit of land.

680. Technological improvements may be either expensive or cheap in cash terms, though cheapness is, of course, relative to the farmer's resources. Thus, a tractor,

at the same cash price, is subjectively cheaper for a farmer in the rich countries in the sense that its price bears a lower ratio to his annual income. In other cases, the actual cash outlay varies according to the environment. Thus, both the purchase and maintenance costs of tractors are higher in Nigeria than in England, while a technique which requires an extra manual weeding may be enormously expensive in the United States, where labour is at a premium, and costs nothing in an underdeveloped country where the opportunity cost of labour is zero and the production cost only that extra bowl of rice the farmer might eat to gain energy for the extra work.

681. Technological improvements can be "lumpy" or divisible. A tractor or a mechanical sprayer are typically lumpy investments which can only be used profitably over large areas. Major irrigation works are of the same kind. Fertilizer use, soil dressing, minor irrigation works, use of improved seeds, modest farm buildings etc., are typically divisible innovations.

682. Technological improvements can be more or less innovative — that is, require a greater or lesser departure from ingrained traditional habits. Thus, it is a bigger jump from a sickle to a reaper-and-binder, than from a reaper-and-binder to a combine-harvester. It is a smaller jump from growing one kind of rice plant to growing an improved breed than from changing from one crop to another.

683. Technological improvements can be more or less risky. Thus in an area where irrigated crops are traditionally grown by well-trying, high-yielding methods, the extension of the irrigated area can bring fairly predictable returns (provided that the dangers of salinization etc. are properly understood). Extra fertilizer, on the other hand, may increase average yields, but at the same time increase the danger of lodging under certain weather conditions — so that one can never be sure whether any *particular* dose of fertilizer will bring loss or gain.

684. Technological improvements may be either individual or necessarily communal, that is to say, they may be techniques which can be introduced by any single farmer without reference to his neighbours, or they may be techniques which a group of farmers must agree to adopt before they become possible or effective. Thus, major irrigation works require co-operation for them to be possible; certain pesticide measures require co-operation to be effective, since diseases are not confined by fences. Some improvements may be dependent on land consolidation schemes or the agreed adoption of fixed rotation by a large number of farmers.

<sup>1</sup> *State of Food and Agriculture* (Rome, FAO, 1963), pp. 110 and 116.

685. Technological improvements can be either long-term (e.g., a new drainage system) or quickly exhausted (e.g., a dressing of nitrogen fertilizer).

686. Finally, technological improvements, if long-term, may be movable, like tractors and pre-fabricated barns, or immovable, like a drainage system.

#### *Promising potentialities*

687. In developed countries, especially those with a large and growing average size of holding, the kind of technological innovations most sought for are those which increase the productivity of labour, that is to say innovations which are capital-intensifying, and usually also expensive, lumpy, long-term, individual, and not especially innovative or risky. The technological problems of such countries are not particularly grave, and they are well on their way to a solution. Moreover, the part which land plays in the farmer's total capital investment is of diminishing importance. Rough calculations for France suggest that in 1789 the value of the average farmer's land was more than twelve times greater than the value of his capital investment in draft animals and equipment. By 1900 the ratio had fallen to eight times, by 1929 to a little over twice, and today land represents less than half his capital.<sup>2</sup> Since, in such countries, a good deal of the capital is invested on movable equipment, a farmer's tenure status, while still important, is less important than it used to be and has less influence on his ability or willingness to innovate than it has in the developing countries.

688. Consequently, it is primarily with the developing countries that we shall be concerned here. In such countries, the best possibilities for immediate development very often lie in the introduction of improvements which are cheap, labour-intensifying and divisible. Some of the most obvious are well authenticated by research reports:

(a) The research station at Ukiguru in the Lake Province of the United Republic of Tanzania has long proved that production there could be doubled simply by early planting, could be trebled by the use of manure, and further increased if fodder nut trees were grown and pasture grasses improved by paddocking.<sup>3</sup>

(b) The development of a rust-resistant strain of maize in the United Republic of Tanzania has given improvements of yields of 30 per cent to 60 per cent.<sup>4</sup>

(c) If soya beans are harvested at exactly the right time, what might otherwise be a 30 to 40 per cent loss from shattering can be avoided.<sup>5</sup>

(d) The use of improved varieties of yams and some simple measures of pest control could increase yam yields by between 50 and 100 per cent, thus possibly

adding as much as £95 million to the Nigerian national revenue.<sup>6</sup>

(e) The disinfection of seeds with fungicide and with insecticide costs some 50 to 75 francs per hectare (\$US 0.20-0.30) and has been experimentally shown in the Republic of Niger to raise yields of sorghum and millet between 27 per cent and 63 per cent.<sup>7</sup>

(f) In the Upper Volta, better storage facilities could save losses due to rats and insects which now account for never less than 20 per cent and sometimes as much as 50 per cent of the crop.<sup>8</sup>

(g) An enthusiastic young extension worker in the Upper Volta went to the villages with a fifteen-point plan for improved cultivation of millet. He soon found his error. He narrowed his suggestions to two: use of an improved variety and planting at regular intervals. The results were so impressive that he very soon had the whole village conforming.<sup>9</sup>

689. Scientific research will continue to make available new developments of this kind, but in most developing countries the possibilities *already exist* for great gains simply from the application of what is already known, or what is already suspected and could be known with certainty after a few years of experiment in local adaptation. The importance of this kind of cheap improvement, involving chiefly changes in crop strains and methods of husbandry, is all the greater because it is usually the easiest to introduce.

690. The second major type of technical improvement of particular importance to developing countries whose chief need is to improve the productivity of land rather than of labour, may not be as cheap as the improvements described above and is as much capital-intensifying as labour-intensifying, but it is equally individual and divisible and quickly exhausted; we refer to the use of agricultural chemicals including fertilizers and the more expensive types of pest and disease control. Very often these methods must be integrated with the former category, as when the main advantage of a new crop strain is its greater responsiveness to fertilizer.

691. The third major category with the greatest possibilities for developing countries consists of various types of land improvement, drainage and irrigation systems which, particularly in countries where holdings are small and fragmented, usually represent a necessarily communal investment that is long-term, lumpy, highly innovative, labour-intensifying and either costly or cheap, depending on the way in which labour is mobilized.

692. One outstanding historical example — that of Japan — shows a marked phasing of these three major types of improvements. In the last quarter of the nineteenth century the major sources of increased productivity, particularly of rice, were of the cheapest kind — better varieties, seed-beds shaped for easy weed and insect

<sup>2</sup> J.-C. Toutain, quoted in Pierre Viau, *Révolution agricole et propriété foncière* (Paris, Éditions Ouvrières, 1963), p. 51.

<sup>3</sup> A. Gaitskell, *Report on Land Tenure and Land Use Problems in the Trust Territories of Tanganyika and Ruanda-Urundi* (Rome, FAO, 1959), p. 12.

<sup>4</sup> R. F. Lord, *Aspects of Mechanized Farming at Nachingwea* (London, H.M.S.O., 1963), p. 41.

<sup>5</sup> *Ibid.*, p. 49.

<sup>6</sup> B. N. Webster, "Brief for the FAO Agricultural Survey Team" (1961) (mimeographed).

<sup>7</sup> "L'Agriculture Mossi et ses possibilités actuelles d'amélioration" (Rome, FAO, 1959) (mimeographed).

<sup>8</sup> *L'agriculture voltaïque* (publication 1353/D.S.), (République de Haute-Volta).

<sup>9</sup> *Ibid.*

control, straight-line planting at regular intervals, far more frequent weeding by rotary hoe, wooden racks to dry the harvested sheaves, and so on. From the turn of the century, it was the second category — increased fertilization with further varietal improvements — which played the major role in raising yields. The tempo of land-improvement activity — the third category of improvement — began to quicken only when that second phase was well advanced. Altogether, between 1880 and 1938 the real value of agricultural production increased by 150 per cent and — a measure of the cheapness of most of these innovations — the cost of conventional measured inputs by only 30 per cent.<sup>10</sup>

693. There is no reason at all why every developing country should follow the same path with the same succession of phases. History does not *have* to repeat itself. Nevertheless, there is a certain logic in this progression. Capital-cheap improvements can yield higher incomes which permit improvements requiring an expansion of working capital, and the further raising of incomes whose results can produce the savings (personal or institutional) which make possible the larger longer-term investments. In modern times, of course, injections of foreign aid, oil revenues and the like can shorten the process.

694. The diffusion of technological improvements depends both on their being put within reach of the farmer and on his willingness and ability to reach out and get them. Land tenure institutions can affect both factors in the equation, but more particularly the latter.

## B. TENANCY :

### DOES IT EVER FACILITATE TECHNOLOGICAL PROGRESS?

695. Against the claim that land redistribution is an essential prerequisite in landlord-dominated societies for technological development in agriculture, it is sometimes argued that tenancy is good for per-acre productivity. There is still enough support for such views to make them worth considering. One argument goes as follows: If the landlord takes a big enough share of the crop the tenant may have to work very hard just to keep his family alive. There is nothing which so concentrates the mind and energies as the imminence of starvation. It is sometimes further argued that harsh tenancy conditions not only maximize productivity, they also maximize the marketable surplus, since in traditional landlord-dominated societies the major part of the food supplies reaching the towns is marketed by the landlord.

696. Data supporting this thesis can be produced. It was, for instance, shown in one area of the Philippines that tenants with less than two-hectare farms produced 10 per cent to 15 per cent more rice per hectare than owner-farmers with holdings of a similar size.<sup>11</sup> But the greater productivity of owner-farmers in other areas shows that this advantage of tenancy is an effect produced only "in situations characterized by static technology,

static standards and levels of living and low literacy and income levels".<sup>12</sup> In other words, tenancy in societies where the mass of the peasant tenantry hover on the margins of bare subsistence may raise yields within certain narrow limits but it inhibits *technological progress*, for reasons which will be clear below. Yields may be boosted, but they are boosted simply by more intensive application of traditional techniques and there is a low ceiling on the possibility of productivity increase which is *kept* low by the very conditions which provide the stimulus to harder work.

697. There is a second argument in favour of tenancy, this time from the technological point of view. It is, indeed, a sensible sharing of the capital burden for one man to provide the land and the other to provide the other forms of capital required. The energetic young man who is starting to farm on limited capital can get a better start as a tenant. Instead of locking up his capital in land he can put it into equipment, and as a result can farm much better. This argument has validity for many developed industrial societies. However, it is totally irrelevant to the situation of the mass of the world's peasantry who get land either by inheritance or by carving it out of the bush, and for whom the very idea of a young man "buying a farm" is outlandishly remote.

698. Note, however, that the two kinds of what one might call "traditional tenancy" and "business tenancy", or what a recent history of Czechoslovakian agriculture calls the "hungry-farm lease" and the "capitalist large-scale lease", can coexist within a single economy — as they quite clearly did in many European countries in the nineteenth and early twentieth centuries,<sup>13</sup> and as they do today in countries such as Argentina. The difference can be shown clearly for Czechoslovakia in the differential movements of rents between 1914 and 1930 — upwards for the small "hungry" farms, downwards for the large business holdings.<sup>14</sup>

699. There is a third argument in favour of tenancy which is specific to developing societies. Landlords are wealthier than tenants; therefore — (a) they are more likely to be educated; (b) they are more likely to move outside the village and have wider contacts, hence more likely to get to hear of useful innovations; (c) they are more likely to have savings to invest in agricultural improvements; and (d) their greater wealth usually implies greater power and prestige; hence, they are in a strategic position to press improvements on their tenants. Therefore, the argument runs, a society stratified into landlords and tenants (provided the landlords are not absentee) has a better potential for the rapid diffusion of innovations than a more egalitarian society of land-owning but wholly ignorant peasant. The argument is perfectly valid. But the emphasis must be on the word

<sup>10</sup> Takekazu Ogura, ed., *Agricultural Development in Modern Japan*, (Japan, FAO Association, 1963), pp. 661-62, 654-55.

<sup>11</sup> Vernon W. Ruttan, "Equity and Productivity Objectives in Agrarian Reform Legislation" (Rome, FAO, 1964), p. 17 (mimeographed).

<sup>12</sup> *Ibid.*, p. 15.

<sup>13</sup> Jarmila Menclová and Ferdinand Stočes, *Land Reforms in Czechoslovakia* (Prague, The State Agricultural Publishing House, 1963), p. 14.

<sup>14</sup> *Ibid.*, p. 42. (Karl Marx quoted an English real estate agent who noted the same phenomenon in mid-nineteenth century England. See *Capital*, 1962 ed. (Moscow), chap. III, pp. 614-615).



“potential”. Landlords *are* in a position to exercise a catalytic role, but how often do they?

700. The answer must be : rather rarely. The reason lies in the very fact which is enumerated above as a potential advantage — namely, that in traditional tenancy systems superior wealth is inextricably linked with superior power and superior prestige. The maintenance of superior prestige is often a necessary condition for the superior power which guarantees the superior wealth, and the need to maintain prestige usually leads the landlord to cultivate a remote aloofness and to emphasize the gulf between himself and his dependent peasants by an explicit contempt for the actual business of farming. In such societies, the landlord’s son may get a superior education, but it is a “consumption education” intended conspicuously to display his social superiority or one designed to take him into the civil service or the professions as far from agriculture as possible. The landlord may have wider social contacts — but they are not likely to be with such an “inferior breed” of people as agricultural technologists. The landlord may have more savings available, but they are to be used in luxury consumption which is not only enjoyable in itself but also serves to demonstrate and confirm his superior social status. He may have the power to press technological innovation on his tenants, but for him the exercise of power has generally become a sterile act of self-indulgence, not a proactive means of achieving agricultural improvement.

701. “The superior man does not go near the kitchen.” said Confucius, but the superior man was at least expected to take a distantly benevolent interest in the welfare of the peasants whose revenues kept him superior, and it is perhaps no accident that one of the rare examples of landlords playing an active leadership role occurred in the Confucian cultural sphere — namely in nineteenth-century Japan.<sup>15</sup> England, too, had its notably progressive landlords who were not only good farmers themselves but also the cause of good farming in other men. But these are rare instances in human history, and even in the societies mentioned the active leaders in agricultural progress formed only a minority of the total number of landlords.

702. Thus, for this kind of argument to have any general relevancy it must be modified to a rather weaker form; viz. in agriculturally stagnant societies, it is easier to change the attitudes towards agricultural technology of a small landlord class than it is to change the attitudes of a large illiterate peasantry. This may be true. One cannot know, because, while landlords have often been offered credit and extension facilities, the intensive educational campaign needed to change landlords’ attitudes has never been tried. And there is a very good reason for this. The only agency which could mount such a campaign is the State. Since societies in which the re-education of landlords might be effective are likely to be societies in which the landlords have a politically predominant power, the need for such re-education is unlikely to be recognized.

<sup>15</sup> Takekazu Ogura, ed., op. cit., pp. 301, 656-757; and R. P. Dore, “The Meiji Landlord : Good or Bad?”, *Journal of Asian Studies* vol. 18, No. 3 (May 1959) (Ann Arbor, Michigan), pp. 343-355.

### C. THE NEED FOR REFORM IN SOCIETIES WHERE TENANCY PREDOMINATES

703. So much for the arguments in favour of maintaining tenancy systems. The negative effects of tenancy — the reasons why reforms are necessary — are easier to document. They may be conveniently discussed under the headings : insecurity, crop-sharing, poverty and lack of independence.

#### *Insecurity*

704. Insecurity of tenure is an obvious deterrent to any kind of long-term improvement by the tenant, particularly to investment in immovable equipment and land improvement, such as terracing and irrigation. In Cyprus where land is scarce, and landlords not particularly conscientious, and where the law enforces no compensation of tenants for their improvement, the Government reports that “leased land is badly neglected and in most cases is deteriorating rapidly”.

705. A recent study shows that this is the case even in the United States where the position of the tenant is stronger than in most developing countries. An analysis of the value of investments between 1953 and 1957 on a group of owner-operated farms, a group of crop-share-cash tenancies and a group of livestock-share tenancies showed a consistent pattern whatever type of investment in long-term improvements was considered. The livestock-share tenant farms received less investment than the farms of the owner-operators, and the crop-share-cash farms least of all.<sup>16</sup> Insecurity of tenure makes it also difficult for the peasant to introduce rational rotation systems since he never can know if he will complete the rotation cycle.

706. The correlation is not always in this direction. A study made in Argentina, on an admittedly small sample, found that tenants invested more than owner-farmers. This cannot be considered typical, however. One reason was that the tenants had invested a good deal in tractors and other mobile equipment which they could use for additional contract work to supplement their incomes and which they would be able to take with them if their tenancy ended. They were, in fact, as a result of their unfavourable tenure situation, uneconomically over-capitalized in these lines.<sup>17</sup>

707. However, even in systems like the North American, institutional arrangements can make a difference. Twenty per cent of the tenants in the sample study quoted from the United States had clear arrangements written into their leases whereby the original costs of improvements were to be shared between landlord and tenant, usually with the former supplying materials and the latter labour. For most types of improvements, the farms of this group of tenants had received significantly more investment than the remainder, whose leases

<sup>16</sup> Paul W. Barkley and Wilfred H. Pine, *Effects of Tenure on Farm Improvements* (Bulletin 454) (May 1963) (Kansas Agricultural Experiment Station, Kansas State University).

<sup>17</sup> Arthur Domike, “Land Tenure and Agricultural Development in Argentina” (Comité Interamericano de Desarrollo Agrícola (CIDA) (unpublished).

specified either that the tenant or that the landlord should bear the whole cost. Similarly, laws can guarantee the tenant's right to compensation for improvements whose value is unexhausted at the end of his tenancy, but even under the best legal provisions guaranteeing the tenant's right to such compensation, uncertainty can still operate as a deterrent. Thus, French law requires leases to be for a minimum of nine years, except that landlords may repossess under strictly limited conditions at three-year intervals. The tenant is guaranteed compensation for his improvements if he is evicted. However, the necessary procedures — proving the improvements by presenting an inventory of the farm at take-over, preparing proof of the landlord's agreement to the improvement etc. — are cumbersome, and, if there is no trust between landlord and tenant, these procedures are by no means reliable, since the landlord's chances of evasion are considerable. There is an additional disadvantage in the system. French law gives the tenant the right of pre-emption if the landlord seeks to sell the land to a third party. If he exercises that right, he is liable to find himself paying extra for his own improvement.<sup>18</sup>

708. One further point should be added *a propos* of insecurity. In many parts of Latin America, it is difficult to draw a firm distinction between a tenant-at-will who depends on a verbal lease and a squatter (who may make some propitiatory gifts to the owner when the land is private). Squatters made up 35 per cent of the total of farm operators in Venezuela in 1950 and 47 per cent in Paraguay in 1956.<sup>19</sup> The insecurity of these farmers who lack either title or lease can be as inhibiting as that of tenants.

709. Nevertheless, it is no accident that the recorded examples illustrating the inhibiting effects of insecurity of tenure are largely drawn from developed countries, for it is chiefly in developed countries that investment in long-term immovable improvements is a major factor in technological developments. Except for irrigation systems, they are of lesser importance in developing countries. It is noteworthy, however, that in developing countries insecurity of tenure has considerable impact on the choice of crops, and on the cultivator's propensity to introduce irrigation and terracing of land.

710. For the ways in which these latter types of technological innovations are inhibited by tenancy, we have to look at other aspects of tenancy relations.

### *Crop-sharing*

711. The basic drawback of crop-sharing is simple. If a tenant or crop-sharing labourer has to give half his crop to a landlord, he will need the assurance that any extra input on his part will bring a certain return worth more than twice its cost. In places where the landlord traditionally provides all the purchased inputs, the same calculation limits the landlord's willingness to add to his costs by, for instance, buying improved seed or fertilizer. Only in those rare arrangements where the landlord and tenant share costs in the same proportion as they divide

the proceeds, does neither have this kind of financial disincentive. (But even then, since traditional landlord-tenant relations are often regulated even in their details by generations of custom, and since that custom probably provides no scope for changing those details, there is no procedure by which suggestions for such changes can be initiated.) In any case, whatever the arrangements for sharing cash costs, it is the tenant who provides the whole burden of labour-intensifying improvements.

712. The disincentive to adopt improvements whose cost in cash or effort falls on the tenant is greater the smaller the tenant's share, and in some countries where land is very scarce, it can be very small indeed. In one part of Java, for instance, there is a variety of tenancy arrangements; the landlord may provide only the cost of seed and (until they were abolished) pay the taxes; he may take over after the tenant has ploughed, prepared the field and planted it, or he may take over at an even later stage. However, even if the tenant does all the work and provides everything except seed, he does not normally receive more than a third of the crop and may get as little as a fifth.<sup>20</sup>

713. Java illustrates another form of crop-sharing liable to arise in over-populated countries. The tenant may occupy an intermediate position in the village hierarchy. There may be others less fortunate who cannot even secure a tenancy. The ethic of solidarity in many of these over-populated villages is such that a grower may be practically forced to accept the help offered by landless fellow-villagers, especially if they are kinsmen, and it is customary to reward such helpers with a crop share.

714. An analysis of the possibilities of improving rice production in Java shows how a rational calculation of the value of increased fertilization might work out for a tenant. It is assumed, on the basis of a good deal of experimentation, that present yields could be increased on an average by 30 per cent (by some 720 kg per hectare) as a result of using 100 kg of urea and 65 kg of double superphosphate per hectare. At farm-gate prices, this works out at something like a \$28.80 return for an increased expenditure of \$14.30. So far, this seems a good proposition. But if one assumes that 30 per cent of the crop goes to a landlord, that 15 per cent of the crop is paid to undeterrable helpers (and 10 per cent to 20 per cent seems empirically to be the norm), and that 5 per cent will be lost to rats and other wastage, the total yield to the tenant in an *average* year would be only \$14.40.<sup>21</sup> The ten cents net gain per hectare is hardly sufficient compensation for the additional risk involved from wider harvest fluctuation — and no compensation at all if the tenant had to borrow money at a high interest rate to pay for the fertilizer in the first place.

### *Poverty*

715. When productivity is low and land so scarce that its ownership commands a high rent, the tenant is

<sup>20</sup> J. M. van der Kroef, "Land Tenure and Social structure in Rural Java", *Rural Sociology*, vol. 25, No. iv (December 1960) (Ithaca, New York), pp. 422-423.

<sup>21</sup> "Some Main Problems Concerning the Rice Programme" (Government of Indonesia, 1964) (mimeographed).

<sup>18</sup> Pierre Viau, *op. cit.*, p. 133.

<sup>19</sup> *Report of the FAO Regional Land Reform Team for Latin America* (EPTA Report, No. 1388) (Rome, FAO 1961), p. 5.

necessarily poor. He can rarely save enough to afford any improvements which require cash outlay. And in a society in which the population is largely composed of poor tenants, money is scarce and interest rates extremely high even for secured loans. They are even higher for a tenant who has little to offer as a security, and who probably has an outstanding burden of hopeless debt, contracted simply for subsistence purposes — to keep his family alive in the lean years when crops failed. Consequently, he is unlikely to borrow in order to carry out an improvement unless the return is both certain and profitable by a wide margin.

716. The argument has been cast in terms of cash and credit. It could equally be cast in terms of energy. For the tenant who does not eat enough, who suffers from a deficiency disease or just general lethargy, even a technological change which costs nothing but a little extra work seem too costly unless the rewards are great and assured.

717. Note, too, that even a major technological innovation may not change this situation if the benefits of the innovation are monopolized by landlords. Thus, in parts of the Sudan, land productivity has been greatly raised by the development of irrigation — usually by individual entrepreneurs who get “pump licences”. The result noted by one observer is that “the greater part of the revenue . . . does not go back into the land for improving production and raising productivity”, because “most licencees are absentee waterlords who usually spend their share of the crop proceeds in building constructions and other non-productive activities in urban areas”.<sup>22</sup> With the surplus thus monopolized by the waterlords, the cultivators remained too poor to risk the expense of innovation.

718. Poverty may have another effect — of forcing tenants into the hands of merchant middlemen because they need to mortgage their crops in order to eat until the harvest arrives. This may so put them into the power of the merchant — especially if the merchant is also the landlord — that the merchant can more or less unilaterally determine prices.

#### *Lack of independence*

719. The tenant in traditional societies is rarely an independent entrepreneur. Even where the landlord provides nothing but the land, he is likely to interfere in some ways with the tenant's management of his farm and his interference may sometimes work against technological progress. Thus, the landlord may prevent a tenant from switching to a new crop which would yield higher returns because, for instance, he owns facilities for processing the crop traditionally grown and insists on rents being paid in kind in that crop. Or he may insist on receiving his rents in certain staples because their price is more stable; or in certain food crops so that he can impress his city guests with beef or with wine “from my own estate”. He may discourage his tenants from using fertilizers from some unfounded fear that it damages

<sup>22</sup> Ali El Tom, “Land Reform and Associated Rural Institutions in the Republic of the Sudan” (June 1961), (mimeographed) p. 66.

the long-term productivity of the soil — on the principle that the immediate gain is the tenant's, while the ultimate loss might be his.

720. Since there are few countries today which are untouched by twentieth-century ideals of egalitarianism and democratic government, a good many landlords may feel insecure in their dominance and be ever on the look-out for agitators coming from the towns to make trouble among their loyal tenants. Government technological experts and extension advisers — members of the lower middle class who have been to the schools and colleges which are the centre of ideological “infection” — may loom in the landlord's eyes as dangerous characters liable to put undesirable thoughts in his tenants' heads. To be on the safe side, he may make quite sure that they never come near his own estates. Likewise, he may not be anxious to see his tenants generally educated. In 1948, at a time when 85 per cent of the members of the Syrian Parliament were landowners, it was reported that some of them “in order to tighten their grip on their fellaheen, were able to prevent Government-appointed teachers of public schools from exercising their functions”.<sup>23</sup>

721. The above are some of the direct ways in which tenancy relations can inhibit technological development. Those do not tell the whole story, since they are all economic arguments, based, that is to say, on the premise that the tenant is an “economic man”, accustomed to regulating his behaviour by rational calculation of his material profit and loss. But the situation is worse than this, because he is *not* usually an economic man, for reasons which have to do with the type of social structure which usually accompanies a tenancy system. These indirect effects of landlordism are shared by countries such as those of Latin America which may have little tenancy but a combination of big estates and tiny subdivided holdings. They are, therefore, best discussed after the technological implications of the *latifundia-minifundia* combination have been described.

#### D. THE NEED FOR REFORMS IN AGRICULTURAL SYSTEMS DOMINATED BY LARGE TRADITIONAL ESTATES

722. The *latifundia-minifundia* combination is one which, generally speaking, gets the worst of both worlds. Excessively big holdings do not encourage, and excessively small holdings do not permit, technological development.

#### *Big holdings*

723. A recent analysis of Argentine agriculture puts the case against the large farm in a few neat statistics. Large-scale hired-labour farms of the pampa have some 56 per cent of the farm land but produce only 44 per cent of the value added in the agricultural sector. On family-scale farms, each permanent member of the labour force works an average of fifty-seven hectares of which 60 per cent is in cultivation. The very large-scale units

<sup>23</sup> Salah M. Dabbagh, “Agrarian Reform in Syria”, *Middle East Economic Papers* 1962 (Beirut), p. 10.

have 300 hectares per worker with 38 per cent cultivated. The possibility that the smaller farms have the advantage of greater soil fertility is discounted — not least by the existence of a few large-scale farms which are efficiently managed and highly productive.<sup>24</sup> An account of Brazilian agriculture similarly concludes that the *latifundia* are with rare exceptions inefficient, and that they are likely to remain so because even at their present level of efficiency they provide eminently satisfactory incomes to their owners, their management being based, as it is, on the twin factors of low wages and “mining” of the soil — “the large-scale and systematic erosion of men and soils.”<sup>25</sup>

724. These charges of general low productivity may be substantiated — and explained — by examples of responses to particular innovations. In Nicaragua for example, a scheme was prepared to irrigate the major part of an area of 100,000 hectares in Massaya and Granada departments by means of expensive tube wells. The Government provided loans to cover part of the expenses and made all the necessary arrangements with an American engineering firm. Each well was to irrigate 100 hectares at a total cost of some \$10,000 and with the expectation of a very considerable increase in the productivity of what was then cotton land of no very high yielding capacity. Each farmer was also offered comprehensive technical advice including the provision of a complete farm plan. Had the land been divided into 100 hectares farms, there is every chance that the plan would have succeeded. In fact, however, a good deal of the land was held in very large units. Some farms were as big as 2,000 hectares and owned by men whose main interest was not, in any case, in farming. Some of the large owners were willing to have one well to irrigate a part of their estate, but they rarely wanted more than one. In the end, the response to the scheme was so poor that the well-boring facilities had to be transferred to a banana plantation area.

725. A similar example may be quoted from pre-revolutionary Algeria where a dam capable of irrigating 120,000 hectares was built by the colonial Government. After fifteen years only 40 per cent of this water was used, chiefly because holdings were too big for their owners to be interested in irrigating more than a small section of them.

#### *Small holdings*

726. Other things being equal, the smaller a man's holding, the greater is his incentive to maximize his productivity per unit area. Other things never are equal, of course; in particular, as we shall see below, the factor of absolute poverty is overwhelmingly important. But this apart, the smallness of holdings is not necessarily conducive to useful technological progress, for the chances are that as the farmer of a small holding seeks to maximize the productivity of the land, the marginal returns to his labour will diminish, especially because the smaller his holding the less profitable it becomes to introduce any improvements which are at all lumpy in

character. A very large number of the world's farmers have holdings which are too small to utilize fully even the smallest breed of draft animal available. This may not actually prevent investment. By cultural tradition, a horse or a cow may be something every self-respecting farmer has to have even if his farm is too small to use it without considerable waste. But there is a difference between this — fulfilment of a *traditional* requirement — and investment in *new* equipment. To be sure, in rare situations farmers may be so innovation-minded that they are likely to compete with each other in getting the latest fashionable piece of new equipment even if their farms are too small to justify it, but although this may be technically progressive, it is economically foolish. (An example may be taken from modern Japan where two million and a half garden tractors were sold in a decade, many of them to purchasers who could much more cheaply have had their tiny farms ploughed by contract, though here it was not only fashion but the need to keep sons on the farm which provided additional motives.)

727. In any case, the main causal connexion between too-small holdings and reluctance to invest in innovations is the simple one that the farmers of these small holdings are too poor. That is why it is not only lumpy innovations which are inhibited but any which require cash investment, however divisible they might be.

728. Even labour-intensifying techniques which require no cash outlay may be ruled out for the bulk of the *minifundia* cultivators of Latin America simply because they are too busy seeking work on plantations and in mines — perhaps located a long way from their homes — in order to supplement the totally inadequate income yielded by their holdings.

729. Thus, for optimum encouragement of innovation holdings should be neither too large nor too small. How big they optimally should be varies with the possibilities of technical progress available and the economic situation. And it is not likely to be a fixed optimum, either. A recent study of farm sizes in Ireland uses linear programming techniques to find the optimal distribution of land under varying supply and demand conditions. Here the concern was with maximum profitability rather than with maximizing innovation-proneness, but in so far as the prospect of profit is a major incentive for technical innovation (and the *only* incentive of the “economic man” envisaged by the farm management expert) the two may be roughly equated. One of the findings was that the optimum number of farms in each size category was extremely sensitive to change in demand for specific product mixes — so much so that any continuous adjustment of farm sizes to the current market situation would obviously be totally out of the question.<sup>26</sup>

730. What is apparent is that in nearly every country in the world the *majority* of holdings are well below the optimum size — and in most countries in the world, the average size of holding is decreasing. There are many

<sup>24</sup> Arthur Domike, op. cit.

<sup>25</sup> E. Feder, “Land Tenure Conditions and Agricultural Development in Brazil” (CIDA), p. 390 (mimeographed).

<sup>26</sup> G. O. Bierwag, “Optimal Land Distribution Schemes — An Application of Linear Programming Techniques: Ireland, 1953-60”, *Dissertation Abstracts*, vol. 23, No. xii (Ann Arbor, Michigan), p. 4552.

criteria for expressing the great divide between the nations of the modern world — the rich and the poor; the developed and the developing; the industrial north and the non-industrial south. One of the most telling distinctions is that between those countries where there is a discernible secular trend for the average size of farm holdings to increase, and those in which the trend is in the opposite direction. It is a distinction which encapsulates the whole story of the widening gap between living levels in the two groups, for as the pressure of population reduces the size of holdings, so farmers are removed further and further from the possibility of making those improvements which can provide an ultimate solution to their problem — by raising agricultural production enough to : (a) provide savings for industrial investment which would relieve population pressure on the land and (b) bring about the rise in living levels which can lead to a falling birth rate. In countries where there is no solution to the problem of the too-small farm through the redistribution of land, the adjustment of farm sizes to the available technology becomes only one of many factors to be considered in a set of problems which embrace the whole of population and employment policy. It will therefore be considered in more detail in chapter IV.

#### E. THE INDIRECT EFFECTS OF TENANCY OR LARGE-ESTATE SYSTEMS

731. It is time to consider the more indirect ways in which technological progress can be inhibited in agricultural societies with a radically unequal distribution of wealth and income — both those in which the inequality is institutionalized in tenancy systems and those in which it takes the Latin American pattern of large estates and tiny holdings existing side by side. Not all the effects enumerated below apply to all societies with such agricultural systems. They are more likely to occur and with correspondingly graver consequences — the greater the degree of inequality and the greater the extent to which inequalities imply “feudal” relations of social dominance and submission.

##### *Government credit*

732. Firstly, there is an effect on the use of government services. As the State begins to provide credit or technical assistance, the landlords tend to monopolize it. (This is especially true with credit; if they actually utilized technical services the general agricultural picture might be less gloomy.) Thus : “Farm credit institutions in most of Latin America have served only the large landowners. Even the few public credit institutions specifically designed to meet the needs of smaller farmers have not been able to reach the *minifundio* cultivators.”<sup>27</sup> In Colombia, for instance, up to 1961, 85 per cent of the loans of the Caja de Crédito Agrario had been granted to landowners and 15 per cent to tenants and sharecroppers, who made up some 55 per cent of the total of cultivators.<sup>28</sup>

<sup>27</sup> 1963 Report on the World Social Situation (United Nations publication, Sales No. 63.IV.4), p. 137.

<sup>28</sup> Report of the FAO Regional Land Reform Team for Latin America, op. cit., p. 5.

733. Sometimes the situation may be even worse; funds may filter down to the tenant or *minifundio* cultivator, but at high interest and for consumption rather than investment purposes. It was found in the Philippines at one point that some of the funds of the State-subsidized Farmers’ Co-operative Marketing Associations were being loaned to landlords who then illegally reloaned the money to their tenants at much higher rates of interest.<sup>29</sup>

##### *Village social structure: co-operation*

734. Secondly, the bifurcated social structure of rural areas in these countries may prevent the kind of co-operation between farmers necessary for technical developments which are lumpy and necessarily communal (irrigation, for instance) or co-ordinated measures against crop disease, the co-operative organization of processing plants or marketing channels. In some circumstances, the reverse may be true; farming landlords who maintain a kind of patriarchal authority in areas where the traditional social structure is still intact may, if they can be suitably motivated, provide leadership for such innovating developments — leadership which could be more effective than could be given by elected leaders in societies unused to democratic forms of organization. It was already argued above that landlords who are suitably motivated are rare. The other side of the picture is that peasants willing to follow landlord leaders are becoming rarer. It was said above that there may be a possibility of landlord-sponsored progress where the traditional social structure is still intact. In a world in which transistor radios grow steadily cheaper and Governments spend more and more money on foreign broadcasts, few traditional hierarchical systems are not affected by ideological erosion. Large disparities of wealth are increasingly resented; the wealth and the authority of the landlords seem less legitimate; people are less willing to accept the idea that some are born to lead and others to obey.

735. Thus, co-operation in the introduction of necessarily communal improvements is inhibited in two ways by glaring inequalities; firstly, because there is a real diversity of personal interest between the landlord and tenant or between the *hacienda* owner and his *peones*; secondly, because mutual suspicion and resentment is likely to prejudice co-operation even when their interest in fact coincide.

##### *The agricultural surplus: agricultural research and training*

736. A third way in which development is inhibited in societies dominated by landowners is by the latter’s influence on the distribution of national resources. Similar processes are at work, in the disposal both of national income and, more narrowly, of government expenditure. In its baldest terms, the argument about the distribution of income goes like this : the surplus from agriculture which, in an agrarian economy, is by definition the chief source of investment funds for econo-

<sup>29</sup> E. H. Jacoby, *Agrarian Unrest in South-East Asia*, 2nd ed. (London, Asia Publishing House, 1961), p. 226; see also a similar example from Indonesia, *ibid.*, p. 70.

mic development) are either : (a) dissipated in landlords' luxury consumption; (b) invested in urban real estate; or (c) diverted into industry or commerce for quicker and better returns. In any case, they are not made available for productive investment in agriculture.

737. If the predominant use of landlords' profits were of the last mentioned kind, there would, perhaps, be little to complain of, for the transfer of the agricultural surplus into industrial investment goods is the standard recipe for successful industrialization, particularly if the flow of funds comes out of a gradually rising agricultural output sustained by *enough* agricultural investment to maintain the rise. Even where landlords do invest in industry, however, this is often not the case, as a recent study made in Brazil illustrates. Many of the big estate owners ensure their income flow by soil "mining", working the land until its fertility is exhausted, then dismissing their workers and putting the land down to grass. If there is a back-flow of capital into rural areas it goes not into technically progressive investment, but into the purchase of more land to "mine".<sup>30</sup>

738. The argument in terms of the distribution of government revenue is as follows : in societies which are dominated by large landlords who are primarily *consumption-oriented rentiers*, the government is less likely to invest money in agricultural research, extension and education than in a society where the government depends for its support on the mass of producing farmers — and such investment is an essential condition for the rapid diffusion of technological improvements. In the matter of agricultural education, even if the government does invest money in the development of agricultural faculties of universities and does provide openings in agricultural services for their graduates, when a majority of students come from a gentleman landlord class, they are likely to despise agriculture and prefer to study a subject which carries higher prestige. The members of the lower middle class, too, adopting the values of "their betters", show the same preferences. Thus, in a group of thirteen Latin American countries, the average percentage of university students in agricultural courses was 3.1 per cent in 1958. Enrolment in agricultural departments was 57 per cent of capacity when most other faculties were overcrowded.<sup>31</sup> In the post-revolutionary, post-land-reform of Cuba of 1964, 7.7 per cent of students in universities were in agricultural courses, triple the proportion in 1952 and nearly five times as many in absolute numbers.<sup>32</sup>

#### *The value system*

739. The aspirations of university students revealed by these figures are one expression of the kind of value system which is typical of such societies. Such a value system works to inhibit technical progress in agriculture in at least two other ways.

740. Prestige attaches to land ownership as such, not to efficient or profitable farm management. The lawyer

<sup>30</sup> E. Feder, op. cit.

<sup>31</sup> 1963 Report on the World Social Situation, op. cit., p. 136.

<sup>32</sup> The figure includes students in the preparatory "agricultural levelling course".

of Caracas or of Quito takes his country week-end guests to ride over his broad sierras on horses, not to see his latest tractors or to admire his modernized milking sheds. The Sicilian student takes his friends home for the vacation to show them how broad are the acres to be seen from the windows of his hilltop *castello*, and how suitably deferential the *contadini* can be when he passes by. He does not expect them to be impressed by the quality of his tomatoes. Consequently, any flow of savings into the agricultural sector which does take place — whether it be from the profits of landlords themselves or from the profits of business men anxious to achieve the social status conferred by land ownership — is much more likely to be used for the purchase of extra land than for the improvement of land already owned. This is especially the case where inflation is rampant, and prudence reinforces snobbery by making it obviously advantageous to buy an effective anti-inflationary "hedge".

741. The net effect of this is to drive up the price of land. Since the sales are often distress sales, what in effect happens is that the savings of the purchaser are transformed into the *consumption* of the vendor; in other words, there is a net decrease in investment funds, and the possibility of any kind of economic development, agricultural or otherwise, is reduced.

742. Secondly, the essential ingredient of the prestige of the landlord is not so much the ownership of land in itself as the power that it gives over other men. Thus it happens that the ideal of personal dominance comes to permeate the whole society, affecting the dominated as well as the dominant. In the Sudan, for example, the Gezira tenant came from a slave-owning society. Even if he had never achieved slave-owning status himself, he shared its slave-owning values. Hence, he did as little as possible of his own work himself and gave as much of it as he could afford to hired labourers from "inferior" tribes. Some of the former labourers have now been given tenancies on the Managil Extension, and they have tended to repeat the pattern. Similarly, it has recently been said of Brazil that "even the imaginative farm worker thinks of an increase in his farm enterprise and of the possibility of earning conspicuous profits through the use of more cheap labour. The way toward a better life is not to work, save, invest and produce more by one's own effort, but to have access to the work of others".<sup>33</sup> In South-East Asia, landlords have frequently been much more interested in money lending than in improvement of agriculture, since money-lending activities at usurious terms to starving peasants promise larger profits than agricultural innovation.<sup>34</sup>

#### *Independence*

743. Finally, such societies so shape the personalities of the majority of their members that the independence of spirit which leads men to take new departures, to seek to "better themselves", to try to improve their personal situation or their society is rarely developed.

<sup>33</sup> E. Feder, op. cit., p. 597.

<sup>34</sup> E. H. Jacoby, op. cit.



744. Innovation requires at least two things — the ability to envisage the possibility of betterment, and the hubristic sense of having it within one's own power to mould one's environment in accordance with one's needs and desires. Neither is likely to be bred in tenants who belong to what amounts in effect to a hereditary caste, men who must obey their landlord's instructions concerning how they should use their land, or may even be forced to perform subservient personal services in order to be allowed to keep their tenancies. Nor is it likely to be bred in the *hacienda* worker who must give proper respectful service to "the great house" if he is to keep his precarious privileges — or even, in those cases where the estate owner really is a local law unto himself, if he hopes to escape a beating. Where there is little social mobility the social order seems fixed. Boys do not grow up accustomed to being asked: "What are you going to be when you grow up?"; the answer is usually all too patently clear. Men are not used to looking forward to the future, much less to one which will be brighter than the present; consequently, the aspirations which can prompt efforts to change and innovate are often missing. Similarly, the fixity of the social order reinforces a sense of the fixity of the natural order. In those societies where men have realized that they can, by taking thought, alter the order of nature, they are liable to assume that they can also reshape their society, and vice versa. Similarly, where there is passivity towards the social order, there is likely to be passivity towards the natural order (implying a lack of interest in new techniques for controlling nature). The two tend to be mutually confirming.

745. In short, the renowned "fatalism" of traditional peasant societies, so frequently deplored by extension workers as a major obstacle to technical progress, is often in part a by-product of a particular type of social structure, in its turn largely the consequence of a particular pattern of land ownership.

#### F. POSSIBLE TYPES OF REFORMS TO PROMOTE TECHNOLOGICAL PROGRESS

746. For tenancy systems with some or all of the drawbacks suggested above, there are two possible remedies: the milder one of statutory regulation of tenancy, and the more drastic one of land redistribution. Similarly, for the *latifundia-minifundia* situation there is the milder solution of establishing co-operatives for small farmers and the more drastic one of land redistribution. The two milder solutions will be considered first.

#### *Tenancy reform*

747. Nearly all the restraints on technological progress can be removed or mitigated by the effective reform of tenancy. Rigid provisions against the eviction of tenants, statutory minimum terms of leases, and provisions concerning compensation for unexhausted improvements can counteract the effects of insecurity of tenure. The enforcement of fixed cash rent contracts can eliminate the ill-effects of crop-sharing. Rent control, holding rents to a low level, can mitigate the poverty of the tenant and

leave him the leeway for investment. The law can equally forbid contracts which deprive the tenant of managerial independence in the management of his holding.

748. The chief drawback of such solutions is that they are difficult to enforce, as has already been discussed in chapter I *à propos* of recent measures. Japan is a rare exception in having all such legal provisions in a very rigorous form for the 9 per cent of the land area remaining under tenancy after land reform and also in having the administrative resources to enforce these provisions. Even there, the regulation of rents has proved a practical impossibility, though the "drag" of a low level of controlled rents, combined with what is practically invincible security of tenure for the tenant, has kept actual rents far lower than before the reform. As a result of these measures it is now taken for granted that tenanted land is as productive as owner-cultivated land.

749. This seems to be by no means the case in India, however, according to studies carried out in Bombay and Hyderabad, two states which (in 1948 and 1950 respectively) enacted legislation which enhanced the tenant's security of tenure, encouraged the transfer of land to tenants and fixed maximum rents.

750. Of a number of studies which have attempted to assess the effects of these reforms<sup>35</sup> only one—a study of some 500 owner-cultivators and some 100 tenants in Hyderabad<sup>36</sup>—produces any findings which are at all encouraging. Between the years 1948-1949 and 1953-1954, the agricultural investment of the tenants increased by 146 per cent, while that of the owner-cultivators increased by a smaller 64 per cent. Moreover, the proportion of the tenant's investment devoted to durable items and irrigation increased from 3 per cent to 22 per cent. One would expect the difference to be reflected in productivity, and sure enough the difference in productivity between owner-farmers and tenants had narrowed from a 15 per cent gap to an 8 per cent gap.

751. However, several factors suggest that there is little cause for rejoicing in these figures:<sup>37</sup>

(a) The figures refer to two sample years and since investment is known to be subject to very wild annual fluctuation they cannot automatically be taken to represent a trend.

(b) Even if the investment figures do accurately reflect a narrowing of the gap, the gap itself remains great. Even in 1953-1954, the average owner-farmer investment was seven times greater than that of the average tenant.

(c) The narrowing of the productivity gap is almost wholly accounted for by a 7 per cent fall in the productivity of owner-farmers (not satisfactorily explained), hardly at all by an 0.8 per cent increase in that of tenants.

<sup>35</sup> These are usefully summarized in V. M. Dandekar "A Review of the Land Reform Studies Sponsored by the Research Programmes Committee of the Planning Commission" (Government of India, 1961) (mimeographed).

<sup>36</sup> A. M. Khusro, *Economic and Social Aspects of Jagirdari abolition and Land Reform in Hyderabad* (Hyderabad, 1958).

<sup>37</sup> These limitations are analysed in V. M. Dandekar, *op. cit.*, and T. R. Sundaram, "Evaluation of the Effects of Land Reform", *Asian Economic Review*, vol. 4, No. iv (August 1962) (Hyderabad), pp. 504-522.



All the other studies produced results which were not even superficially encouraging.

752. These facts, however, do not argue that *effective* tenancy reforms have no influence on a tenant's willingness to innovate, for the main conclusion of most of these studies seems to be that the tenancy reforms in Bombay and Hyderabad were never in fact "effective". One study in Bombay, for instance, argues that there was "extensive resumption and changes of tenants... even after the enforcing of the Act,... and an almost complete absence of any signs of lowering the share and cash rents or of any changes in the tenancy practices".<sup>38</sup> In Hyderabad, 22 per cent of the tenants "protected" by the Act of 1951 had been illegally evicted by 1954, and another 17 per cent had "voluntarily" surrendered their land.<sup>39</sup> It was, in fact, a general recognition of the inadequacies of tenancy legislation which prompted the acceleration of land redistribution in the mid-1950's.

753. India, therefore, is not as good an indicator of the results of *fully implemented* legislation as are Japan and those many European countries which (with the exception of rent control—in their case less essential because of a lower free level of rents) have provisions similar to the Japanese legislation. Unfortunately, however, this observation is of limited relevance, for in most of the countries where tenancy acts as a brake on technological advance, the conditions which determine the likelihood of full enforcement of tenancy legislation are closer to those of India than to those of Japan, and may well be much worse than in India.

#### Co-operatives

754. The encouragement of co-operatives among *minifundio* cultivators can remove an obstacle to the improvement of their technology in two senses only. Firstly, it can provide organizational channels through which information about new techniques can reach them and through which necessarily communal development works can be undertaken. Secondly, it can make lumpy investments feasible. A piece of spray equipment, a tractor, a treadle threshing machine which would be uneconomical for a small farmer can make good sense if half a dozen, or fifty, farmers share the equipment in common. Co-operation by itself, however, does not give farmers the money to make the investment in the first place. The pooling of poverty solves nothing. Where holdings are so small that their owners are left no margin for investment it is doubtful if co-operatives can function in any case.

#### Land redistribution

755. A more hopeful solution is land redistribution. If tenants become owner-occupiers, and if *minifundio* cultivators are allocated holdings big enough fully to occupy an average family's labour (either by the division of big under-utilized estates or by settlement on unoccu-

pied land), *most* of the obstacles to technological improvement immediately disappear.

756. Not all of them, however. There is now ample evidence that land redistribution by itself does not automatically and immediately open the flood-gates of development, for several reasons.

(a) The more subtle indirect effects of the traditional social structure which the pattern of land ownership helped to preserve—its effect on the outlook and personality of tenants and *minifundio* cultivators—do not immediately disappear. A man does not suddenly lose his attitudes of dependence and fatalism and develop powers of optimistic and adventurous initiative merely by becoming an owner-farmer. The process may take one or two generations. There are many traditional societies for instance, in which agricultural questions are intimately bound up with religious ritual; a man may do one thing, his wife must do another; each planting and each hoeing is as much a religious as an economic act, and technique can only be changed at the risk of supernatural sanctions.<sup>40</sup> The spread of education can change this and bring about the separation between the economic and the religious sphere necessary for rationalization and technical change, and it may be that the necessary diffusion of education to the villages can only be accelerated by the socio-political changes accompanying land reform—as seems to have been the case in Algeria, Cuba, Mexico and even southern Italy. (Where landlords provide and control village taxes and send their own children *away* to school, they are uninterested in village schools.) In broader terms, it has been said that a successful land reform "creates a new self-consciousness... It provides a ready background for education, since it develops the qualities of intellect, common-sense, energy, resourcefulness and prudence, all of which are necessary to accept technological changes and make the best use of technological innovations."<sup>41</sup> This transformation takes time, however. Meanwhile, if land ownership does increase the income of farmers with traditional attitudes, a major result—as was found in the Bolivian altiplano after the Bolivian land reform—may be an increase in expenditure on ritual and social ceremonial, not an increase in productive investment.<sup>42</sup>

(b) Equally, the acquisition of land does not of itself immediately provide a man with the capital for productive investment, particularly if he is required—as he is required in most land redistribution schemes—to pay instalments for the purchase of the land he receives. Most redistributions of tenanted land fix the level of repayments somewhat below the pre-existing level of rents, but the margin may be small, representing a less than spectacular increase in the farmer's income and

<sup>40</sup> See, for instance, Charles Wagley, "The Economics of a Guatemalan Village", *Memoirs of the American Anthropological Association*, No. 58 (1941).

<sup>41</sup> E. H. Jacoby, "Agrarian Structures and Land Settlement" (E/CONF.39/C/305), para. 46 (paper prepared for the United Nations Conference on the Application of Science and Technology for the Benefit of the Less Developed Areas, Geneva, 4 to 20 February 1963).

<sup>42</sup> *Report of the FAO Regional Land Reform Team for Latin America*, op. cit., p. 38.

<sup>38</sup> Quoted in V. M. Dandekar, op. cit., p. 3., taken from V. M. Dandekar and G. J. Khudanpur, *Working of the Bombay Tenancy Act* (1948), p. 187.

<sup>39</sup> Quoted in V. M. Dandekar, *ibid.*, p. 3., taken from A. M. Khusro, op. cit., p. 169.

consequently the prospect of only a gradual growth in his capital resources, even more gradual if one considers that he was probably perpetually hungry before the reform and will use some of his extra income to eat better. It is true that the ownership of land may in itself immediately increase a farmer's credit-worthiness, but the fear that extensive mortgaging of new holdings will lead to a reconcentration of land ownership usually prompts Governments to restrict the use of newly-allocated land as a security for loans.

(c) There may even be new obstacles to productive investment immediately after land redistribution if dispossessed landlords or plantation owners formerly provided seed or fertilizer or bullocks, or provided the organization for maintaining irrigation channels or for marketing.

(d) Similarly, where land ownership was inextricably bound up with political power, the removal of the landlord's authority may lead to a general weakening of law and order, thus producing a general sense of insecurity. Ownership can only begin to have its supposed magic effect of turning sand into gold if the owner believes himself secure in his ownership; the fear that one day the landlord will come back with a posse of policemen and reclaim his land can be an effective deterrent to any kind of long-term investment.

(e) Again, if the redistribution involves the settlement of former labourers or tenants on new land, it may take them some time to get used to the physical characteristics of their soils and to find the appropriate farming methods.

(f) Even if, in spite of all these factors, the new owners do become more productive, there may be an over-all decline in agricultural production because former landlords cease to invest in the upkeep or improvement of the lands which remain to them. This is especially likely to be the case in a piecemeal reform which creates uncertainty — whether those of the Latin American type which envisage a steady process of expropriation over a period of years with considerable administrative latitude in determining what is to be expropriated, or of the Indian type which fix fairly generous ceilings and leave strong political forces demanding a second wave of reforms to impose lower ceilings. In both India and Iraq, the anti-production effects of this kind of insecurity have been frequently remarked.<sup>43</sup> Technological standards and productivity may also fall when, in order to avoid restrictions on tenancy, landlords resume cultivation of land they cannot properly manage for the sole purpose of evading the law.<sup>44</sup>

757. For these reasons, it should be no matter for surprise if land redistributions do not immediately result in rapid technological advance. There are, in fact, well-authenticated instances of a decline in output after a land redistribution. To be sure, assertions of catastrophic falls in production are often exaggerated and in any case usually unprovable. They are often based on much more

ascertainable statistics of the volume of agricultural production marketed. But a fall in the marketed volume may result from the fact that farmers eat more, rather than from the fact that they grow less. For instance after the land reform in Hungary after the Second World War, it is said that the volume of goods marketed from the divided estates of Prince Esterhazy fell to between a third and a half of the pre-reform volume, though with a much smaller fall in output. (In the case of livestock, however, output might fall, too, if farmers who receive portions of divided herds eat them instead of breeding from them.)<sup>45</sup>

758. Misleading exaggerations of the immediate deleterious effect of land redistribution notwithstanding, there is no doubt that land redistributions do not immediately result in rapid technological advance. Rapid progress can result and the chances of it doing so can be greatly increased if the right kind of measures are taken to back up programmes of land reform. The conditions for such progress might be roughly schematized as :

(a) Supplies of technical advice;

(b) Supplies of credit;

(c) Supplies of necessary investment materials;

(d) The necessary external framework which only a political authority can provide;

(e) The right attitudes and aptitudes on the part of farmers;

(f) The kind of social organization at the village level conducive to co-operation in the effective and fair use of services provided by the government.

759. It is by now a cliché that land redistribution schemes should be integrated operations of which the first four of the items listed above form an essential part. (The fourth in particular may take a variety of forms — the planning of major irrigation works, the building of roads, the establishment of marketing boards or price support schemes, the reservation of state land to plant shelter belts of trees, livestock or crop insurance and so on.) However, to urge that such measures *must* accompany land redistribution is often to ask for the impossible, since Governments may simply not have the resources to extend credit to farmers or train battalions of extension workers; and to suggest that land redistribution should be delayed until these supporting services can be provided, may be tantamount to suggesting that it should be postponed forever if the existing pattern of landholding makes the economy so stagnant that the necessary resources are never likely to be accumulated.

760. Even if all the necessary services are provided, land ownership will not lead to technological development if the last two conditions are not fulfilled : if farmers do not have an interest in development and if they are not capable of the degree of organization required to make use of government services — to dig the minor irrigation channels which will link the major works provided by government, to provide effective and trusted internal controls over the distribution of supplies and

<sup>43</sup> On India, see T. R. Sundaram, op. cit., p. 508; B. Sarveswara Rao, *The Economic and Social Effects of Zamindari Abolition in Andhra* (Waltair, 1963), pp. 75-77.

<sup>44</sup> See T. R. Sundaram, op. cit., p. 408.

<sup>45</sup> R. Dumont, *Cuba : Socialisme et Développement* (Paris, Éditions du Seuil, 1964), p. 39.

credit and so on. These last two conditions cannot be fulfilled overnight. That is why the *major* beneficial results of land redistribution may be those long-term ones which eventually affect individual attitudes — the breaking down of feudal barriers, the increase in opportunity and mobility, the development of new attitudes to agriculture, the growth of agricultural education; and — as it has in Mexico — it may take a generation or more before the results become apparent.

761. It is difficult to substantiate these statements by empirical evidence of the results of land redistribution schemes. There is no measure available of technological development as such, and the next best thing — measures of productivity — are notoriously inaccurate. Even if the figures are reasonably accurate, analysis of the *causes* of movement of productivity is a highly speculative matter. The quoting of before-and-after production figures as evidence of the effect of land redistribution would, therefore, provide only a spurious proof of any argument. Nevertheless, one can sometimes be reasonably sure of certain trends. There seems no doubt, for instance, that whichever of the wildly differing estimates of Bolivian agricultural productivity one chooses, there was a considerable fall in production after 1953 and output may even now not have reached pre-reform levels.<sup>46</sup> Official figures for Czechoslovakian agriculture show that gross agricultural output did not regain pre-war levels until 1960 and output per hectare not until 1955.<sup>47</sup> (Consumption levels were kept higher, however, by a greater volume of imports). In the case of Japan, the (much more accurately charted) increase in production after the land reform must be attributed partly to new technological discoveries, partly to greatly improved credit and extension services, partly to price support policies and even to an increase in side-employments; but there seems little doubt that it can also be attributed to the fact that far more farmers owned the land they tilled.<sup>48</sup> Similarly, in Venezuela, the reported increase in the growth in agriculture's contribution to the gross national product from 4.5 per cent per annum during the period 1951-1959 to 7.7 per cent per annum in 1959-1962 must owe a good deal to the distribution of 1.5 million hectares of land during the latter period and to the high level of State investment which went with it.<sup>49</sup>

762. In these terms, then, one may hazard the following. The Japanese land redistribution programme led quickly to beneficial results because all six of the conditions outlined above were fulfilled. The Government established a very thorough new extension service, and greatly expanded credit and assistance for land improvement works. Farmers' attitudes had been moulded by two or three generations of compulsory primary education which stressed the possibilities of progress and the virtues of initiative and diligence. Social organization was

traditionally close-knit and there was a long tradition of village co-operation to be built on. The same may be said of the land reform in China (Taiwan) (where the first four conditions were fulfilled with the help of material resources from the United States, and technical skills from mainland China, and the last two conditions through the educational system and the system of village agricultural associations built up during the colonial period and much expanded since).<sup>50</sup> Italy may also be counted in the same category; the provision of supporting services was on a generous scale and it was only in some areas that the legacy of illiteracy and semi-anarchic despotism of the countryside had rendered some of the beneficiaries (especially the landless casual workers, the so-called *braccianti di paese*) incapable of taking advantage of their opportunities.<sup>51</sup> The United Arab Republic is another case in point; in those land reform areas where there has been intensive provision of services and assistance (plus often close supervision), the social groundwork was sufficiently developed for the response to be quick and impressive — particularly, for instance, in the sugar cane and rice areas.<sup>52</sup> The average yield per *feddan* of sugar cane has increased from 680 *kintars* in 1952 to 1 010 *kintars* in 1961.

763. By contrast, the Bolivian post-revolutionary Government disposed of none of the resources, material or human, to provide supporting services for the recipients of land under the land reform. The decline in agricultural production in Bolivia may be generally exaggerated (it may, as mentioned above, be far less than the decline in the marketed surplus) but at least there seems no doubt that there has been *no increase* in productivity in Bolivian agriculture since the reform, except in a few select areas where there have been substantial injections of capital on medium and large farms and immigrant colonization.<sup>53</sup> The reason seems to be that for the bulk of the recipients of land, not one of the six conditions was met. The situation was a little better in Iraq. It was at least possible, thanks to oil revenue, to provide cash advances and to supply materials; beneficiaries were also relieved of any payments for their land. But little technical advice was made available and there was little provision of external services. Even more patently lacking (after the destruction of the power of the landholding sheiks) was the local level social organization capable of utilizing government aid and promoting development, or much evidence of a strong "will to economize" on the part of the new — largely illiterate — landholders. In Iraq, again, output had certainly not increased by the end of 1963, and had probably declined since 1958. Iraq had, at least, become an importer instead of an exporter of staple foods.

<sup>50</sup> Ramon H. Myers and Adrienne Ching, "Agricultural Development in Taiwan under Japanese Colonial Rule", *Journal of Asian Studies*, vol. 23, No. iv (August 1964), pp. 563-564.

<sup>51</sup> See S. H. Franklin, "Social Structure and Land Reform in Southern Italy", *Sociological Review*, vol. 9, No. iii (November 1961), (Keele), pp. 323-349.

<sup>52</sup> *Agrarian Reform and Land Reclamation in Eleven Years* (Government of the United Arab Republic, 1963), p. 93.

<sup>53</sup> Antonio García, "La reforma agraria y el desarrollo social de Bolivia", *El Trimestre Económico*, vol. 31, No. iii (July-September 1964) (Mexico); and Casto Ferragut, op. cit.

<sup>46</sup> Casto Ferragut, *Informe al Gobierno de Bolivia* (FAO Report No. 1856) (Rome, 1964), p. 27.

<sup>47</sup> Jarmila Menclova and Ferdinand Stočes, op. cit., p. 90.

<sup>48</sup> Takekazu Ogura, ed., op. cit., pp. 76-87; and R. P. Dore, *Land Reform in Japan* (London, Oxford University Press, 1959), chap. IX.

<sup>49</sup> Alfred M. Saco, "Land Reform as an Instrument of Change", in *Monthly Bulletin of Agricultural Economics and Statistics*, vol. 13, No. ii (Rome, FAO), p. 4.

### *The family farm versus common-land-use farming*

764. The examples given above all concern land redistributions which have had as their objective the creation of an owner-cultivator freehold system. There are, however, other ways of redistributing the rights to use land besides distributing freeholds. The two most common are the creation of collective or joint farms and State farms, such as are found in the Eastern Europe, USSR and China (mainland), and more recently in Algeria and Cuba. (To be sure, varying degrees of co-operation provide a continuum between the family farm system and a full collective farm. Somewhere in between, for instance, are the co-operatives of the United Arab Republic, which control their members' cropping pattern and production methods although the individual farmer weeds and harvests his own land and had exclusive right to the proceeds from the sale of the crop grown on it.)

765. Advocacy of State and common-land-use farming in socialist countries and in socialist theory originally rested on three economic assumptions and one value preference. Firstly, the productivity of labour in agriculture (and consequently the rural level of living) can only be raised by mechanization. Secondly, since that mechanization is lumpy in agriculture as well as in industry, there are economies of scale. Thirdly, in free-market competition there would in any case be a tendency for the size of holdings to increase. The value assumption, was that if there were to be large agricultural enterprises, it was far preferable that they should be owned by the whole people (the State) or by those who actually worked the land than that they should be in the form of private capitalist property.

766. The general accuracy of these economic assumptions is proved well enough by recent developments in the agriculture of industrial societies — most spectacularly in the United States. These arguments are, however, not so much wrong as irrelevant to the situation of most over-populated developing countries, and this for two reasons. Firstly, because they have not reached the level of capital accumulation at which they can *afford* to mechanize in any case. Where the scarce reserves of capital are rationed by central planning, higher and more certain returns will usually be available from industrial investment than from the labour-saving *mechanization* of agriculture. Given the relative factor endowments it is more sensible to invest capital in agriculture in such a way (in, for instance, fertilizer plants) as to encourage *labour-intensifying* improvements, rather than labour-saving improvements. (Mechanization can also of course sometimes be labour-intensifying, when it takes the form of irrigation pumps, or of tractor-ploughing in African countries where land is abundantly available, so that tractors which plough more quickly and can break through harder soils and so start cultivation earlier before the rains, allow each man to plant a larger area. This is the major justification for most African mechanized farming schemes, but over-populated countries do not, usually, have land freely available.) Secondly, the first assumption made above should be rewritten "the productivity of labour *employed* in agriculture can only be raised by mechanization". From the national point of view, however, the planner must consider not

just the productivity of those employed in agriculture, but the productivity of the *employable* labour force as a whole. The average level of living is not improved if a 5 per cent increase in the productivity of agricultural labour is achieved at the expense of, say, a 5 per cent increase in the numbers of unemployed.

767. This is by no means to say that there are *no* valid arguments for joint collective or State farming in densely populated countries; there are, in fact, a good many ways in which such farming has potential advantage over a family freehold system<sup>54</sup> and some of them may be briefly listed.

(a) Labour can be specialized. This is especially important *à propos* of the management function; the skill of the particularly gifted can have a wider effect than on a family farm.

(b) Bulk purchases and bulk marketing, the concentration in the hands of the collective's representatives of relations with government, insurance brokers and the credit market, eliminate a good deal of waste entailed if family farmers all act separately.

(c) The consolidation of fields can make for less waste in bunds and dikes, for easier ploughing and more sparing use of irrigation water.

(d) Consolidated management allows optimum crop allocation, better grazing (for instance, by rotation over larger areas) and where water or fertilizer are short, their concentration where the returns are greatest.

(e) A collective or joint farm can negotiate for credit more forcefully and at cheaper rates than a mass of small farms.

(f) Experimental innovation is made much easier because the risk is borne collectively, not by a single farmer.

(g) Cropping patterns can be devised to produce less peaked labour demands and less seasonal underemployment, thus releasing full-time workers for non-farm work.

(h) A collective or joint farm can more easily mobilize labour in the agricultural slack season for work on projects like major irrigation works, drains, roads, soil dressing etc. — works which provide essential external economies and require little capital and a lot of labour.

(i) The surplus available for investment may be blocked up into usable amounts. A family farm, with small annual savings, has little choice of investment. The fifty-times-greater savings of a fifty-family collective can be more effectively used.

768. As against this — and, in the view of many, wholly outweighing these potential advantages — are two disadvantages. The collective or joint farm, it is often said, weakens the incentive to work, by destroying the immediate connexion between effort and reward, between rows hoed and peas to be eaten. Hence, it is further urged, either there will be a fall in the efficiency of labour,

<sup>54</sup> Most of the points which follow are made by F. Van Dam, *Collective Farming in Densely Populated Underdeveloped Areas* (University of Amsterdam, 1961), p. 58 ff.

or there will have to be heavy and wasteful expenditure on supervision.<sup>55</sup> It would be more accurate to say not that incentives are weakened, but that different kinds of incentives are required. A common-land-use (or even a State farm) system may still preserve a direct connexion between returns to the members as a whole and the profitability of their farming operations, in which case the problem of incentives is a problem of widening sympathies. (When a farmer says "us" he has to come to mean not "me and my family" but "we of the collective". Even in the family-farm system, after all, incentives are not entirely *selfish* — the man hoeing the cabbage field has in the back of his mind not just the cabbages he will eat himself, but those that his children and grandmother will eat.) Alternatively, the system may, as a matter of ideological principle, deliberately cut the connexion between work done and rewards received in order to emphasize the idea that work is work for the common good to be required of everyone according to his ability, and rewards are a matter of fair sharing, determined according to need. This was considered by some as the major justification for the recent Cuban decision to transform all co-operatives into State farms, with guaranteed wages. In order for this incentive to produce efficient work, there must be a strong sense of patriotism, a sense of identification with "the people" as a whole and a conviction that one's work is a contribution to the general welfare. On collectives or joint farms, too, it is possible to introduce systems whereby individual rewards are linked to individual efforts. Since the beginning of the Stakhanovite system Soviet collectives and State farms have used a mixture of both individual and group incentives, though the individual reward for individual effort may often take the form not only of cash or free holidays but also of honour and prestige — medals, titles, decorations, seats of honour etc. What is apparent is that the effectiveness of these various incentives to hard work depends on the attitudes of the workers as they are shaped by the prevailing ideological atmosphere. Group incentives can be as effective as individual ones if the ideological setting is of the right kind and if external circumstances reinforce it. (Nations which are at war, for instance, or feel themselves to be menaced by external aggression, are more easily able to employ the incentive of "work for the common good".) What can be said of their relative effectiveness is that, empirically, most societies have found it easier to stimulate a man to activity for the benefit of himself and his immediate family, than for the benefit of a wider group (say a hundred-household community) and, *a fortiori*, than for the benefit of such a large, vague group as a nation or "the people". That this has been the case so far in human history is, however, no conclusive argument that it must always be so.

769. There is another aspect to the incentives question. Work is not just a means to material gain (for oneself or for others); it is also directly a means of self-expression, a chance to exercise one's initiative and create something which is intrinsically a source of pride and satisfaction.

The problem of "alienation", of the tendency of industrial civilization to deprive the vast majority of men of any scope for self-expression in craftsmanship was first posed in its most forceful form by Karl Marx and has remained a focal point of discussion ever since.

770. The second major argument against common-land-use or State farms is this : all the advantages listed above are *potential* advantages; they all depend for their realization on securing efficient managers. With inefficient managers all the plus signs are turned to minus; inefficiency can lead to a disastrous waste of resources instead of their more effective use. In the same way, an inferior extension system with inferior staff will have a bad effect on a smallholding system. Of course, the more centralized decision-making is (as in those countries where State farms are controlled from a central ministry), the more disastrous the consequences of error. Thus, the Cuban Minister for Industry has recently attributed the considerable loss of agricultural production in Cuba in recent years to a mistaken approach to diversification of the cropping pattern springing from "a fetishistic idea [which] connected sugar with our dependence on imperialism and with the misery in the rural areas without analysing the real causes".<sup>56</sup>

771. The advantages and disadvantages of concentrating the management function in presumably skilled hands is the aspect of the problem particularly relevant to the question of technological progress. It has been argued *a propos* of India, by a writer by no means predisposed ideologically to the value system which underlies the preference for common-land-use farms, that joint farming in India may be justified as the best means of diffusing the improvements in farm practices which are badly needed to remedy the present inefficient use of land.<sup>57</sup>

#### *The budgeting of skills*

772. This is the crucial question for developing countries faced with the question of how to redistribute land expropriated from big estates, precisely because it is technical skill and managerial efficiency which are generally in very short supply. It is therefore instructive to pose the question of the ideal form of farm enterprise (and hence the ideal tenure form) expressly in terms of the budgeting of skills. The question would then be posed as follows : Given a certain area of land and a certain number of people to be employed on it; given also a certain smaller number of people (whom we shall call, for short, the "skilled") who are characterized by knowledge of new techniques; innovative enthusiasm, does one get the maximum yield of over-all technical improvement by :

(a) Establishing the whole population in family farms, using the skilled as extension workers;

(b) Organizing these family smallholdings into co-operatives and using the skilled as managers;

<sup>55</sup> See Erven J. Long, "Economic Basis of Land Reform in Underdeveloped Economies", *Land Economics*, vol. 37, No. ii (May 1961) (Madison, Wisconsin,) p. 121.

<sup>56</sup> Ernesto Ché Guevara, "The Cuban Economy : its Past and Present Importance", *International Affairs*, vol. 40, No. iv (October 1964) (London), p. 593.

<sup>57</sup> Erven J. Long, *op. cit.*, p. 121.

(c) Farming the whole area as a joint collective or State farm and using the skilled as managers; <sup>58</sup>

(d) Giving the skilled a licence to farm the whole area as a private plantation and employing the rest of the population as labourers?

773. Although (d) is largely ruled out by the canons of social equality prevailing in most underdeveloped countries, the other three are seriously competitive solutions. In the final analysis, the decision will probably be made largely on value grounds — on which of the incentives outlined above it is preferred to utilize, what kinds of attitudes it is desired to encourage, what kinds of social relations between administrators and farmers are considered most just and humane and so on. But it is worth considering the *economic* results of these alternatives in isolation because they are always likely to be one element in the final decision.

774. The first thing to be said is that there can be no general answer irrespective of local conditions. The kind of factors which can influence the choice are :

(a) The size and nature of the educational, cultural, or ethnic gap between the skilled and farmers — whether it conduces more to egalitarian co-operation, paternal guidance or rule-enforcing, dictatorial supervision.

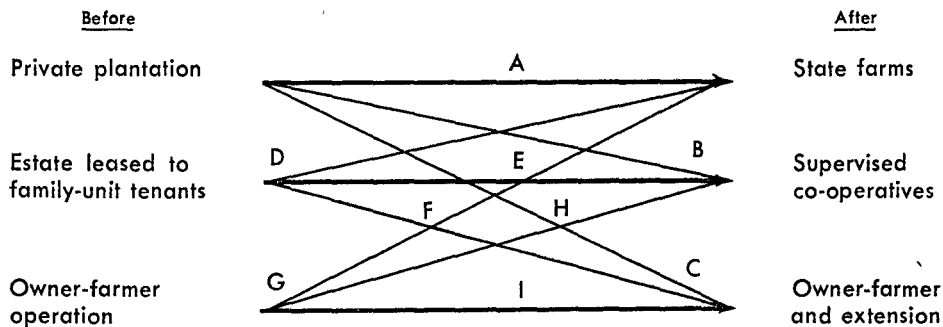
(b) The relative combination in the skilled of innovative enthusiasm and technical competence. If they are stronger on the former, the extension solution might be better;

if their forte is the latter, then perhaps the State farm.

(c) The type of improvements possible. If the greatest pay-off is to be derived from necessarily communal improvements like irrigation works, then a co-operative or collective solution has greater advantages; if from individual improvements like better seed or better weeding, then there is more to be said for the family-farm solution. The Gezira scheme and the United Arab Republic co-operatives have shown that the smallholding with collective controls (exercised in the one case by commercial management, in the other by co-operative officials) is a useful form in which a monocropping system represents the best prospect of progress.

(d) Just how much more expert the skilled are than the farmers, and whether they have a dogmatic or willing-to-learn empirical approach to their task. If the skilled have a great deal to contribute, a collective system will ensure that the improvements they advocate will be diffused rapidly and uniformly. If, on the other hand, they are only relatively better informed than others and dogmatic in bargaining, the family-farm system might ensure a surer, though slower, diffusion. In any case, the skilled are not likely to be infallible; some of their ideas will be better than others. In the family-farm system, they will be sorted out and the superiority of the best techniques put to comparative pragmatic test. Other farmers will eventually follow the practices of the best farmer because his yields are better.

(e) The advantages of these tenure forms depend very much on the starting point. Some of the major patterns of transition may be schematized as follows :



775. There are at least three factors involved here.

(a) It rarely seems sensible wholly to destroy existing forms of organizational patterns, thereby rendering valueless existing capital equipment and causing a fall in production, if more painless adaptation can be achieved. It is in this sense that if the starting point is a private plantation, A has obvious advantages. This was one reason why the large French farms acquired by the Government in Algeria and the sugar plantations in Cuba have been kept intact. If the existing managers can adapt to the new property framework and so be usefully retained on the new State farms, this in itself is a great contribution to the problem of shortage of technical skills.

(b) On the other hand, it may be that there is nothing more effectively conducive to a technological take-off than a sharp institutional change. The sense of a clean break with the past, that a fresh start is being made, may induce people to re-examine all their old habits, including their technological ones. In this sense it might be argued that H is superior to I, and B superior to A.

(c) The starting point is also directly relevant to the question of incentives discussed above. A new institutional form may require the development of new incentives of a group or "common good" kind. Success in doing this will in part depend on the leadership ability of the skilled and the kind of social relations they develop with the farmers. (This, of course, is important under any system if the skilled are to "get their ideas across".) It may well be that the viability of the State farm is much greater if a country arrives at it by route A than by route G. Similarly, B might be a better route than H

<sup>58</sup> For the way the terms joint farm, collective and co-operative are used here see annex I.



for arriving at supervised co-operatives. It has been suggested that a good deal of the difficulties with collectivization in Eastern Europe in the late 1940's were caused by the fact that estates were first subdivided into family farms and *then* collectivized instead of taking the less painful "A jump" straightaway,<sup>59</sup> though clearly many factors — the availability of machinery and materials, the need to prepare adequate planning organizations as well as political factors — had inevitably to determine the timing of these decisions.

### *The empirical evidence*

776. If there can be no decisions on these questions on *a priori* grounds, it is equally difficult to adduce empirical proof. Where there have been large-scale institutional changes — towards greater collectivization in Czechoslovakia and Romania in the 1950s, for example, or in the same period away from collectivization in Poland and Yugoslavia — before-and-after production figures do not represent simply the effect of the institutional changes but also a variety of other factors too.

777. Similarly, when family farms coexist with collective or joint farms they rarely do so under strictly comparable conditions. Thus in Cyprus, for instance, there is one justly famous collective farm, the Onishia farm, established after the last war by thirty former soldiers. They have reaped all the advantages of the collective farm and enjoy a standard of living very much above the average. Their members, however, are reported by the Government to have shown "exceptional qualities of integrity, discipline and co-operative spirit". They also had a good organizing secretary and some initial government assistance. Just as important, perhaps, they have about twenty acres of land per family when nearly two-thirds of Cypriot farmers have less than twelve.

778. Similarly, Indian experiments in joint or collective farming have often shown precisely the converse of the Cyprus case, that is to say, they have frequently failed because they were less well endowed, on a *per capita* basis, either with land, or with capital, or with technical sophistication or with all three than the average family farmer. Since common-land-use farming has frequently been urged in India as the cure precisely for this predicament of the too-small farm unit, the campaign's relative lack of success should not be surprising.

### *State intervention : initiative and dependence*

779. It has been assumed in the above discussion that whatever tenure form is adopted for land redistribution, intervention by the State is necessary to ensure that technological progress takes place. However, even if such support is administered with all the energy and honesty possible, it can sometimes fail to achieve its purpose if it encourages or perpetuates a spirit of dependence on the part of farmers. It may be necessary for the State to step in and perform essential services formerly provided by the landlord, but if the result is that the official simply takes over the landlord's total authority the necessary

psychological revolution may never take place. Thus, it has been remarked of Burma that "the liberal credit policy and the large farm support programmes" of recent years "seem to encourage a reduction of effort because of the availability of easy credit and other privileges". They have "augmented the spirit of dependency which is deeply rooted in the Burmese family's structure".<sup>60</sup>

780. Another related danger is that when government assistance is made conditional on particular developments, securing that assistance may become an end in itself and the development only a half-hearted measure. Thus, a study of the failure of a joint farm in India shows that one of the major reasons for its formation was the belief that the farm would receive special treatment in the matter of equipment and credit. The organization broke up within three years, in part, because the expected assistance fell far short of expectation and, in part, because the members were not fully prepared for the restraints of collective farming in the first place. The bait of government assistance had led them into a half-hearted experiment for which they were not ready.<sup>61</sup>

## G. OTHER TYPES OF LAND REFORM AND TECHNOLOGICAL DEVELOPMENT

781. The concern so far has been with an examination of the effects on technological progress in agriculture of land reforms which involve the reallocation and sometimes the modification of individual use-rights or ownership rights over land or the settlement of new communities. Two other types of change in land tenure institutions should also be considered in this context; land consolidation and the reform of communal tenure.

### *Consolidation of holdings*

782. It is unnecessary to labour the point that many kinds of technological progress are inhibited by severe fragmentation of holdings. The mere consolidation of holdings can make for more profitable use of machinery on bigger fields, or make much cheaper the installation of irrigation, and the time saved in moving from field to field can be better used for improving production. If the consolidation of holdings is accompanied by other land improvement measures — irrigation, drainage and flood control, the rationalization of field tracks and roads, the planting of shelter belts — the possibilities of improvement become that much greater.

783. To give one example : a very careful study of the possibilities of irrigation in the Megjerdah valley of Tunisia worked out two schemes; one, for irrigation of the holdings as they then stood (109 of them divided into a total of 294 parcels), the other, for irrigation after all holdings had been consolidated, a good deal of the land levelled and all the standing aged olive trees removed.

<sup>60</sup> Mya Maung, "Cultural Value and Economic Change in Burma", *Asian Survey*, vol. 4, No. iii (March 1963) (Berkeley).

<sup>61</sup> K. M. Choudhary, "The Organization and Disintegration of a Collective Family Society : A Case Study in a Gramdan village" (Vallabh Vidyanaga, Agro-Economic Research Centre, June 1963) (mimeographed).

<sup>59</sup> R. Dumont, *op. cit.*, p. 39.



The advantages of the second scheme were summarized as follows.

(a) A smaller area would be required for irrigation channels since, having fewer outlets to serve, they could be shorter. The total loss of agricultural land (for roads and an experimental plot as well as for irrigation channels) would be 8 per cent instead of 10 per cent of the total area.

(b) The consolidated plots would each have easier access to water, although the number of outlet structures (costing 15,000 francs each) would be reduced from 292 to 109.

(c) The canals, being more rectangular, would have fewer sinuous bends which are difficult to construct, and fewer angles requiring costly strengthening if erosion is to be prevented.

(d) Small parcels might lose an unfair amount of area in the existing situation simply as a result of the bad luck of being placed where a broad artery canal had to run.

(e) It would become much simpler to plan the rotation of water use. (With consolidation, surplus water running off one field could be used on others; without consolidation, it would often have to go to waste.)

(f) Irrigation would require levelling of the land in any case. This could be done much more economically in one large-scale operation than by a large number of individual owners.

(g) The general levelling of the land, enforcing the rooting out of the old low-yield olive trees, could facilitate the psychological adaptation of the cultivators to a totally new kind of farming suitable to irrigation.

(h) In cash terms, it was estimated that the total cost per hectare of the two alternative schemes would be 530,000 francs without consolidation and 375,000 francs with it.<sup>62</sup>

784. Other situations can show equally impressive results. Thus the Government of China (Taiwan) reports that an experiment in the levelling and replanning of rice land accompanied by the consolidation of holdings, has led to a 30 per cent increase in unit yields and a 60 per cent increase in the productivity of labour, chiefly because :

(a) On small plots at different water levels, machines could not be used for deep ploughing; on larger plots they could.

(b) New rectangular plots permitted exact spacing in straight lines. As the plots became more accessible to field tracks, farmers were more able to use organic compost fertilizer, otherwise too bulky to bother with.

785. It should be mentioned on the other hand that there are sometimes good technical reasons, or reasons of equity, for not having holdings in single tracts. An East African settlement scheme, for instance, was placed on a sloping *catena*, the upper part of which was suitable for grazing and the lower for vegetable cultivation. The alternatives open to ensure that each farmer had some

of both types of land were either to make narrow ribbon holdings running down the slope or to give each farmer two plots; the latter was obviously preferable. There are other places where fragmentation is without doubt preferred by farmers, a preference usually arising from a concern with the fair distribution of land of different types. This does not prevent the results from being a technological handicap, however. During the recent land reform in Bolivia one estate of some 234 hectares was given to twenty-nine farmers to be divided among themselves. They ended up with fifty separate parcels each, of an average area of 0.16 hectares.<sup>63</sup> It is unlikely that this represented the most rational pattern of land use.

### Communal tenures

786. The general question of the advantages of maintaining traditional communal tenures or, alternatively, of hastening the tendency towards individualization of land rights, including the implications for technological development, were discussed in an earlier section. To summarize what was said there, the technological case for individualization rests on the following arguments :

(a) The individual farmer sometimes has no real security of tenure in a communal holding.

(b) Having no rights of sale, he cannot use his land as a security to obtain credit in commercial markets.

(c) Where, in more densely populated areas, secondary communal tenures have developed with each person having rights to particular plots of land, holdings are often fragmented. The registering of individual tenures gives an opportunity for stimulating or forcing consolidation.

(d) Where a considerable volume of government assistance is available, the process of individualization can be the occasion for establishing a whole new pattern of farming.

(e) The most evil effects of communal tenures are found in practices regarding grazing land, since there is a constant temptation to overstock.

787. The last is an obvious example where there is a clear alternative to individualization. Instead of fencing in individual areas of pasture, it might be possible to introduce effective communal control for stock limitation and the rotation of grazing grounds. All of the disadvantages of communal tenures are disadvantages which spring from the combination of individualistic farming with common land ownership. The most commonly urged solution is to make tenures individual. The obvious alternative is to make farming communal.

### H. CONCLUSIONS

788. There is no convenient way to sum up the foregoing discussion, except to say that very often a reform of land tenure institutions can be a stimulus and even a necessary condition for technological progress in agriculture. A final schematization may help to make clear what it can and cannot do. Farmers may fail to introduce

<sup>62</sup> "Secteur des chênes : Avant-projets de remembrement et de mise en valeur", vol. I (Grenoble, Compagnie des techniques hydrauliques et agricoles), p. 87 (mimeographed).

<sup>63</sup> Casto Ferragut, op. cit., p. 65.

new techniques of proven value for a variety of reasons, for instance, because :

(a) They do not know of them.

(b) Although they know of them, they are misinformed and therefore sceptical.

(c) They know of them and are accurately informed of their value, but object to taking increased risks (as when, for instance, a higher-yielding breed of cow is also more disease-prone).

(d) Their wants for more food or cash income being limited, the prospective extra income is not worth taking the extra effort, thought, or expenditure.

(e) They are reluctant to take risks for reasons of a less rational kind. (See the discussion on paragraphs 143-145 of peasant "fatalism" and its sources in the social structure.)

(f) They do not have the kind of autonomous control over their holdings which permits them to innovate.

(g) The form of their tenure is such that the increased income yielded by the new departure might not necessarily accrue to themselves.

(h) Their holding is of such a size and shape that the new technique cannot be profitably applied.

(i) They are too poor to afford the necessary investment.

789. Land reforms can affect the last four factors in the fairly short run. They can, through transformation of the social structure, contribute over the long run to changes in attitudes to innovation (e), in aspirations (d), in adventurousness (c), in the philistine suspicion of anything that comes from remote authorities (b), or in the tendency to find out actively about new techniques (a). Many other social and economic changes are necessary for these changes to be completed. Reforms of tenure institutions are no panacea, but they can represent a substantial step forward.

## Chapter IV

### LAND REFORM AND EMPLOYMENT

790. Land reforms may be designed not simply to alter the distribution of wealth or of income, to improve the technological level of agriculture or to release productive energies, but also with specific reference to rural employment problems. A recently adopted convention of the International Labour Organisation embodies the objectives of employment policies in general.<sup>1</sup> Having quoted the Universal Declaration of Human Rights to the effect that "everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment", the Convention goes on to declare that :

"Policy shall aim at ensuring that :

"(a) There is work for all who are available for and seeking work;

"(b) Such work is as productive as possible;

"(c) There is freedom of choice of employment and the fullest possible opportunity for each worker to qualify for, and to use his skills and endowments in, a job for which he is well suited, irrespective of race, colour, sex, religion, political opinion, national extraction or social origin."

791. This chapter will be primarily concerned with the effect of land tenure institutions and their reform on rural employment. It will be convenient to consider the matter under four headings, representing the four major aspects of the problem : firstly, the total amount of employment opportunities which the existing system of holding and working land permits; secondly, the adequacy of the income yielded by that employment; thirdly, the security of that employment, and fourthly, the nature of the social relations which the system involves.

792. Reforms may be designed to improve matters in all these respects, though depending on the situation and the dominant values, there may be a variety of emphases. Where there is widespread unemployment, for example, opening new employment opportunities will be of more immediate importance than increasing remuneration.

#### A. LAND TENURE INSTITUTIONS AND THE LEVEL OF EMPLOYMENT

##### *Introduction*

793. Underemployment is a major cause of rural poverty in a good many parts of the world. Before

discussing the ways in which land tenure institutions are responsible for such underemployment, it will be useful to quote some examples of its extent. Such evidence can be drawn from a variety of different tenure systems. In many of the huge estates of Latin America, the dependent workers do not have enough land to occupy their free time after they have fulfilled their obligations to the estate owner, so that in Chile, for instance, adult members of the family of the *inquilino* — himself working for the estate owner throughout the year — are employed only for an average of approximately 150 days a year. In the small farm systems of India and the United Arab Republic, between 25 and 35 per cent of owner-occupiers and tenant-farmers are estimated as redundant. In the Philippines also, a farmer may be fully occupied for four or six months of the year only, depending on his crop,<sup>2</sup> while it has been estimated that in densely populated areas of Calabar Province in Nigeria a farmer may work for an average of only three hours a day.<sup>3</sup> In parts of Latin America, where one-crop farming predominates, cultivators work for less than 100 days a year.<sup>4</sup> A sample survey of the labour force in Java and Madura concluded in 1962 that if the rural labour force were employed for seven hours a day for 305 days a year — the rate, approximately, at which it works in the agricultural busy season — there could be a 50 per cent increase in the number of hours worked. The present rate of underemployment (by this criterion, 33 per cent) works out at a total annual loss of 11,252 million hours of work annually.<sup>5</sup> Similarly, under the quite different institutions of Bulgaria, where by 1958 collective and State farms has acquired 95 per cent of the agricultural land, the average collective farm worker on forty-nine collective farms surveyed in 1957 worked for only 204 1/2 days a year.<sup>6</sup>

##### *Non-tenure factors affecting the level of employment*

794. Although it is demonstrable that an unequal distribution of rights to land and water, and the by-

<sup>2</sup> *Contribution of the International Labour Office to the Raising of Incomes and Living Conditions in Rural Communities, with particular reference to countries in process of development* (International Labour Office, 1959); and M. Adachi, *Analysis of Over-population in Farming Community in Japan* (Matsuyama Ehime University, 1955).

<sup>3</sup> A. Martin, *The Oil Palm Economy of the Ibadan Farmer* (Ibadan, University Press, 1956).

<sup>4</sup> *1963 Report on the World Social Situation* (United Nations publication, Sales No. : 63.IV.4).

<sup>5</sup> "Labour Force Sample Survey in Java and Madura", *Ekonomi dan Kevangan Indonesia* [Economics and Finance in Indonesia] vol. 16, No. i (Jan.-March 1963).

<sup>6</sup> *Ikonomicheska misl.* (No. 2, 1959), pp. 83 and 86.

<sup>1</sup> ILO Convention 122, 9 July 1964.

products of this in systems of labour organization and in attitudes and customs regarding land and manual labour, are frequently a major cause of such under-employment, the relative weight of these factors is often in dispute. It is argued that other causal factors are of greater importance. Hence, before considering tenure factors *per se* it is worth examining some of these alternative explanations in order to decide just how important they are. Two will be singled out: the "leisure-preference" explanation and the "absolute over-population" explanation.

795. It is true enough that because farmers in some countries work for less than the forty to fifty hours per week standard in industrial countries this should not automatically be taken as evidence of *enforced* idleness. It has been argued<sup>7</sup> that the picture of the "typical" peasant society of under-developed countries as one with a zero marginal productivity of labour is sharply exaggerated; that empirically the marginal productivity of labour can be shown to be often greater than zero and that, further, the reason lies in the low level of consumer aspirations. Once a man's basic subsistence needs are satisfied, he is reluctant to exert himself for small increments in income which are in fact obtainable. He enjoys his leisure and attaches positive value to it. It is doubtful, however, whether too much importance should be attached to this phenomenon of the "backward-sloping supply curve of labour". There are few parts of the world where demonstration effects and intensive commercial advertising are not altering the level of consumer wants, and in any case "leisure-preference" is often too dignified a name for a vicious circle of poverty, malnutrition, lethargy, little work and poverty.

796. Even when idleness on the scale indicated above is in fact a matter of choice rather than of necessity, the dominant ethic of a good many countries still considers it deplorable. It can be reasonably argued that the "inviolability of the leisure-preference schedule" is a principle involving value judgements no less arbitrary than the decision to force people into relinquishing leisure in the interests of their own or their children's future welfare,<sup>8</sup> in which case, where there are opportunities for mobilizing labour for development projects, even voluntary idleness is properly considered a problem situation to be dealt with by government measures to expand employment opportunities and strengthen the incentives to accept them; in many such situations, a reform of land tenure institutions may be a prerequisite for such policies. In any case, there is evidence that a good deal of the idleness in the rural areas of the developing world is enforced. Most of the world's farmers would do more work if they could.

797. Not all of this enforced idleness can be blamed on the institutions of land ownership and use. Oppor-

tunities for employment depend on factor proportions obtaining on individual holdings and in the nation as a whole — land, capital, technology, education etc. The former is subject to change by redistribution and the latter by increasing or decreasing specific resources. But, the argument runs, there are some countries where even after the optimum redistribution is achieved the shortage, relative to population, of one particular factor, land, is such that some degree of underemployment is inevitable. There simply is not enough land to keep the rural population occupied, whatever the pattern of distribution.

798. This may be true enough at any particular time, but the other factors — capital, technology, education etc. — may not be as limited in their supply as land. Over-population may be met, firstly, by a more intensive use of land, and secondly, by increasing non-agricultural work opportunities. And once again, in both respects, land tenure institutions can affect the possibilities.

799. The importance of the *intensity of land use* is obvious enough if one considers that the more highly capitalized and technically sophisticated Japanese farmer is almost certainly more fully employed on two acres than an Iranian farmer on five. Tenure institutions are indirectly involved since certain tenure forms are more conducive to the technological changes required for more intensive land use (the causal relationships being, broadly speaking, those described in chapter I in the discussion of the influence of land tenure on technological development in general). Thus, for example, increased security of tenure may provide the incentives necessary for intensification; a land-ownership pattern which encourages the formation of co-operatives, or a system of State or joint or collective farming, can provide the central organization necessary to develop irrigation systems which permit a more intensive cropping pattern and so on.

800. Similarly, the opportunities for *non-agricultural employment*, though largely determined outside the agricultural sector by the level and kind of investment in industry, are also affected by the institutions of land ownership and use. Thus, it can be argued that a potential advantage of a collective or joint farming system in densely populated rural areas is that the surplus labour is concentrated in usable units. Instead of eight farmers working for five hours a day on individual small holdings and finding no use for their spare three hours, five of them can work for eight hours a day on their pooled holdings, the other three being released for specialist non-agricultural occupations. Quite apart from this effect of "blocking up" surplus labour, the mere fact of large-scale organization can itself facilitate the use of surplus labour on non-agricultural work. Thus, according to the Bulgarian survey quoted above, government efforts to mobilize the reserves of unutilized farm labour in public works, such as land drainage, irrigation, road-making, construction of rural buildings, etc., during the "dead season" increased the average number of labour days worked per farm member by some 20 per cent between 1957 and 1959.<sup>9</sup> Similarly, in China (mainland), an explicit major purpose of the commune system

<sup>7</sup> See John W. Mellor, "The use and productivity of farm family labour in early stages of agricultural development", *Journal of Farm Economics*, vol. 45, No. iii (August 1962) and also Jacob Viner, "Some reflections on disguised unemployment", *Contribuicoes a Analise Do Desenvolvimento Economica* (Rio de Janeiro, 1957).

<sup>8</sup> E. S. Clayton, "Freedom or Welfare in Developing Countries", *The Farm Economist*, vol. 10, No. vi (1963) (University of Oxford), pp. 265-267.

<sup>9</sup> *Ikonomicheska misl.* No. 2, 1959, pp. 83 and 86.

was to provide an organizational framework for the non-agricultural use of surplus rural labour. Joint-farming systems might in one particular way provide additional means of adjusting the labour supply. Thus, in one district of Yugoslavia, it was found that the joint farms did not provide sufficient work for their members. A solution was sought in a scheme to pay a higher rent to those who brought land into the scheme as an inducement for them to take up some other occupation. In this particular case the scheme failed because profits were not high enough; but in some circumstances it might be feasible.<sup>10</sup>

801. Individual family farm systems of tenure obviously cannot provide this particular advantage of "blocking up" surplus labour. They may, however, help to create non-agricultural employment opportunities in other less direct ways. This is particularly the case if the reform or establishment of such a system involves developments in infra-structure and leads to an effective demand for new services and facilities.

#### *Tenure institutions*

802. It is not difficult to substantiate the assertion that land tenure institutions are often responsible for a low level of employment. The relevant factor may be either the kind of tenure under which land is held — the cultivator's security or degree of independence — or the actual distribution of land areas.

803. As for the first factor, an insecure tenant, for example, may with good reason be unwilling to invest in an irrigation or drainage system such as might be necessary for him in order to switch to a more intensive land use and make better use of his available labour. Again, landlords may insist on their tenants growing certain crops, perhaps because they have a financial interest in the processing plants for those crops, or because the custom is to pay rents in kind and "eating one's own rice", for instance, might have some cultural significance, or because in a fixed-rent tenancy system the landlord is more interested in a guaranteed minimum security of yield rather than a maximum average yield, or for a variety of other reasons. This crop may not, however, offer the most intensive use of the land available given the existing level of technical knowledge and skills and other resources. If the tenant is made into an owner-farmer, even without any change in the level of technology available to him, he might switch to a more labour-intensive crop which also increases his income. An example is the switch from wheat to cotton in the Laguna region after the Mexican land reform.<sup>11</sup>

804. Similarly, if the land is held in large units operated by hired workers, limitations are imposed on the crops which may be grown. Tobacco, for example, because of the care and conscientiousness required of pickers to

ensure that the right leaves are taken at the right time, is more adapted to small operating units — owner-operators, tenants and sharecroppers — than to large units manned by wage labourers. And tobacco-growing may, in some circumstances, represent the ideally intensive use of the land. Similarly, intensive livestock production is more likely to be promoted by a system of small-holdings rather than of large estates. This was one of the main differences accounting for the fact that in Poland, in 1934-1935 the income per hectare from farms of five to ten hectares was more than double that derived from big farms. And since the land reform, the increase in pig-breeding and industrial crops is said to have increased the labour demand by some 450,000 man-years.<sup>12</sup>

805. By contrast, the ownership or at least the organization of the land in large units — either by private enterprise or in collectives or State farms — may be a precondition for amassing the necessary capital and assuring the necessary raw material supplies to operate processing facilities. For individual family smallholders to build the sugar factory necessary before they can start growing sugar-cane, a very difficult feat of co-operative organization and capital subscription might be required (though State investment might be another alternative).

806. Secondly, the connexion between land tenure and rural underemployment is often a good deal simpler. Farmers in a good many countries have too little land to occupy their time because much of the available land is locked away in large estates either not farmed at all or farmed in a way which, while satisfactory to their owners, does not maximize either employment opportunities or the productivity per unit area. There is little doubt, for example, that an agrarian system characterized by *latifundia* and *minifundia*, so common throughout Latin America, directly results in the underemployment of human resources — as well as the under-utilization or the destructive use of land — in agriculture. On one hand, the *minifundia* cultivator is unable to procure land or capital in sufficient quantity to enable him to work productively throughout at least most of the year. On the other hand, despite the relative superabundance of land, and even the possibilities of procuring capital inputs, labour is underemployed even on the big estates. This is true not only in situations where labourers are hired when needed and dismissed afterwards (producing, in fact, unemployment rather than underemployment), but more specifically where there is a resident labour force made up of dependent tenants, sharecroppers, wage labourers and their families — hence the Chilean example referred to earlier of adult members of the *inquilino* families on large estates finding employment for no more than about 150 days a year.

807. The gravity of the situation is much enhanced when — as has often been remarked of Colombia — the extensively farmed *latifundia* occupy the best land and the *minifundia* are found on the eroded slopes. In the Latin American region as a whole, it is roughly

<sup>10</sup> F. Van Dam, *Collective Farming in Densely Populated Underdeveloped Areas* (University of Amsterdam, 1961), p. 30.

<sup>11</sup> See E. H. Jacoby, *Interrelationship between Agrarian Reform and Agricultural Development* (Rome, FAO, 1953), p. 40. A similar switch to cash crops occurred in a district studied in India after a land reform had been carried out. See R. R. Mishra, *Effects of Land Reform in Saurashtra* (Bombay, 1961), p. 46.

<sup>12</sup> M. Pohorille, "Development and Rural Overpopulation: Some Lessons from the Polish Experience", *International Labour Review* (vol. 89, No. 3 (March 1964), (Geneva, International Labour Office), p. 227.

estimated that 90 per cent of the land belongs to 10 per cent of the owners. In Paraguay, holdings of over 1,000 hectares represent 5.2 per cent of the total number of holdings, but 93.8 per cent of the total land surface.<sup>13</sup> In the Dominican Republic, one per cent of the estates covers 20 per cent of the total arable area, whereas 50 per cent of the farmers cultivate an average holding of 2.3 acres each, which is quite insufficient for the absolute minimum requirements for the livelihood of a modest family.

808. More sophisticated measurements have been devised for the studies recently carried out by the Comité Interamericano de Desarrollo Agrícola. For each district within each country, it estimated the holding sizes which, given the predominant local soils and climate, represented respectively less than enough, just enough and more than enough to keep a normal family occupied. By this criterion, 37 per cent of the total number of holdings in Chile were of less than family size (though if the plots of estate workers are included in the calculation the figure would be closer to 70 per cent) and in Colombia 64 per cent came under this category.<sup>14</sup> And neither of these countries suffers from any shortage of land.

809. Even in more densely populated countries where the absolute shortage of land is likely to make some underemployment inevitable (countries such as India and Indonesia (Java) for which the rural employment survey was quoted above), the employment situation can be made worse by an unequal distribution of land, even if the degree of inequality is far less than in Latin America — on a scale, for instance, such as that of post-land-reform India. There has been much discussion in India recently of the fact that according to nearly every survey gross value of output per acre tends to be greater, the smaller the size of the holding.<sup>15</sup> The generally accepted reason for this is that the farmer with a larger holding which requires wage labour will not employ extra units of labour unless the increment in productivity is likely to be greater than the extra labour cost, the minimum level of which is fixed by the effective minimum wage. For the family smallholder on the other hand, the opportunity cost of labour is zero, consequently, he is more likely to perform additional farm operations until the marginal productivity of labour really does approach zero.

810. If one were to follow the implications of this to their logical conclusion, it might seem that the best

way to maximize the utilization of labour in Indian agriculture would be to divide the land equally between rural families, however small the resultant family unit. There are, however, many more considerations which enter into the matter. They will be discussed in a later section.

*Possible remedies : ways in which land reform can increase employment opportunities*

811. The cures for the conditions just described are more or less implicit in the description of their causes. If insecurity of tenure or lack of independence is an obstacle to more intensive land use, a reform which either gives the tenant a secure lease or makes him an owner-farmer will improve his chances of keeping himself and his family fully occupied.

*Sub-division of large estates*

812. However, such reforms are less likely to have much effect on the volume of rural employment than land redistributions which involve the sub-division of large estates. An example of the latter is the Italian reform in which a number of the largest landholders were expropriated between 1950 and 1955. Land which was previously cultivated extensively, yielding a very poor wheat crop or used for sheep grazing, was redistributed in small holdings of an average size of some 9 hectares. The result was not only a more intensive land use pattern, but also higher wheat yields and great livestock production per unit area, largely the consequences of a more intensive application of labour. Research undertaken after the land reform clearly shows this effect. In the southern land reform district, holdings of more than 20 hectares (which pre-dated the land reform), had one worker for about every 12.5 hectares and a gross product of about 62,000 lire per hectare. On the small farms below 5 hectares (mostly assigned by the land reform) there was one worker per 1.5 hectares and a gross product of 140,000 lire per hectare.<sup>16</sup>

813. These results were not obtained cheaply, however. The land reform programme was a comprehensive one; new settlements were created almost from nothing as they might be in virgin territory. Roads, schools, power lines, aqueducts and houses were provided for assignees; land improvement was carried out on a large scale; some initial working capital was granted, and a wide range of extension services provided. The total cost up to the end of 1958 of 384,000 million lire represents an investment of about \$US 1,000 per hectare distributed, or about \$US 3,000 per worker (not including costs of land purchase).<sup>17</sup> It may be that, from the purely employment-creating point of view, this is a high level of capital investment (some would argue higher than it need have been with better economic and social planning)<sup>18</sup> and that other more productive sectors of the economy provided opportunities for employment at a

<sup>13</sup> *Análise Sócio-Econômica da Estrutura Agropecuária das Nações Americanas* (Instituto Interamericano de Estadística, Pan American Union, Washington, D.C.).

<sup>14</sup> Thomas F. Carroll, "Reflections on Income Distribution and Agricultural Improvement", *Temas del BID*, vol. I, No. ii (1964) (Washington, D.C.), p. 27.

<sup>15</sup> The discussion is summarized in Amartya Kumar Sen, "Size of Holdings and Productivity", *The Economic Weekly, Fifteenth Annual Number* (February 1964), pp. 323-326. The debate on the reasons for this correlation has been continued by Ram Gopal Agarwala, "Size of Holdings and Productivity: A Comment", *The Economic Weekly*, vol. XVI, No. 15, 11 April, 1964; A. K. Senuy, "Size of Holdings and Productivity: A Reply", *The Economic Weekly*, vol. XVI, No. 18, 2 May 1964; Prafulla C. Sarkar, "Use of Labour on the Small Farm", *The Economic Weekly*, vol. XVI, No. 28, (11 July 1964); and Kalpana Bardhan, "Size of Holdings and Productivity: Further Comment", *The Economic Weekly*, vol. XVI, No. 34 (22 August 1964).

<sup>16</sup> G. Barbero, *Land Reform in Italy* (Rome, FAO, 1961), p. 96.

<sup>17</sup> *Ibid.*, calculated from pp. 33, 35-36, 94.

<sup>18</sup> R. L. Langworthy, "Some Problems of Community Development in Italy", *American Journal of Economics and Sociology*, vol. 23, No. i (1964), p. 104.

lesser cost per new job. (Though any computation of relative costs must take into account not only investment in industrial equipment, but also, possibly, housing, transport, school costs, etc., in urban areas.) In any case, a mere comparison of investment cost per employment opportunity cannot be the sole criterion. The beneficiaries of the Italian land reform were former agricultural workers and sharecroppers. Agricultural work offered the fullest way of using their skills, and perhaps the most satisfactory one to them personally. A good many factors must enter into an intelligent decision.

814. Similar results might be expected from the redistribution of the *latifundia* of Latin America. Studies of large farms parcelled by the Caja de Colonización Agrícola (now the Corporación de Reforma Agraria) in Chile, for example, have conclusively shown that intensification of production follows the division of large estates. As early as 1948, a study of the comparative economic results between the former holdings and the divided units showed that the value of production was 90 per cent greater in the sum of the parcels than on the old estates.<sup>19</sup> More recent studies have yielded similar conclusions.<sup>20</sup> A comparison of output and labour input per unit of arable land in Chile by size of farm, shows that at present both are significantly higher on the small farms; it is not unlikely that this would be the case as well on units created by land redistribution.

815. In many of the *haciendas* of Latin America, which already have dependent workers settled centrally on the estate, the *minimum* cost of division may be considerably less than it was in Italy. If, however, a rapid rise in technology and incomes is to be achieved, an expensive and comprehensive programme of land improvement, technical advice and credit would still be required.

#### Land settlement

816. Schemes for the settlement of farmers on new land can, similarly, provide new employment opportunities for settlers, for those who will provide the ancillary services (shopkeepers, barbers, tailors etc.), and for those engaged during the preparatory stages. From the employment-creating point of view, such schemes are no different from the sub-division of large estates except that the net increase in employment opportunities is likely to be greater per acreage involved (since the change is from non-utilization rather than from under-utilization). The investment cost per settler and per acre is also likely to be higher, however, since when large under-utilized estates are subdivided there are bound to be some infra-structural facilities to be taken over. It is impossible to generalize, therefore, as to the relative cost-advantages — whether in terms of cost per job created or cost per unit of annual output — of estate sub-division or settlement on reclaimed land.

<sup>19</sup> Joaquín Leiva and Hugo Trivelli, *Labor Desarrollado por la Caja de Colonización Agrícola* (1948).

<sup>20</sup> *Estudio de la Colonia "Pedro Aguirre Cerda"*, (*El Tambo*) de la Caja de Colonización Agrícola (Ministerio de Agricultura, Gobierno de Chile, 1955) and publications of the Departamento de Economía Agraria, Gobierno de Chile.

817. If investment and planning are not adequate, settlement schemes achieve less than they might otherwise to provide new employment opportunities, as is clear from Latin American experience. With both planned and spontaneous or "assisted-spontaneous" schemes, reports have indicated that, as often as not, patterns of land tenure are established similar to those existing elsewhere. When landless labourers and small tenants have moved into new areas without sufficient resources, subsistence plots of an unduly small size have often resulted, since the settlers are able, with the primitive tools at their disposal, to clear little land. On the other hand, the landlord may have preceded the settler. For example, in Colombia, it has been reported that after the opening of roads in previously uninhabited areas, potential small cultivators were confronted with the fact that these lands had already been purchased in large blocks in anticipation of an increment in their value.

818. The greater success of settlement in Israel, where 25,000 families have created some 300 new immigrant villages since 1948, is due to several factors. The work was directed by the Settlement Department of the Jewish Agency which provided financial, technical and administrative assistance on a generous scale. The settlements were close to buoyant markets. Moreover, the settlers themselves proved highly flexible in adapting to their new circumstances — perhaps because of the "shock effect" of immigration, and because many of them came from cohesive social groups with traditional patterns of intensive co-operation.<sup>21</sup>

#### The viable unit

819. When settlement schemes or the redistribution of large estates are designed to create family smallholding units, a question which must arise and which is of crucial importance for their influence on the volume of available employment is: how big should the farms thus created be? Discussions of this problem frequently emphasize the criterion of providing "economically viable units" — units which are at least big enough to give full-time employment to the adults of an average family and provide an adequate level of living. One of the major tasks of farm management experts advising on settlement schemes is to match a farm size and a cropping pattern in such a way as to provide steady employment for a labour force of family-size proportions. A number of countries have used legislation to prevent farms falling below that desirable size. As the table of Latin American legislation shows (table 1, chap. I), all the countries which have enacted land reform laws in the last few years have created a new legal category of "family estate", the sub-division of which is forbidden or rigorously restricted. Similar provisions are found in the West Pakistan Land Reform Regulations of 1 February 1959, and in the Law on Agrarian Reform of 9 September 1952 passed by the Government of Egypt (now the United Arab Republic).

820. In countries which have plenty of new land to be developed, plenty of under-utilized large estates to be

<sup>21</sup> Weingrod, *Administered Communities* (paper given to the International Seminar on Rural Planning, Department for International Co-operation, Israel, 1961).



broken up for new settlement schemes, or a sufficiently rapid increase in urban employment opportunities at least to absorb all the natural increase in the farm population, such measures have an obvious justification. Families are prevented from letting the bonds of family intimacy drag them into poverty; non-inheriting children are forced out of the sheltering arms of the family and made to seek the employment opportunities which do in fact exist.

### *Problems of densely populated countries*

821. But what if such employment opportunities do not in fact exist? In densely populated countries with a high level of unemployment, the above arguments do not necessarily apply — and there clearly are countries in such a situation. The Deputy Minister for Industry of the United Arab Republic has written *à propos* of the farm-size problem in his country, that “the industrial sector cannot today or in the foreseeable future absorb the excess rural labour”.<sup>22</sup> Most other developing countries are in the same position. The possibilities of industrial expansion are limited by shortage of capital and of technical skills, of by the lack of effective demand in the domestic market. Even if all the factors are favourable and the manufacturing sector expands rapidly, the modern automatic factory requires little labour. A single factory employing fifty workers can meet the total current demand for biscuits in the whole of Ghana and Nigeria. The total Nigerian demand for cotton singlets could be filled most economically by factories employing 750 workers.<sup>23</sup> And, of course, the employment-creating side-effects of automation — in the machine-tools and electronics industries — are created not in Ghana and Nigeria, but in the industrial countries. Add to this equation the recent acceleration in population growth and the dimensions of the problem become even graver. As an example, a calculation for Ecuador suggests that with a 3 per cent annual growth rate in population, non-farm employment would have to increase 10 per cent yearly, simply to absorb the additional increment in rural people.<sup>24</sup> Generalizing about the situation of the typical under-developed country, Gunnar Myrdal has recently said that for these reasons, “any realistic agricultural planning must count on a tremendous increase in the labour force in agriculture”.<sup>25</sup> In such circumstances, the case for creating new holdings of a generous size and for preventing their sub-division is by no means obvious. In the first place, as far as the control of sub-division is concerned, even if it were thought desirable, where population pressure is great, it may not be possible.

### *The feasibility of controls on sub-division*

822. If there is such pressure on land in the agricultural sector and no alternative opportunities, the mere fact

that the law ensures that only one son should receive the title to the farm can hardly prevent his brothers and their wives from living with him if it is obvious that they have no other place to go. The prevention of formal sub-division may thus have no effect on the total number of the population seeking a living from a given area of land. (How much effect it does have will depend on the strength of family institutions. As a broad generalization, for instance, it seems that family ties are looser in Latin American Indian communities than in any part of traditional Chinese or Indian cultural spheres. Hence, brothers and sisters are less able to count on each other's help unless they have clear legal rights to assert, and hence more likely to be pushed off the land by legal controls over sub-division.) In the densely populated Kikuyu areas of Kenya, where the reservation of land formerly for white settlers and latterly for members of other tribes has prevented the free movement of Kikuyu to other areas, it is a recognition of this impracticability which has prevented the Kenyan Government from enforcing the controls provided for by the law over sub-division of the new consolidated holdings recently created.<sup>26</sup>

823. Some land tenure institutions do make enforcement possible. Thus, nineteenth century Irish landlords discouraged the sub-division of their tenant's holdings by the simple expedient of tearing down the cottages which younger sons tried to build beside the family homestead — though they softened their hearts to provide whiskey for the party the night before the young men eventually joined the immigrant ship for America.<sup>27</sup> Similarly, in the Gezira area, the management of the scheme is quite capable of ensuring that holdings are not sub-divided or forced to carry a larger population than is desired. Governments can also sometimes act decisively in the same way. In the Bantu areas of South Africa, the Government has decided to follow the recommendations of the Tomlinson Commission and allot individual holdings of sufficient size to earn a reasonable income, possibly as high as £200 a year. This means, however, since the allocation of land as between the Bantu and white areas is such that only half the Bantu population can be accommodated on farms on this scale, the other half — approximately 300,000 families — are to be removed from the land and settled in half-acre residential sites in new townships. The Government apparently anticipates no difficulty in carrying out this programme.<sup>28</sup>

### *Are controls over sub-division desirable?*

824. But even if it is feasible in these densely populated countries, by dint of “pushing” the surplus population off the land, to keep the size of the agricultural labour

<sup>22</sup> *The Times*, London, 23 July 1964.

<sup>23</sup> A. B. Mountjoy, *Industrialization and Under-developed Countries* (London, Hutchinson, 1963), p. 140.

<sup>24</sup> Thomas F. Carroll, *op. cit.*, p. 29.

<sup>25</sup> “Priorities in the Development Efforts of Under-developed Countries and their Trade and Financial Relations with Rich Countries”, (Rome, FAO, March 1964) (mimeographed).

<sup>26</sup> The Registered Land Act, 1963, contains provisions for implementing laws prescribing minimum sizes of holdings, but such laws have not in fact been enacted. The Act does, however, provide for restrictions on the number of joint owners of any piece of property.

<sup>27</sup> See the fictional account — with a firm factual basis — in Joyce Cary's novel *Castle Corner* (New York, Harper).

<sup>28</sup> D. Hobart Houghton, “Land Reform in the Bantu Areas and its Effects upon the Urban Labour Market”, *South African Journal of Economics*, vol. 29, No. iii (September 1961).

force constant at a level which ensures that they should be fully employed, it is doubtful whether this is desirable. The Bantu areas are a case in point. The inhabitants of the new townships are to be the industrial workers employed by the Bantustan industries, but "for some time to come" it is expected that there may be some delay in providing local employment, and meanwhile this township population will continue to provide the migratory workers needed in the mines and industries of the white areas. The net effect of this policy when it is completed will therefore be that instead of a million migratory workers returning occasionally to overcrowded communal holdings which provide them with a bare but still subsistence existence, there will be half a million prosperous farmers and half a million migratory workers far more wholly dependent on the chances of employment in white areas than formerly. The resultant weakening of the workers' bargaining position is expected to depress wages, especially given the narrow legal restrictions on trade unions, so much so that one South African scholar foresees a Malthusian situation in which wages will fluctuate, rising only when poverty has killed off enough people to reduce the labour supply.<sup>29</sup>

825. This would, however, only be an extreme case of a common phenomenon. Economic forces alone, without government intervention, have already frequently resulted in "overurbanization",<sup>30</sup> creating around the major cities of many developing countries shanty towns which, at least to the outside observer, seem to show human life at levels of degradation far worse than one finds in the average rural slum.

#### *Urban unemployment versus rural underemployment*

826. There are, indeed, a number of arguments to support the view that in countries with a predominantly agrarian population, no spare land, and rapid population increase, if the resources available make a certain level of unemployment inevitable, it is better to spread this unemployment widely and thinly in the form of rural under employment than to have it "blocked up" in the form of absolute unemployment in the cities. On a farm there is usually something one can do in the way of purposeful activity, even if it is not momentarily productive. Repairing a fence, knocking up a rabbit hutch, looking for wild bees' nests, give some relief from the blank purposelessness and frustration of those in the towns who are constantly seeking work they never find, and barely keep themselves alive, as shoeshine boys and scavengers, in some kind of parasitic dependence on the urban upper classes, which is in itself destructive of their self-respect.

827. As against this, it is obvious that a good many people obviously *do* choose the risk of total unemployment in the towns in preference to the security of a minimal level of employment in the villages, and it is argued that these preferences should be respected — that

it may well be that the glitter of city lights, or liberation from rural gossips, or the chance of going to the cinema once a year compensates for a lot of material deprivation.

828. A further argument for holding down the rate of migration concerns the increasing precariousness of the urban food supply.<sup>31</sup> In a country which has, say, a 70 per cent rural population and a 3 per cent growth in population, even if the migration flow carried no more than 70 per cent of the rural population *increase* to the cities, the marketable surplus would have to grow by 0.5 per cent a year at a time when the number of rural consumers was also growing by 1/2 per cent per annum. Shortages are likely to develop and the vicious spiral which exacerbated the Bengal famine in the early 1940s (urban shortage → higher food prices → increased farm consumption → greater shortage) can only too easily be set off. The situation is saved today in a good many countries not by the existence of effective price controls but by the availability of American surplus food imports.

829. This too has its counter-argument. A major factor in agricultural stagnation is the lack of urban demand for food.<sup>32</sup> Urban food shortages are precisely what is needed to produce a commercially-oriented technological development of agriculture. Even if the swollen urban population is not fully employed, its being swollen means that more of the income of the rich (channelled through the pockets of shoeblacks, washerwomen, beggars etc.) is spent on food. (That is to say, the total urban demand for food increases more nearly in proportion to the increase in the urban population than the demand for anything else.) Temporary acute shortages, it may be added, have to be accepted as one of the dislocations that stimulate growth. And in any case, if they are to occur it is better that they should occur in the towns where they can more readily be dealt with by emergency imports. These arguments, one should qualify, have most particular relevance to those countries of Africa and Latin America where demand *is* a predominant determinant of output because of the absence of any shortage of land, and supply can therefore be easily increased by expanding acreages. It is not so clear that demand has the same potent causal force in the over-populated countries of Asia where increase in output requires new technology, and it is in these countries, of course, that the problem of adjusting tenure systems to the demographic situation is most acute.

830. There is another aspect to these demand considerations. Excessive urban unemployment may so weaken the worker's bargaining position that wages are reduced to starvation levels and the economy is stifled by the low level of internal demand. Food demand may still keep up because the workers will spend what money they get on food, but industrialization will not take place without a demand for manufactured goods. (Similarly, *à propos* of the argument in the last paragraph, it would be a greater stimulus to industrialization if the urban bourgeois did not transform a part of their income into their

<sup>29</sup> *Ibid.*

<sup>30</sup> Term used in *Urbanization in Asia and the Far East, Proceedings of the Joint United Nations/UNESCO Seminar, Bangkok, 8-18 August, 1956* (Calcutta, UNESCO Research Centre on the Social Implications of Industrialization in Southern Asia, 1957), pp. 22-23.

<sup>31</sup> For a discussion of these points, see F. Van Dam, *op. cit.*, p. 72.

<sup>32</sup> See e.g., *State of Food and Agriculture* (Rome, FAO, 1963), p. 130.

washerwomen's food purchases, but bought (home-produced) washing machines with it instead.) The course of Japan's industrialization up to 1945 might be taken as an example of the overpopulation-low wages-low demand circle, the growth of the economy being to a large extent stimulated by government demand for armaments expenditure. (One might argue, though, that in the post-Keynesian world no government is likely to let an economy stagnate simply for lack of effective demand. In wholly centrally-planned economies, of course, these demand factors are of little importance in determining the rate of growth; the availability of a surplus for investment is a much more crucial determinant of growth.)

831. Another argument in favour of slowing the migration flow is that an increasing pressure of population on the land does at least serve to squeeze the last ounce of productivity out of the soil. The Indian discussions relevant to this contention, based on cross-sectional analysis of the per-acre productivity of holdings of different sizes, have already been quoted. The same argument on a time basis has been used regarding the situation in Ceylon, where it is contended that the growing labour-intensity of rice production can be related to the increasing sub-division of holdings.<sup>33</sup> In policy terms the conclusion would seem to be as follows. In countries such as India, there is little doubt that intensity of production and productivity can be greatly increased even on the smallest holdings. Small individual holdings, operated by their owners, tend to maximize output and labour inputs per unit of land. Consequently, the more or less equal sub-division of holdings among the population which, for want of alternative opportunities, must find a living on the land, would be most conducive to maximizing employment and output.

832. Again, this is by no means a clear-cut case. In such densely populated areas where sub-division would result in an equality of poverty, the form that such greater intensity of land-use takes might well be exhaustive of the potential of the soil, so that future productivity is jeopardized for present productivity. Moreover, the kind of technological development which can offer a long-term solution to the problems of such countries may only be possible to farmers with the capital and the security to risk pioneering experiments, and the greater the population pressure which is allowed to build up in rural areas the smaller the chance of such development taking place. It may even be argued that new technological developments in agriculture almost never take place except under the stimulating influence of an urban environment. (It has been said that if one finds anyone practising innovative good farming in any of the traditional peasant areas of Latin America, one can be reasonably certain that he has spent some time in a town.) Hence, the more people go to the towns the greater the chance of stimulated innovators returning.

833. A final argument for not attempting to push surplus population out of agriculture runs as follows.

<sup>33</sup> B. H. Farmer, "On not Controlling Sub-division in Paddy Lands", *Transactions and Papers*, No. 28 (London, Institute of British Geographers, 1960), pp. 225-235.

The whole assumption that there is such a thing as an "inevitable" level of unemployment which can be blocked up in cities or spread through the countryside is false. It is perfectly possible to devise schemes for public development works which require very little capital but make productive use of a good deal of not very skilled labour. Such schemes, however, are more successful in using the spare labour of underemployed workers in rural areas than the full-time labour of unemployed urban dwellers, not only because of the level of wages which can be paid, and because of the location of the works, but also because it is easy to utilize the community structures existing in rural areas. This argument too has its counterpart. Certainly, there is no such thing as a fixed level of "inevitable unemployment". The supply of jobs is determined in part by the pressure of demand for them, and the more intensely blocked up the demand is in the towns the greater the pressure will be. Necessity is the mother of enterprise. To be sure, a good deal of this enterprise will be channelled into the unproductive service trades — swelling the number of porters who carry half a bag each or adding one extra link to the chain of middlemen between producer and consumer — but a good many people who might otherwise loaf around tiny inadequate farms might, if they were effectively pushed off them, find under the stimulus of poverty in an urban setting, the means and the enterprise to make productive use of opportunities and resources which would otherwise go to waste.

834. Obviously, there is no answer to this problem applicable to all situations. The influence of the last set of factors, for example, is crucially affected by the institutional framework. China (mainland) recently had no hesitation in not merely reducing the migration flow to the cities, but in actually reversing it, its planners being confident that they could make better use of surplus labour in the countryside than in the towns. On the other hand, the Mexican economy achieved a relatively high rate of growth between 1940 and 1955, although the flow of population to the towns seems to have been greater than could be fully employed in any except make-shift occupations.<sup>34</sup> The important thing to stress is that the demographic problem is an acute one for a good proportion of the developing countries and that the tenure structure is one element in a large and complex problem. The question of optimum farm size cannot be settled simply by unthinking application of the criterion of "creating economically viable holdings" without considering the fate of those who thereby will be excluded from farming. The employment situation has to be looked at as a whole.

*Tenure measures to retain population on the land by increasing employment opportunities in agriculture*

835. Where it is in fact desired to reduce the migration flow to the cities, even where there is no new land to be developed, there are still some policy measures which can help to provide employment for a rural population

<sup>34</sup> See A. J. Jaffe, *People, Jobs and Economic Development* (Glencoe, The Free Press, 1959), pp. 257 and 264. According to Jaffe's estimates, however, only 40 per cent of the natural increase of the agricultural population moved out of agriculture in this period. Other countries today have higher proportions.

of maximum size. A peasant smallholding system is more likely to retain population than a capitalist-farming wage-labour system, not only because it leads to a more intensive input of labour, but also because the farmer's personal stake in the land provides a psychological anchor — the weight of which is greater the more secure his tenure. This is probably one reason why there has been a faster rate of urban growth (and of growth in urban unemployment) in Latin American countries like Colombia and Peru, than in Asian countries like Ceylon or Burma,<sup>35</sup> despite similar rates of population increase. Again, in such a family smallholding system, low ceilings on the size of holdings which any single individual may operate (for example the three hectares in post-reform Japan or the fifteen hectares in Denmark) also maximize the population-absorbing effect. Similarly, it might be possible to simplify the legal procedures for sub-division or joint ownership of holdings.

836. If a collective or State farming system is adopted in the kind of population situation envisaged here, it will obviously not be to secure the advantages usually accounted the chief virtue of such systems — namely, the opportunities they offer to save labour and raise its productivity. There are, however, powerful reasons why a certain degree of co-operative pooling of resources should be introduced even when the objective of policy is to maximize total employment and total output, rather than output per man-hour. They are, briefly, that certain productive and social facilities cannot be provided individually by small farmers. They may be illustrated by recent studies of the results of sub-dividing rubber plantations in Malaya. It appears that there has been no obvious decline in standards of cultivation and rates of replanting, and little change in the level of employment or in incomes. But there has been: (a) a decline in the standard of maintenance of irrigation facilities; (b) a run down of schools and hospitals, and (c) a decline in the average quality of processed rubber.<sup>36</sup> The former large estates provided the organization to maintain the irrigation ditches and the schools, and central large-scale *processing* (as opposed to *growing*) was apparently more efficient than smallholding processing. Schools, perhaps, are properly the province of the local government which, except in the case of isolated plantation settlements and company towns as in South-East Asia or Latin America or in commune systems as in China (mainland), are usually kept organizationally separate from the system of production. But the need for common irrigation facilities and central processing plants are obvious reasons for some degree of collectivism in

smallholding farm communities. The need for pooled marketing, for collective control of insect pests, for shared credit facilities, etc., provide further reasons.<sup>37</sup> Such systems as the compulsory co-operatives of the United Arab Republic are designed to achieve these advantages while maintaining the employment and output-maximizing effects of the smallholding. There are many other ways in which forms of co-operation short of full collectivization can have similar effects.

#### *Complementary measures*

837. This chapter is concerned with the relation of land tenure reforms to employment, but it is worth stressing the obvious fact that land tenure reforms alone will not solve the problems of rural underemployment and that many other complementary measures are needed. Land reforms may make it possible for farmers to intensify crop and live-stock production, but they may not actually be able to do so unless credit and extension systems help them by providing capital and knowledge. Even without changes in tenure institutions, the problems of seasonal unemployment may be alleviated by a diversification of the cropping pattern, but this again may require extension, or marketing or processing services. (But again, where employers of labour on large estates solved *their* problem simply by dismissing their workers in the dead season, land redistribution and the change to an owner-cultivator system may dramatically increase the incentives to diversify.)

838. Similarly, while land tenure reforms may themselves stimulate the creation of non-agricultural job opportunities in rural areas, further more direct policy measures may be necessary if the newly created potentialities are to be realized. There may be a limit to the productivity of the type of scheme which Governments can promote — construction works, small-scale rural industries etc. — a limit which is set by the lack of skill, capital or markets. Nevertheless, their contribution is still a positive one and they may provide the basis for remedying the defects which at first limit their success. Some would argue that, from the social point of view, there is a positive value in these schemes directly to create new employment, even if the marginal productivity of the labour they employ is, in fact, negative. Specifically, in the case of the cottage industries of India, it has been urged that there is “a positive social value in employing additional labour, even worth sacrificing some production to accomplish”. Though inefficient, such schemes “are justified in that they give larger proportions of the population a sense of participation in the development efforts of the country and hence a more widely spread personal identification with the success of these efforts.”<sup>38</sup>

#### *Tenure arrangements and migration patterns*

839. Under almost any conditions of overpopulation, most of the developing countries do show *some* increase

<sup>35</sup> *Urbanization of Asia and the Far East*, op. cit., pp. 135-138, and *Urbanization in Latin America, Proceedings of a Seminar jointly sponsored by the Bureau of Social Affairs of the United Nations, the Economic Commission for Latin America, and UNESCO (in co-operation with the International Labour Organisation and the Organization of American States) on urbanization problems in Latin America, Santiago (Chile), 6 to 18 July 1959* (Paris, UNESCO 1961), p. 107.

<sup>36</sup> See Ungku Abdul Aziz *Sub-division of Estates in Malaya*, vol. I, pp. 121-127, and vol. II, p. 106 (Kuala Lumpur, University of Malaya, Department of Economics). Also G. David Quirin, “Estate Sub-division and Economic Development: A Review Article”, *Malayan Economic Review*, vol. 9, No. 1 (April 1964), p. 740.

<sup>37</sup> A variety of other reasons are exhaustively analysed in F. Van Dam, op. cit.

<sup>38</sup> Erven J. Long, “Economic basis of land reform in underdeveloped economies”, *Land Economics*, vol. 37, No. ii (May 1961), (Madison, Wisconsin), p. 116.

in non-agricultural job opportunities, and it is mostly those formerly employed in agriculture who take up the new jobs. The question then arises whether the land tenure arrangements are such as to maximize the benefits to be obtained from this movement, or make it possible to curb undesirable movements.

840. The situation in the industrial countries has already been considered at length in chapter I. In these countries where the industrial demand for labour is in fact reducing the absolute size of the rural population, the measures to be taken have as their major purpose to ensure that the farmers left behind are able easily to expand their holdings and have the skills and resources to farm them efficiently.

841. In the densely populated countries where the migration flow is only skimming off a *part of the increase* in the rural population, the major issue concerns the form which the migration flow should take; in its crudest terms, it is the question of temporary versus permanent migration and of the tenure form most conducive to each.

842. To be sure, the choice is by no means absent in the industrial countries, too, and recent measures in those countries which are relevant to the question have been dealt with in chapter I. Most of what was said there applies also in the developing countries, though their problems do also have special features.

843. To begin with, it has to be recognized that the choice in such countries is often not one between temporary or permanent migration but between temporary migration or none at all. For instance, the capital resources of a country may be such that, say, certain construction works can only be carried out if labour can be hired at a rate which, while insufficient for subsistence if it were the sole income of a man with a family, is nevertheless acceptable to farmers in the agricultural slack season who have nothing else to do (that is, provided that their earnings in the agricultural busy season have not already carried them into the backward-sloping part of the labour supply curve). Such employment which utilizes slack-season labour also has little deleterious effect on farm production — at the most, it may be at the expense of an extra weeding for a standing crop, or of a few loads of grass for next year's green fertilizer.

844. The situation is very different, however, when the temporary migration is not seasonal but for some years at a time. This is the common form in Africa, where in some areas it is usual for almost every man to spend anything between one year and twenty years working in mine or factory but eventually coming back to the land. The practice is made possible by the customary communal tenure system by which land relinquished by the migrant automatically goes back into a common fund from which he automatically has the right to claim land when he returns.

845. Some of the disadvantages from the agricultural point of view have been discussed in chapter I as they relate to communal tenures in general. The fact that a good deal of the agricultural work is left in the hands of the women is perhaps — since the women often do a good deal of the cultivation anyway — of less importance

than the fact that the few enterprising farmers who terrace and otherwise improve their allocation of communal land and develop new lines of farming on it are always in danger of having to give up their land to second-cousins back from the mines who know of nothing better to do with the land than keep a few goats on it.

846. The disadvantages are perhaps chiefly on the other side: the tensions and asperities of predominantly male mining towns; the fact that the labour force is slow to become "committed", that is, reluctant to acquire necessary skills, given to absenteeism, poor material for the organization of trade unions and so on. The sole advantages from the industrial point of view are the relatively greater cheapness of such labour (which appeals to all employers) and the fact that the rapid turnover keeps the labour force relatively young and vigorous (which appeals particularly to the owners of mines and other industries requiring heavy manual labour).

847. If these are agreed to be valid reasons for preferring permanent to temporary migration, the individualization of communal tenures can help to encourage the process. The same effect, however, could be achieved by other institutional changes short of individualization, for instance, by a system whereby individual shares in a communal tenure can be bought out. That is to say, the practice might be introduced whereby everyone who leaves his native community for work elsewhere receives a parting gift from each of his kinsmen in virtue of which he renounces all future rights on the community's land. The difficulty would lie in fixing the size of the gift, which would have to be adjusted both to the community's wealth and to the scarcity of land and its consequent real value, but the scheme would not in principle be beyond the bounds of feasibility.

## B. LAND TENURE INSTITUTIONS AND THE NATURE OF EMPLOYMENT

### *Income*

848. Work, and the opportunity to do useful and intrinsically satisfying work, has an importance of its own too often overlooked, but for most people at most times and in most places, it is also of major importance as a means of securing income. A reform of property and production relations in agriculture can affect not only the amount of employment available but also the real income which that employment earns.

849. Most of these relations are direct and obvious. A reform which turns a tenant into an owner-farmer makes him richer at least by the amount of his former rent — or by the difference, if any, between his former rent and any purchase instalments he may have to pay for his land. Tenancy legislation controlling rents and lease conditions can, if enforced, have the same effect. If these measures are accompanied by others designed to take the maximum advantages from the new tenure situation to boost the farmer's production, then he may have more things to sell. Thereafter, however, his income depends on the marketing situation and on price control measures, factors which in some countries are subject

to far wilder fluctuations even than weather conditions and which are beyond the scope of a land tenure reform to affect.

850. There is one direct relationship between the employment and income of smallholders and land reform. A farmer with a fragmented holding for instance — sixteen hectares broken up into thirty-seven separate fragments, as is the case of the average farmer in Burgos, Spain<sup>39</sup> — is much more fully employed than a farmer with sixteen hectares in one compact lump; but his extra work is pure waste which a planned consolidation of holdings can remedy. Such consolidation can also make possible more rational use of his land which allows fuller and more productive use of his labour.

851. The income which hired workers in agriculture gain from their employment depends in part on their productivity and the selling price of their product, in part on the general labour market situation, and also in part on legislation designed for their protection. The aims and limitations of such legislation have been discussed in chapter I. It will suffice to reiterate here one clear relationship to the form of land tenure. Other things being equal, on the large estate the chances are greater of forming effective trade unions with sufficient bargaining power to really improve workers' incomes and conditions.

#### *Security of employment*

852. The ways in which land reform can improve the security of employment require little elaboration. A former tenant-at-will may be protected by tenancy legislation or made into an owner-farmer, and achieve a much more secure livelihood as a consequence. (For ways in which the security itself can make it a *better* livelihood see the discussion in chapter III.) A former hired worker on a sugar plantation, liable, perhaps, to regular seasonal dismissal, makes equally obvious gains in security if he becomes a member of a land-owning, farm-operating collective, or if he is made the owner, or even the conditional lessee, of a small holding.

853. Perhaps the most effective guarantee of security, however, is an increase in income. The man who has some savings or the opportunity and means to make insurance contributions can be freed from the ever-present fear of escalating misfortune which dominates poor peasant societies; the fear that serious illness or misfortune will lead to never-ending indebtedness and ever-increasing misery.

854. Occasionally, a land reform may work in a contrary sense. Thus if a beneficiary of a redistribution scheme has to pay for his holding in annual instalments and is liable to lose his land if he defaults, the impersonal State agency may operate in this regard more inexorably than did a former landlord — if the landlord was of the paternalistic kind who allowed a more flexible period of grace for rent payments. Similarly, there may be a choice to be made between ensuring security and improving productive efficiency. Many countries grant leases to the beneficiaries of land redistribution and settlement schemes,

the extension of which is conditional on effective development of the land. A farmer's security therefore depends on his efficiency. But if he is not intelligent enough, or healthy enough to be efficient, an unpleasant choice has to be made between robbing a man of the security of his livelihood or robbing the community of the effective use of his land.

#### *Work relations*

855. The third aspect of employment problems concerns the social relationships which a given system of production involves. Reforms may be carried out not simply to give farmers more employment, not to make them richer, nor to make them more secure, but chiefly to give them a sense of being real human beings, endowed with the dignity and privileges of full citizenship.

856. The social development of Europe over the past five centuries has been epitomized as a movement from status to contract. The "status" world of feudal Europe was a world of masters and servants, in which economic dominance and social rank were inextricably intertwined, in which a man's worth and his rights and duties depended on his position in the social scale, and superiors claimed not merely to command the services of their subordinates, but also to possess their souls. As against this was posed a new ideal, most explicitly by the eighteenth century enlightenment — the ideal of a society of intrinsic equals whose interrelations are determined by voluntary contract. The master and servant become employer and employee; their relationship is contractual, concerns the exchange of labour and remuneration in bargainable amounts, and, beyond the specific scope of the contract, recognizes the inviolable privacy of the personal lives of the contracting parties as citizens of equal rights and dignity. As a picture of the way any actual society works, the ideal has its defects, for the real social consequences of inequalities of wealth and power cannot be so easily ignored. But as an *ideal*, it is part of the political philosophy of all the industrial countries today — whether in the capitalist countries, where it still remains in its eighteenth century association with the doctrine of the importance of private property, or in the socialist countries, where it has become associated with new doctrines of collective ownership.

857. It is an ideal consciously embodied (in such principles as "equality before the law", "one man, one vote") in the legal and political systems of most non-industrial countries as well. Very often, however, the social reality in the rural areas of those countries is much closer to the "status" system typical of feudalism. In parts of India, where the caste system retains much of its rigour despite the efforts of the Government to destroy it, members of superior castes may give cultivating rights, or perhaps simply gleaning rights, on their land to members of inferior castes in return for personal services of a nature explicitly looked upon as degrading and as defining the inferior status of those who perform them. In many other Asian countries, the landlord not only retains such control over his tenants' farming as to deprive them of any power of independent decision; he is a *seigneur* who directs their personal lives as well; commands their presence as servants at his weddings

<sup>39</sup> Rainon Beneyto, "Land Consolidation in Spain", *Fatis Review*, No. 3, 1960.



and funerals; demands their labour to rebuild his house and expects them to respect his advice concerning whom their daughters should marry. In the typical Asian share-tenancy arrangement, these services are considered extra grace-notes to the relationship of landlord and tenant which may have their counterpart in a certain paternalistic protection given by the landlord. On the typical Latin American *hacienda*, by contrast, the *colono*, the *huasipunguero*, the *yanacona* or the *inquilino* owes his right to cultivate his *minifundia* entirely to the labour services he renders. He may indeed be so close to a serf-like dependence that he can be brutally "disciplined" by physical punishment without right or hope of redress.

858. By the standards of the "contract society" — standards now generally accepted in these countries — such relations, once looked upon as models of harmonious integration in an organic unity, now come to seem increasingly degrading. Second-class citizenship is resented, and the demand for equality and human dignity can become as powerful a revolutionary force as the demand for bread. It is not only that these patterns of social relations are morally objectionable; they are also clear obstacles to development. One observer has written of the Latin American *latifundia* that they

"... do not depend for their successful operation upon an educated work force supplemented by large numbers of extension agents, credit supervisors and home agents. In fact, such a development would destroy the system in short order. The traditional work relationships and social stratifications are based upon manipulating an uneducated, inarticulate and largely uninterested work force ... A not uncommon experience for anyone who has worked much with plantations or other *latifundia* is to hear the "administrator" vigorously damning the "uppity" manners and disruptive independence of any worker who has achieved and dares to show more than the average education of his co-workers ..." <sup>40</sup>

It is for these reasons that the preambles of many land reform laws speak of, for instance, guaranteeing "the freedom and dignity of the man who works [the land]" <sup>41</sup> or of solving "the problems of the rural inhabitants in accordance with the standards of social justice which demand their permanent integration into the economic, political and social life of the country", <sup>42</sup> and it is for this reason that, for instance, the first Peruvian land reform law specified as one of its concrete purposes "to abolish all relationships which in fact or in law relate the right of use of the land to the furnishing of personal services, whether or not any cash remuneration is made". <sup>43</sup>

859. The difficulties of doing so are implicit in the discussion in chapter I concerning tenancy legislation and legislation concerning hired workers. A stroke of the legal pen does not always accomplish very much, because

<sup>40</sup> Thomas F. Carroll, *Land Reform as an Explosive Force in Latin America* (Stanford, California, Center for Advanced Study in the Behavioral Sciences, July-August 1963), p. 19.

<sup>41</sup> Honduras, Agrarian Reform Act of 5 December 1962.

<sup>42</sup> Panama, Act No. 37, approving the Agrarian Code of the Republic, 21 September 1962.

<sup>43</sup> Decree Law No. 14238, 16 November 1962.

(a) social relations have an inertia of their own — a man who has never dared to look his landlord in the eye and is conditioned to tremble at his voice is not automatically made bolder by declarations of human equality in remote capital cities, and because (b) social dependence is usually paralleled by economic dependence, and it is asking a lot of a man that he should assert his dignity and equality at the risk of cutting himself off from a vital source of subsistence.

860. One cure for (a) is drama. Revolutions are most successful in this respect; they provide the opportunity for a critical confrontation between master and servant, after which things can never be quite the same again. American colonists and Englishmen never met on quite the same footing after 1776 as they did before, nor did the French nobles and peasants after 1789. Even when, for example, a land redistribution scheme is carried through by peaceful and legal means, it is possible — by adequate publicity and education of the beneficiaries, by creating organizations which give the beneficiaries some kind of executive responsibility for demanding collectively their new rights — to so dramatize the "epoch-making" nature of the change that the inertia of existing social relations is broken.

861. Also important is the effective organization of the beneficiaries. If they can successfully create their own unions, co-operatives and friendly societies, they can find self-confidence in their collective unity which they cannot feel individually.

862. The cure for (b) is to ensure that the ties of economic dependence really are broken by the reform and in all their aspects. A reform of tenancy relations which releases tenants from their labour service obligations is not likely to bring much change in the situation if the landlords still retain a monopolistic hold on land in a land-hungry society and if there is not an efficient policing system to enforce the new laws. Similarly, even if the former tenant is given a secure and inviolable title to the land he cultivates, he may still be economically dependent on his former landlord if the landlord still controls water-rights, or access to grazing land, or land from which he cuts green fertilizer, and is the only source of credit or has a monopoly of the non-agricultural employment opportunities available in the agricultural slack season. The Japanese land reform was criticized by many Japanese observers, though perhaps more harshly than was justified, for deficiencies on this score. It is obvious, however, that the Japanese reform went much further towards creating the economic preconditions for a clean sweep of "feudal" social relations than most Asian reforms, with the exception of those in China (mainland) and North Korea, where landlords were for the most part stripped of all their possessions and where the dawning of a new era of social relations was dramatized by drum-head trials of landlords and, sometimes, their execution.

863. Once again the creation of effective organization of the beneficiaries can help to provide them with the countervailing power to bargain on equal terms for the economic advantages which landlords may still monopolize. Also especially important in this respect are the ancillary services which effective land reforms try to supply. An efficient State credit service can free the



former tenant from dependence on the landlord's money-lending activities. Co-operative marketing and supply purchase can free him from dependence on the landlord as middleman. Effective extension work or more concentrated training schemes can give a man the ability to stand on his own feet as an independent farm manager. And a sense of his ability to do so may be a pre-condition for a sense of self-respect and of full and equal citizenship.

### C. CONCLUSIONS

864. The only general thing to be said by way of summary of this chapter is again to stress the complexity

of the problem, and the need to think out clearly the objectives of policy. Measures designed to increase employment opportunities may not simultaneously lead to the maximum rate of technological advance in agriculture; they will almost certainly not lead to the maximum income return per unit input of labour, and they have no necessary connexion with measures designed to alter the quality of social relations involved in the agricultural production process. The means appropriate to all these ends vary and — if the political pressures in the heat of the moment allow for cool calculation at all — a rational land reform policy must inevitably be the best possible compromise between a variety of objectives not all of which are necessarily compatible.

## Chapter V

### LAND REFORM, ECONOMIC GROWTH AND SOCIAL DEVELOPMENT<sup>1</sup>

865. The last two chapters have considered the effects of land reforms on specific factors important in economic and social development — technical progress in agriculture, and the level and nature of employment opportunities. This chapter will attempt a more general view of the ramifying effects of land reforms. As in previous chapters, the discussion will be concerned not with minor tenure adjustments, such as consolidation schemes, which have limited local economic effects, but with major schemes of land redistribution (including extensive programmes of settlement) which affect in one way or the other a substantial proportion of the rural population, and thereby involve considerable changes in the economic, political and social structure. The discussion can best be divided into three parts: firstly, the effects within the rural sector, both economic and social; secondly, the effects on other sectors of the economy, and, thirdly, the integration of land reform programmes in general development planning.

#### A. EFFECTS WITHIN THE RURAL SECTOR

##### *Agricultural productivity*

866. The possible effect of various kinds of land redistribution schemes on the pace of technological innovation in agriculture has been considered at length in chapter III. The meaning of “technological innovation” throughout that discussion is almost the same as “increase in production” or “improvement in the productivity of land, labour or capital”, for it is generally agreed that it is mainly through new techniques that a substantial contribution towards the improvement of agricultural systems can be made. Without the introduction of new methods or tools, farmers are rarely able to get better results.

867. There are, however, some circumstances where “technological change” and “greater production and productivity” are not synonymous, where the latter can take place without the former. One of these occurs when more land becomes available. Redistribution itself may achieve this, when the idle or poorly cultivated land of large estates is given to farmers who are accustomed to practising intensive cultivation on smaller farms. Alternatively, expansion of the cultivated areas may come about through the reclamation of new land. Mexico is

cited as an example of a country where this expansion of the arable area — a major factor in Mexico’s recent economic growth — was greatly stimulated by the land redistribution programme — inasmuch as it increased the farmer’s hunger for land and hence the political pressure to develop it, and, *inter alia*, led to a re-evaluation of the desirability of government investment in agriculture.<sup>2</sup> In this way agricultural output can be improved both in total and *per capita* without there necessarily being a change in techniques. Similarly, where farmers are already accustomed to using fertilizer, a diminution in their rent burden, or lower interest rates on loans, may release funds which enable them to buy and use more. In other cases, farmers may work less on their holdings than the returns for extra work would justify (even within the framework of traditional techniques) because they keep so little of their produce after paying rents and interest on their debts that they are constantly under-nourished and unable to work more. Land redistribution, which improves their incomes and their diet may, by virtue of this factor alone, help to make them more efficient farmers.

868. With those additions, the general conclusion of chapter III may be recalled; that some beneficial effects might be expected immediately from most land reforms, though some of the most telling effects may take a generation or more to show themselves and, in some cases, there may even be an initial drop in production after a land reform.

869. Other ways in which reform measures may lead to greater agricultural productivity include the boost that they may give to rural capital formation and the effect they may have on producing or strengthening incentives to farmers to become more productive. On the question of capital formation, it will be argued below (section B, under the heading “Transfers of Capital”) that for many developing countries greater agricultural productivity is one of the few ways by which sufficient capital can be raised to provide the necessary investment for starting the vitally necessary process of industrialization. By the same token, the capital needed to make the rural areas advance still further will itself also come from the product of greater agricultural productivity. Thus, there is set in motion a kind of circular and mutual reinforcement — greater productivity producing greater income, which can, in turn, be invested in the means of producing still more and so on. Incentives to the farmer

<sup>1</sup> This chapter draws upon material from the annex of “The Impact of Land Reform on Economic and Social Development” (E/CN.5/386), which was presented to the United Nations Social Commission at its sixteenth session.

<sup>2</sup> See e.g., Alfredo M. Saco, “Land Reform as an Instrument of Change”, *Monthly Bulletin of Agricultural Economics and Statistics*, vol. 13, No. xii (December 1964), p. 4.

to invest in his farm include measures to give greater security of tenure, which were described in some detail in chapter I. Other forms of tenure, including consolidation of holdings, collectivization etc., which result in greater efficiency will also lead to the possibility of rural capital formation, provided that this form of investment can be made sufficiently attractive for those who find themselves with surplus resources, or provided that, where public investment is involved, the requirements of the rural sector are adjudged to have as good a claim on the available funds as those of industrialization.

870. Where individual smallholders are concerned, the very fact of imposing a "ceiling" on the amount of land that may be owned by any one farmer will act as an incentive to capital formation by preventing the smallholder from being discouraged by competition from large landowners or by a *status quo* which favours the perpetuation of an unequal distribution of wealth and income.

#### *Redistribution of wealth and income*

871. The particular objectives of land reform measures with regard to the reduction of inequality are determined by the broader concepts of social justice and equality which prevail in a country. In some instances, therefore, a land reform programme which has fully achieved its proclaimed objectives may still leave a substantial degree of inequality. For example, though the measures in Japan and the United Arab Republic have been regarded as successful in realizing their proclaimed objectives, in both countries the programme permits some owners to own holdings which are several times larger than the average size of holding. This figure would be much higher in countries where the reforms have been less comprehensive and less thoroughly implemented. This point is highly relevant to the successful achievements of land reform in the other areas of social development discussed below.

872. A special case of equalization through distribution occurs in nationalized land systems where land-holding is based on tilling—whether individually or collectively. Under such a system, there are usually two forms of operation, the collective farm and the State farm. A collective farm is a voluntary association of peasants who jointly work the land given to them free by the State for use in perpetuity. All implements and equipment are the property of the collective farm, and the income derived from the farm is distributed among its members according to the quantity and quality of the labour contributed by each. At the State farms, which are State-owned agricultural enterprises, employees receive a wage for their labour. Once land ownership has been abolished, it follows that differences of personal income arising from the institution of private property of land should disappear. However, to the extent that income is related to efficiency and productivity, income differentials may still persist and their acceptability will tend to be regarded in a different light by different economic systems. These conclusions are valid both for countries where only a part of the land has been the subject of reform and for those where the whole land has been brought under the programme. It is noteworthy that

nationalization of land has not eliminated inequality in the rural areas. Though differences in personal incomes within a given rural community have now become dependent on efficiency of production, inequality between different farming communities has survived. Some collectives, for example, have better land and a larger area per member than others, which places them in a favoured economic position compared with other collectives. Another source of inequality is the kind of product grown on the land. Farms producing industrial crops, such as fibres and other raw materials, have enjoyed larger net incomes as a result of public policies favouring these particular products.

873. Equalization of incomes has been attempted through such measures as rent control, progressive taxation, regulation of wages and working conditions of rural labour, price supports, and subsidies for seeds and other farm materials and equipment. The most significant and common among these measures has been rent control. As a result, incomes of tenant-farmers in the United Arab Republic have, in some cases, risen by more than 50 per cent at the expense of the landlords. In China (Taiwan), the rise in income has varied from 17 per cent to 37 per cent. It is admitted, however, that rent controls have had only a temporary effect. In countries where the land-labour ratio is very low, rent controls frequently lead to "black-market" rents and, in such cases, the impact in the redistribution of income is limited.

874. Other measures have made use of co-operatives and community development projects. In principle, the major intent of these measures has been to raise the incomes of the beneficiaries rather than to redistribute wealth; their impact on the distribution of income is difficult to assess, particularly in the absence of adequate and reliable data. One way of promoting greater social and economic equality deserves special mention, namely, the extension of social services to the rural districts, to rich and poor alike or merely to the low-income groups. Medical care, educational and public utilities are usually distributive in their effects, the actual degree of redistribution achieved depending on the methods by which the services are financed.

875. Education, especially, can have a redistributive effect by enabling individuals to utilize more fully the additional land or resources made available to them. While advances in the education of children are in some measure long-term, the effects of literacy education are more immediate. There is thus particular significance in the rapid spread of educational services in rural areas.

876. By making such services available to the low-income groups, the real incomes of such groups are raised relative to the incomes of those who even before were able to afford them. Thus, the impact of these extension services is redistributive both in the short and in the long run. The services received are among the immediate benefits, while the increase in the potentialities of the low-income beneficiaries have long-term redistributive effects. If, however, the services are financed directly by the beneficiaries, the redistributive results are more open to question and would have to be analysed within the framework of the specific schemes. Since, however, most of these social services have usually been

made available to recipients without requiring payment in return, or only a very nominal one, they may be regarded as redistributive, especially if it can be established that they are financed by means of progressive systems of taxation, or from the total product before allocating shares among the producers. Furthermore, the services that are redistributive tend to offset, in varying degrees, the other inequalities discussed above. The more extensive these services are and the more progressive the system of financing them, the more effective they would be as measures to offset inequality. Many countries have recognized these relationships and have utilized them.

### *Levels of living*

877. Although the levels of living of the majority of the population may be improved immediately by the redistribution of income resulting from the redistribution of land, any long-term improvement will depend on agriculture becoming more productive and producing more real income. The figures quoted as indications of improvement in living levels after land reforms (for example, between 17 per cent and 37 per cent increase in real income after a decade in China (Taiwan) and a 50 per cent increase in some districts in the United Arab Republic) usually cover the effects of both land redistribution and an improvement in productivity; but in countries such as Bolivia, where increase in production has been limited to a few areas, some improvement in living levels has been reported as a result of redistribution alone. The effectiveness of a land redistribution scheme in bringing about a redistribution of income will depend not only on the amount of land transferred, but also on the levels of compensation paid to landlords and the charges (payments for the land, taxes and developmental charges) to be paid by the beneficiaries. If landlords receive large capital sums in cash and the beneficiaries are faced with annual charges equivalent to the increase in their gross income, no redistribution of income will in fact take place, and neither the objective of achieving social justice nor that of raising the level of living among the mass of the people will be achieved.

878. A review of the position in the ECAFE region has indicated the wider implications of land reforms in these respects :

“... income equalization in the rural districts must depend primarily on redistribution of real resources, if it is to take place at all, and this implies measures of institutional change such as land reform; however, it will be difficult to guarantee the redistributive effect of such reforms without the provision of key services, particularly through community development, and financial and technical help in setting up co-operatives and credit associations which will prevent the monopolist and the usurer from regaining their grip on income and resources.<sup>3</sup>

“There is a growing consensus, in the ECAFE region and elsewhere, that unhampered access to the means of gaining a decent livelihood is one of the principal

incentives for individuals and communal growth; social justice, in which the correction of income maldistribution is an important function, is thus coming to be viewed as an essential element of economic development.”<sup>4</sup>

879. Land reform measures can lead to an improvement in rural welfare in a number of ways, both material and non-material. Some of the effects on the provision of employment have been discussed in chapter IV. Another important source of benefit is the programme of rural aid and development initiated by many countries as part of a land reform programme — commonly referred to as comprehensive reform programmes.

880. The tendency for programmes of land redistribution to be accompanied by an increasingly broad range of ancillary measures has been noted several times in earlier sections of this report. It is the result of an increasing tendency to see land reform not only as a means of redistributing wealth and so of achieving greater equality as an end in itself, but as a measure justified by its effects in : (a) increasing agricultural productivity and (b) reducing the danger that rural discontent might reach politically menacing proportions. In order to ensure that these effects are in fact achieved, “integral land reforms”, as they are increasingly called in Latin America, often include : (a) the provision of credit, extension and marketing services and the formation of co-operatives to aid in the improvement of productivity and (b) a variety of other services to contribute directly to the level of rural well-being — improvement in housing, advice in home economics or family planning, the building of schools, clinics or citizens’ halls, or all of these things as part of community development programmes.

881. The example of the inclusion in the land reform legislation of Chile of a requirement that estate owners build schools for the children of their workers has already been cited in chapter I in another context, as also the Pakistani decree covering the provision of schools, clinics, canteens etc. on tea plantations.

882. Although the potential effects of land reform and the other measures associated with it in raising the levels of living would seem to be great for rural communities, few visible improvements have been reported even where the reform has had enough time to show results. In some places, the positive effects have been limited to such a small percentage of the rural population that the general impact has been insignificant. Similar efforts have been more successful in industrialized countries, such as Czechoslovakia, Japan and Sweden. In most other countries, however, where industry has been limited, little success has been achieved. It appears that, in many cases, government policies have tended to discourage rural migration in order to avoid the urban social problems that would ensue. This is evident in Asia, Latin America and the Middle East.

883. Some figures are available from Japan indicating the way in which the *per capita* income and the disposable resources of farmers have increased in the period that reforms were implemented. It should not be assumed,

<sup>3</sup> “Review of the Social Situation in the ECAFE Region” (E/CN.11/L.133), p. 23.

<sup>4</sup> *Ibid.*, p. 24.

however, that the increases are invariably a direct or indirect result of land reform alone. Certainly, since most of the increase in the income of farm families is accounted for by a rise in their non-agricultural incomes, the influence of land reform is likely to be an indirect one involving such factors as the increased demand for goods from the rural population subsequent to land redistribution. Before land reform, the income of farmers was about equal to that of day labourers in the villages; after land reform by 1951, the cultivating farmer was receiving, on the average, a little more than twice as much as the day labourer. The real income of farm households, compared with a 1934-1936 base figure, increased by 57 per cent at the time of the 1955 survey, and by 100 per cent in the 1962 survey. Not all of the increase in income went to raising the level of living since, as has been previously mentioned, much of it was re-invested, in particular, to finance the non-agricultural sector. Somewhat similar increases occurred in the farmer's disposable income while improvements in levels of consumption, as compared with 1934-1936, showed an increase of 34.9 per cent by 1957 and 76.5 per cent by 1962. Equally significant are changes in the daily food consumption and in the pattern of consumption. Whereas between 1952-1954 and 1959-1961 the total calorie intake *per capita* had decreased by 3.3 per cent, the amount of meat consumed had doubled, that of milk had risen two and one-half times, consumption of eggs and fruits had almost doubled, but that of cereals and starchy foods had slightly decreased.<sup>5</sup>

884. In the Romanian People's Republic, peasant food consumption *per capita* increased in the period 1954-1963 by 38 per cent in wheat-rye flour; 79 per cent in fats and meat; 77 per cent in eggs; 53 per cent in cheese and 24 per cent in milk. Widespread improvements are reported in housing, health, electrification and many spheres of cultural activity.

885. A study of land reform in the United Arab Republic, based on a controlled matched-area survey covering the period 1952-1956, showed that families in the land reform sample had an average net farm income 20 per cent higher than families in the control group and had increased the amounts of their purchases. They appeared to use their extra income in buying more meat, tea, coffee, sugar and tobacco, as well as in spending more on traditional celebrations.<sup>6</sup> From China (Taiwan) more comprehensive figures are available on the increase in certain farm household items after the implementation of land reform, although presumably once again the limitations of a *post hoc, propter hoc* argument should be mentioned. Those items, however, provide one index of the improvement which occurred in certain aspects of the levels of living between 1948 — before land reform — and 1962, representing the post-reform era. In this period, the number of new houses almost doubled

<sup>5</sup> Zahir Ahmed, "Land Reform in Japan and its Impact on the Country's Economic and Social Development" (report prepared in 1964 for the United Nations Department of Economic and Social Affairs and the Economic Commission for Asia and the Far East).

<sup>6</sup> Saad M. Gadalla, *Land Reform in Relation to Social Development in Egypt* (University of Missouri, 1962).

and those newly repaired rose by 61 per cent; the number of pieces of furniture (beds, tables, chairs etc.) more than doubled; the number of electric lights installed tripled as did the amount of bedding and mosquito nets, while the number of radios increased more than three times.

886. The comprehensive programmes have become not simply optional but to some degree essential in those countries where land redistribution entails the creation of new settlements of smallholders — as was the case in Italy and Venezuela. Since in both of these countries the contribution of agriculture to the gross national income had fallen below 50 per cent at the time of the reform, it was possible for other sectors to provide funds for social investment in rural areas sufficient to endow the new communities on a quite generous scale — on a scale, in fact, which would be out of the question in poorer countries where agriculture provides the bulk of the national income and where these social investments would have to be financed from within the rural sector itself.

887. Where, as in landlord-tenant systems, land reform does not necessarily require the construction of new settlements, broad programmes of social development may have to compete for new resources with other purposes. For example, in the Philippines, there is provision for extensive community development programmes — including one trained home economics adviser for every 150 households — but at the expense of a slower pace of reform. By contrast, the Iranian programme, which sought to transfer a great deal of land rapidly and on a national scale, has concentrated the inadequate resources available on the stimulation of agricultural development, though the separate "Army of Knowledge" programme is seeking, by spreading literacy and new attitudes, to stimulate Iranian farmers to new efforts to help themselves.

888. Even those parts of a land reform programme which are oriented purely towards improving agriculture can have social side-effects. Technical extension programmes and supervised credit schemes bring into the countryside men with higher education and an acquaintance with urban culture, who are capable of imparting to the farmers with whom they come in contact something more than mere technical knowledge. A new road built primarily to facilitate marketing is a channel for urban influence of all kinds, a stimulus to geographic and social mobility and a means whereby hitherto isolated communities can become politically and socially integrated into the national life.

#### *New patterns of social relations*

889. Even in countries which cannot afford large-scale social investment as part of a land reform programme, the mere redistribution of land or of incomes from the land may contribute in various ways to social change in directions generally considered desirable.

890. The removal or the lessening of inequalities of wealth itself has an important effect. Many men in traditional agrarian societies are forced by the sheer need to stay alive into a subservient dependence on other men, a dependence which destroys — or never permits

them to develop — a sense of individual dignity or self-respect. To have those ties of economic dependence cut, to be able to be, for the first time, nobody's man but one's own, is no mean enhancement of the quality of life.

891. The intention of bringing about major changes in social relationships by means of land reform measures features in many official statements and enactments. For example, the United Arab Republic emphasizes the importance of land reform, community development and supervised co-operation in developing social participation and self-reliant social action.<sup>7</sup> The view is also expressed that ownership of land is one of the main tenets of freedom which is the pillar of democracy. "Free ownership maintains individual dignity, pride and a sense of security"; hence, it is an objective of reform.<sup>8</sup>

892. The American countries in establishing the Alliance for Progress emphasized the need for "... comprehensive agrarian reform leading to the effective transformation, where required, of unjust structures and systems of land tenure and use; with a view to replacing *latifundia* and dwarf holdings by an equitable system of property so that supplemented by timely and adequate credit, technical assistance and improved marketing arrangements the land will become for the man who works it the basis of his economic stability, the foundation of his increasing welfare and the guarantee of his freedom and dignity".<sup>9</sup>

893. In India, one of the main principles of official agrarian policy is that it should provide an opportunity for the development of the farmer's personality and that there should be no scope for exploitation of one class by another. The Indian Second Five-Year Plan established as an objective the enlargement of the co-operative sector until the management of the entire land in the village becomes the co-operative responsibility of the community, and the distinction between those who have lands and those who are landless loses much of its significance.

894. Ecuador emphasizes the need to promote civic and political participation. The Philippines includes in its aims the creation of a dignified existence for the small farmers free from pernicious institutional restraints and practices, and the rise of more independent, self-reliant and responsible citizens, who are considered a source of genuine strength in a democratic society. A more comprehensive view suggests that there can be scarcely any doubt that land reforms are necessary to diversify the rural social structure and to help integrate the national society, with regard to which the Mexican

reform is cited as an important example in the promotion of social integration.<sup>10</sup> Democratization of land tenancy and incorporation of marginal populations in the economic and social life of the country are among the objectives in Venezuela. Costa Rica also includes democratization among its goals.

895. It is reported that when over 300,000 farmers in Yugoslavia received land "... it was felt that the new government was really a government of the people, and that the problems of the peasantry had become the problems of the whole community".<sup>11</sup> Agrarian reform in Peru is regarded as a means of establishing social justice and the democratization of land tenure. Similar views are reported from China (Taiwan). Some socialist countries, however, regard land reform as an integral part of the general policy for total economic and social change, as in Bulgaria, China (mainland), Cuba, Czechoslovakia, Poland, Romania and the USSR. These countries consider that social change should be fully integrated with central planning and political re-education. Social change in this sense implies the total transformation of society rather than its modification.

896. These different approaches seem to imply a great deal of confidence in land reform as a means of social change. They vary, however, regarding the magnitude of change envisaged and the rapidity with which it is planned to bring it about, both of which can be determined only within a given social situation. It has been argued that although in Latin America land reform is not normally introduced as an integral part of comprehensive social and political change, it is, nevertheless, an explosive force, unpredictable and revolutionary, even to the extent that a certain amount of violence, unrest and disorder is unavoidable, and even necessary, for successful reform measures the initiation of which is likely to create further disturbing or unsettling elements.<sup>12</sup> Not only is there a reciprocally influential relationship between land reform and other forms of economic change, especially industrialization, but land reform has also become a subject of vast and often unrealizable promises for many political parties who, by espousing its cause — at least verbally — may make some powerful enemies, but will assuredly make numerous friends. This political potential of land reform measures appears to have been recognized, moreover, by those external interests which urge many developing countries to introduce land reform, whether as an integral part of major institutional change or as a means of avoiding such radical change.

<sup>7</sup> D. Warriner, "Land Reform and Community Development in the United Arab Republic" (April 1961) (background paper prepared for *Progress in Land Reform — Third Report* (United Nations publication, Sales No. : 63.IV.2), pp. 30, 31 and 33).

<sup>8</sup> S. Hagrass, "Agrarian Reform in the United Arab Republic" (E/CONF.39/C/142), p. 4 (working paper presented to the United Nations Conference on the Application of Science and Technology for the Benefit of the Less Developed Areas, Geneva, 4-20 February 1963).

<sup>9</sup> *Alliance for Progress* (Washington, D.C., Pan American Union, 1961), p. 3 (official documents from the Special Meeting of the Inter-American Economic and Social Council at the Ministerial Level, Punta del Este, Uruguay, 5-17 August 1961).

<sup>10</sup> Jacques Lambert, "Requirements for Rapid Economic and Social Development : the View of the Historian and Sociologist", *Social Aspects of Economic Development in Latin America*, vol. I (Paris, UNESCO, SS.61/V.10/A), p. 50.

<sup>11</sup> "Agrarian Reform in Yugoslavia", *The Agricultural Co-operative System in Yugoslavia* (Belgrade, Glavni Savez Zemljorainickih Zadruga Jugoslavije, 1961), p. 115.

<sup>12</sup> Thomas F. Carroll, "The Land Reform Issue in Latin America", *Latin American Issues — Essays and Comments*, A. O. Hirschman, ed. (New York, the Twentieth Century Fund, 1961), pp. 161-201; and Thomas F. Carroll, "Land Reform as an Explosive Force in Latin America", *Explosive Forces in Latin America*, J. J. TePaske and S. N. Fisher, eds. (Graduate Institute for World Affairs, Ohio State University, 1964).

### *The stimulus to communal effort*

897. These changes in patterns of social relations are not only important in themselves; they also permit that co-ordination of effort which is often a precondition for improvement in welfare. An individual farmer cannot build a school. (A benevolent landlord might, but this is not a common expression of landlordly benevolence, while if he is wealthy enough to build a school he is probably wealthy enough to send his children to urban schools and hence uninterested in village schools.) A citizens' hall, a village piped water system, clinics, children's playgrounds are equally not easily created by individual effort. Communities must work together for these things.

898. There are good reasons for thinking that land redistribution schemes improve the chances of communities being able to work together. Where great inequalities of wealth cause resentments leading to conflict and suspicion, greater equality diminishes frictions and tensions and makes co-operation easier. (In the long run, perhaps one should add, for in the initial stages the process is deeply divisive.<sup>13</sup>) The point is that the resentments of those who lose land caused by the once-and-for-all event of redistribution are likely to fade in time; the resentments caused by continuing inequality and exploitation do not.

899. Some of the changes in social relations and in the social structure taking place in Latin American countries, such as Bolivia, Brazil and Venezuela, are related to the emergence of peasant organizations which pursue economic, social and political objectives that are dependent upon, and complementary to, the achievement of agrarian reform. In some cases, these unions or syndicates of *campesinos* appear to have the effect of emphasizing the feelings and interests which separate the peasants from the landlords and city-dwellers. There is evidence over the last few years of violence and unrest in the rural areas of northeastern Brazil, Colombia, Mexico and Peru, and one observer of the Brazilian scene maintained that the *campesino* organizations were more likely to act as spearheads of an extreme revolution than were the industrial workers of the cities.<sup>14</sup> In Brazil and Chile, the peasant organizations have formed national associations and have national congresses. The long-term effect of such movements is to give the peasant a new sense of identity and significance, a feeling which they may also succeed in communicating to other sections of society who are more and more obliged to recognize them as an effective social group. A United Nations community development evaluation mission to Venezuela in 1963 commented on the active process of change evident in the attitudes, motivation and ideas of large parts of the rural and urban population, and observed that these attitudes were stimulating economic and social development.<sup>15</sup> In particular, it mentioned the

<sup>13</sup> Thomas F. Carroll, "Land Reform as an Explosive Force in Latin America", *op. cit.*

<sup>14</sup> Celso Furtado, "Brazil. What Kind of Revolution?", *Foreign Affairs*, vol. 41, No. 3 (April 1963), pp. 526-535.

<sup>15</sup> *Report of a Community Development Mission to Venezuela (TAO/VEN/15)* (report prepared for the Government of Venezuela by Caroline F. Ware, Rubén Darío Utría and Antoni Wojcicki).

enthusiastic acceptance of innovations in social relations and the growing interest with which *campesinos* were joining community organizations and co-operatives.<sup>16</sup>

900. Co-operative effort is also likely to be more effective because of better leadership. Instead of wealth concentrating leadership and authority in a few families (which are unlikely, given the operation of genetic laws, to have a monopoly of those innate qualities of intelligence and personality which make good leaders), a broader distribution of wealth opens the possibility of election to leadership position to a much wider proportion of the population. The chances are greater, therefore, that men of ability will rise to the top, and that their talents will be directed to constructive ends. Again, especially where there has been no previous history of peasant organization, there may be a delayed effect. Dependent tenants and labourers, unused to any role which requires initiative and self-assertion, may be reluctant to take on positions of responsibility; a willingness to do so may be enviously condemned by their fellows as pushing ambition. A study of twenty-two villages in Taiwan suggests that in the years immediately after the land reform when some landlords had lost both the wealth and the prestige which had given them a monopoly over the leadership positions, the result was a vacuum — no candidate at all in 1958 for the position of mayor in six of the twenty-two villages, and, in other cases, the election of men who commanded other kinds of wealth than land and were "more feared than respected".<sup>17</sup> However the general national picture was more encouraging four years later. In 1962 nearly 17,000 heads of hamlets and neighbourhoods were classified as owner-farmers, compared with less than 5,000 in 1948. There has also been a remarkable upsurge in the numbers of farmers who generally participate in public affairs, especially through election as headmen of villages, as members of local tenancy and conciliation committees, and as members of municipal councils. The number of farmers who won election to various offices and representative bodies in community and local organizations increased fourfold from 8,830 in 1948, before land reform to 35,413 in 1962, after reform. Just as it was stressed in chapter III that many of the benefits of land reform with respect to the capacity to innovate may take a generation or more to reveal themselves, so in this case, too, a society accustomed to patterns of ascribed hereditary leadership may take time to develop new and accepted ways of selecting leaders on the basis of their abilities.

901. Some of the most promising results have been reported from Japan, where the Local Autonomy Law of 1947 was enacted at about the same time as the land reform measures; the two pieces of legislation together have helped to break the traditional pattern of social relationships and to give farmers a greater voice in local affairs. Membership of land commissions, committees and co-operatives also served as a training ground for villagers and enabled them eventually to take posts as

<sup>16</sup> See Francisco Vargas, *Agrarismo, Campesinado y Reforma Agraria* (Caracas, Instituto Agrario Nacional, 1964).

<sup>17</sup> B. Gallin, "Social Effects of Land Reform in Taiwan", *Human Organization*, vol. 22, No. ii (Summer 1962), pp. 109-112.



teachers, clerks and headmen, as well as other jobs in local and central government. One half of the village land committees had to be composed of village tenants — a notable advance though these seats tended to be occupied mostly by the “middle-standing” farmers who had advantages of education and wealth (a phenomenon, incidentally, which is also reported from some parts of India). A number of legislative measures related to social education have also contributed to the educational forces at work to improve the status of the Japanese farmers. These have resulted in an expansion of youth work and education for young rural workers and also the spread of *kominkans* or local cultural centres, which, whatever their earlier objectives, have in recent years helped to promote solidarity and progressive aspirations among the farmers. By 1960 there were 7,725 main *kominkans* with some 13,000 subsidiary branches.

902. In China (mainland), rural re-education, combining work and education, has had some success. Unity of purpose, from all apparent indications, seems to have been achieved. Self-help activities also seem to have been given considerable impetus. Much still needs to be known before definite conclusions regarding China (mainland) can be drawn; nevertheless, it is possible to identify certain significant pointers. Traditional social relations were transformed by the revolution and the Government was able to build on a new social base; social action was integrated with economic and political organization; the plans for change were comprehensive, and the leaders have been clear about their goals and objectives as well as about their methods of implementation.

903. Czechoslovakia and Romania have had a similar experience. They have guided change in social relations by regarding it as part of the total socio-political and economic revolutions they have undertaken, and by extensive use of political leadership and direction. Major decision-making has been centralized. Whether social participation, as commonly understood, has been promoted is not clear. The Governments of Czechoslovakia and Romania, however, report great achievements in the area of social integration.

904. The large scale changes which have taken place in Algeria have already been described in chapter I. With regard to the United Arab Republic, its efforts have been comprehensive within the areas in which they were introduced, combining reform, co-operatives, small village craft-industries, educational extension services, and discussion groups to promote initiative and social participation. According to one study published in 1962, local communities were reported displaying new attitudes and interests, but the changes seemed to have been slow in occurring and supervisors appointed by the central authorities still exercised close guidance, indicating that the local groups were unready — or were assumed to be — for a full autonomy.<sup>18</sup> Illiteracy did not decline substantially, nor was labour mobility facilitated. Nevertheless, the United Arab Republic has obtained results by utilizing a land reform programme which broke the yoke of feudalism, by a political revolution that changed the whole social structure, and with the aid

of a fairly large middle class and an excellent system of communication by which the new projects could be promoted. These, together with public efforts exerted in other areas such as the Aswan Dam, have helped to arouse the hopes of the peasants and to bring out their initiative.

905. The experience of Israel has largely been in the creation of new settlements with the primary objective that they should become centres of efficient production. Faced with a special problem of absorbing large numbers of immigrants from overseas, the creation of feelings of civic pride and social solidarity has been one of the most important objectives of the several different kinds of settlements that have been established; these range from the collective (*kibbutz*) to the co-operative (*moshav*) which, in turn, have several variations, depending on the extent to which individual and family holdings and operation play a part in the whole. Each of these types offers somewhat different opportunities for new attitudes and relationships to be established. The success of these settlements has been affected, and in some cases hindered, by the often great cultural differences among the ethnic groups which make up their population.

906. Another aspect of the way in which land reform leads to co-operative innovation may be called the “contagion of change”, or the “turning-over-a-new-leaf syndrome”. A land redistribution scheme alters drastically the most fundamental feature of the farmer’s social environment and may alter the whole pattern of his social relations. Once the spell of tradition is thus broken and the possibility of change has been introduced, a general atmosphere of expectancy and receptivity to further change can be created, and the way prepared for the acceptance of innovation in many other spheres.

907. China (Taiwan) provides examples of development works carried out after the land reform which (though one should beware of automatically attributing all before-and-after differences to the effects of land redistribution) serve to illustrate these arguments. In seven townships surveyed, voluntary labour had been mobilized to dig a number of wells, to lay out communal graveyards and to plant trees and shrubs to improve the landscape.<sup>19</sup>

908. The most striking evidence along these lines, however, concerns the development of education in rural areas after land reform. The “Army of Knowledge” campaign in Iran, the “each-one-teach-one” volunteer campaigns in Algeria and Cuba, are examples of the kind of movements, mobilizing latent desires to learn and the latent willingness to be of service to others, which can arise (as part of the “new-leaf syndrome”) in the aftermath of land reform. And the impetus can be sustained. There are not many States in Latin America where a higher proportion of government expenditure goes to education rather than to the armed forces, but Mexico since its land reform has consistently been one of them. A study of three communities granted land under the Mexican land reform reports that the proportion of the

<sup>19</sup> Yen-Tien Chang, “A Case Study on the Impact of Land Reform on Economic and Social Progress in Taiwan” (Taipei, 1965) (mimeographed).

<sup>18</sup> D. Warriner, op. cit.

literate has increased from about 10 per cent to about 55 per cent.<sup>20</sup> In Cuba, two provinces which six years ago had 300 classrooms now have 4,000.<sup>21</sup> In Bolivia, a country where land reform has not generally been followed by spectacularly encouraging results in the field of productivity, the growth of education has nevertheless been impressive. Between 1951 and 1961, the proportion of the seven to fourteen age-group attending school is estimated to have increased from 27 per cent to 60 per cent.<sup>22</sup> In the seven townships surveyed in Taiwan, the number of pupils nearly doubled between 1948 and 1963 in primary schools, nearly quadrupled in middle schools and increased by more than six times in agricultural vocational schools.<sup>23</sup>

909. The possibilities of communal efforts of this kind are likely to be further increased if the tenure system after reform is one which requires communal effort in agricultural production. Any form of common-land-use farming is especially likely to have this effect. The collectives of the Soviet Union and Eastern Europe, for example, provide a full range of social security benefits for their workers, and in many other countries — in China (mainland), Cuba and Israel, for instance — collectives, joint farms or communes have taken on responsibility for adult education and even regular basic education, for the organization of leisure activities, for clinics, nutrition campaigns and so on. The advantage of this system lies in the economy of organization structures and in the fostering of co-operative attitudes. The forms of co-operation and leadership developed and refined in the community's working life can be used to enrich its leisure life, and if people can be made to accept a sense of mutual responsibility for their work, they can be persuaded more easily to accept their mutual responsibility in helping in the education of their children.

## B. IMPACT OF LAND REFORM

### ON NON-AGRICULTURAL SECTORS OF THE ECONOMY

910. The effects of land redistribution on other sectors of the economy can be considered under four headings: transfers of capital, demand effects, population movements, and the political framework.

#### *Transfers of capital*

911. The distinction was made earlier between those countries with a fairly well-developed industrial or mining sector, where agriculture contributes less than half of the total national income, and those countries which are still predominantly agrarian. It was also pointed out that when land reform takes place in countries in the former category — Italy, Japan and Venezuela are examples — one can legitimately expect a land redistribution programme to be accompanied by

<sup>20</sup> Lucio Mendieta y Nañez, *Efectos sociales de la reforma agraria en tres comunidades ejidales de la República Mexicana* (Mexico, 1960) (quoted in A. M. Saco, op. cit. p. 8).

<sup>21</sup> *Ibid.*

<sup>22</sup> A. García, "La reforma agraria y el desarrollo social de Bolivia", *El Trimestre Económico*, vol. 31, No. iii (July-Sept., 1964), pp. 339-387.

<sup>23</sup> Yen-Tien Chang, op. cit. p. 28.

considerable investment in services to farmers, both of a strictly agricultural and of a general welfare kind. These "integral land reform programmes" represent a transfer of funds from the industrial to the agricultural sector — a transfer which may be justified on the grounds of profitability (the Italian land reform, for instance, is estimated to have led to an increase in production equivalent to a 5 per cent yield on the total invested funds in 1955-1956<sup>24</sup>) or it may be justified partly as a measure of distributive justice, as an attempt to equalize income between the two sectors.

912. The more difficult problems are found in the countries which are attempting to industrialize with much less non-agricultural resources, and where in fact the need for investment funds in the non-agricultural sector is so great that there can be no question of financing large-scale social investment in rural areas out of taxes on other sectors and where, some would argue, even cheap agricultural credit is unjustified except in special circumstances, as in the financing of export crops.<sup>25</sup> If there is to be successful economic development in such countries, the transfer of funds has to be made the other way round — from agriculture to industry.

913. The argument can be simply put thus: for a society to move from the condition in which ten farmers produce enough food beyond their own subsistence needs to feed only one or two non-farmers to the situation in which each farmer can produce enough surplus food to feed ten or twenty non-farmers, two things are necessary. Firstly, and most obviously, agriculture must become more productive. The ways in which land reform can contribute to this goal have already been considered at length. Secondly, and especially in the initial stages, before the industrial sector develops the capacity to generate its own investment capacity, the savings necessary to equip the ten or twenty non-farmers with the tools of their trades must come from agriculture (except in the unlikely event that enough foreign aid is available to foot the bill). The agricultural products exported to buy machinery and the food to feed the men who build the roads, dams, schools and factories must be withheld from the consumption of the farmers themselves.

914. This process, referred to in Marxist economic theory as the process of "primary capital accumulation"<sup>26</sup> and in current Western economic theory as the transfer of the "agricultural surplus",<sup>27</sup> has been accomplished in various ways, but its crucial role in the early stages of industrialization has been demonstrated in the history of many societies. Most commonly, the process has been accompanied by — or, rather, has been considerably facilitated by — a rise in agricultural production

<sup>24</sup> L. M. Belotti, "An Analysis of the Italian Agrarian Reform", *Land Economics*, vol. 36, No. ii, p. 124 (the figure was expected to rise to 7 per cent within a few years).

<sup>25</sup> See, e.g., Folke Devring, "Flexibility and Security in Agrarian Reform Programmes", *Agrarian Reform and Economic Growth in Developing Countries* (Washington, D.C., Economic Research Service, Department of Agriculture, United States Government, 1962), p. 37.

<sup>26</sup> K. Marx, *Capital*, chap. XXIV.

<sup>27</sup> See, e.g., William H. Nicholls, "An Agricultural Surplus as a Factor in Economic Development", *The Journal of Political Economy*, No. i (Feb. 1963), p. 71.

so that the savings from agriculture could be made without any drastic reduction in rural consumption levels (most obviously, for instance, in Germany, Japan, the United Kingdom and the United States. Therefore, land reform raises productivity, it has already contributed a good deal to the possibilities of industrialization. There is another factor in the equation, however. A great deal depends on the economic institutions by which the saving and the transfer of the savings into investment are affected; these can be either efficient or inefficient, productive of growth or productive of stagnation, tending towards greater inequality or greater equality of income distribution. Land reform can drastically alter these institutions, and it is in this regard that the effects of land redistribution must be examined.

915. First, it will be useful to draw up a table showing schematically some of the major possible forms that these institutions might take.

916. There clearly have been cases in history where the private investment of their profits in industry by landlords or by worker-employed farmers (categories A (a) and B (a) in table 7) have made a substantial contribution to industrial development. But the fact that in a very great number of countries today, landlords and the owners of big estates simply do not act in this growth-stimulating way is one of the major arguments in favour of land redistribution as a precondition for economic development. A recent study in Chile of a

sample of large landowners, whose average disposable income was almost \$US50,000, found that 80 per cent of their income went into immediate consumption, most of it of a luxury kind by any standards.<sup>28</sup> Another author has calculated that if the richest 5 per cent of Latin Americans were to reduce their *per capita* consumption from its present level of 15 times the average *per capita* consumption of the poorer half of the population to a level only 9 times higher, the increase in investment made possible thereby could raise the annual growth rate for the continent as a whole from 1 per cent to 4 per cent.<sup>29</sup> The fact that wealthy and unproductive landowners make up a good proportion of that upper 5 per cent makes this a powerful argument for land redistribution in Latin America.

917. Landlord investment is even less likely in those countries (and there are many) where landlords are likely to invest their spare capital in the purchase of even more land — in part because of the dangers of inflation, in part because of the social prestige attached to land ownership itself. As mentioned earlier,

<sup>28</sup> Marvin J. Sternberg, "Chilean Land Tenure and Land Reform" (California, University of Berkeley, 1962) (Ph. D. dissertation and quoted in T. F. Carroll, "Land Reform as an Explosive Force M. Latin America", op. cit.).

<sup>29</sup> Raúl Prebisch, "Hacia una Dinámica del Desarrollo Latino Americano", *Suplemento de Comercio Exterior, Mexico, Banco Nacional de Comercio Exterior, S.A.* (April 1963), pp. 5-6.

TABLE 7

Sources and methods of investment

<i>Type of agricultural structures</i>	<i>Possible sources of savings</i>	<i>Mode of their investment in non-agricultural sectors</i>
A. Landlord-tenant system . . . . .	(a) Rents to landlords (b) State taxation of landlords	Investment by landlords as entrepreneurs or providers of equity capital State investment
B. Large farms with hired workers from the "feudal" <i>hacienda</i> , or the "commercial" plantation, to the small capitalist farmer with a few hired labourers . . . . .	(a) Farm owners' profits (b) State taxation of profits (c) Compulsory State marketing systems; manipulation of prices	Direct private investment of profits State investment State investment
C. Small family-farm system . . . . .	(a) Profits of commercial middlemen and private money-lenders (b) State taxation of farmers and merchants (c) Compulsory State marketing systems; manipulation of prices	Private investment State investment State investment
D. Collective farms . . . . .	(a) State marketing system with price manipulation (b) Taxes on collectives' profits	State investment State investment
E. State farms . . . . .	Profits of farms	State investment
F. Communes or <i>kibbutzim</i> . . . . .	(a) State marketing system with price manipulation (b) Agricultural profits of commune operations	State investment Investment by commune in commune-industrial enterprises, rural industrialization by <i>kibbutzim</i> factories

this is, in effect, a form of disinvestment, whereby the savings of the buyer of land are transformed into the consumption of the vendor, while buyers' pressure raising the price of land adds to the general inflationary trend.

918. The question remains whether land redistribution which creates a small family-farm system would really improve matters. Of the three ways of saving and transfer in the systems outlined in table 7, C (a) presents obvious difficulties, since the profits of traders and money-lenders are notoriously hard to assess; C (b) would seem, *prima facie*, infinitely more difficult than A (b) or B (b). As a technical problem it is far easier to tax, say, 200 landlords than 20,000 peasant farmers — and apart from the saving in administrative expenses, larger total sums can be collected with less pain felt by the taxpayer.<sup>30</sup> As for C (c), State marketing systems may be perfectly workable even in a family-farm system in the case of an export crop or an industrial crop, but are difficult and prohibitively expensive to operate for food crops which are locally consumed.

919. The crucial difference lies in the taxation question. Let it be granted that it is easier to tax a few landlords than a large number of family farmers, the fact remains that in agrarian societies in which land ownership is highly concentrated, landlords are likely to be politically dominant and are most unlikely to tax themselves in the interests of industrial development since their interests lie elsewhere. In other words, the choice between A (b) and C (b) is not a real one, since it is only *after* land redistribution and the establishment of a family-farm system that the political will to tax agriculture in the interests of economic development is likely to emerge.

920. Given the political will, the task of taxing family farmers is not insuperable. Japan in the period 1870-1900 had a sufficiently good revenue system and a sufficiently strong central Government to collect by means of a land tax (administratively usually more feasible than an income or produce tax) a very high proportion of the revenues which permitted the State to lay the infrastructure for rapid industrialization.

921. Moreover, there is one further point to be added about a redistribution which leads from a landlord-tenant or a large estate system to a family-farm system. Such land redistributions are frequently not wholly egalitarian in their redistribution of wealth. Landlords usually remain richer than their former tenants or labourers, and, sometimes, when substantial compensation has been paid they remain very rich. However, their investment behaviour is likely to be changed. Land, as something which is likely to be taken away by Governments, ceases to be an attractive investment, quite apart from the difficulties caused by laws preventing the concentration of ownership which usually follow redistribution. Hence, landlords are forced to seek other ways of investing their money, in industry or commerce. The shock and sense of insecurity resulting from the loss of their land may increase their propensity to save to such a degree that their net savings are greater

<sup>30</sup> However, large and powerful landlords may be better equipped to evade taxation, and since each should contribute a comparatively large amount, successful evasion by even a few would considerably diminish the funds available for investment.

despite their loss of income, while their enforced new interests may imbue them with a new entrepreneurial spirit. A recent study of landlords in China (Taiwan) shows this development clearly; some landlords became so involved in urban enterprises that they sold the land that remained to them to provide extra capital for their business interests.<sup>31</sup> Chapter II has already described various devices built into the methods of paying landlords' compensation in order to induce them to transfer their capital into industry.

922. Nevertheless, the scope for stimulating investment in these ways may be limited. There may be no way of channelling funds from agriculture into industry, especially if the redistribution of wealth is substantial, except by taxing the mass of owner-cultivators, and this, despite the example of countries like Japan, is admittedly difficult. Indian planners complain of the great practical and political difficulties of taxing agriculture despite the revenue system inherited from colonial times.

923. This is the attraction of the alternative forms D, E and F, listed in table 7. When agriculture is organized in collectives or State farms, the problems of enforcing savings in agriculture for industrial investment are vastly reduced. Thus, in the USSR, it is reported that a decade after the land redistribution of 1917 total agricultural production increased from 88 per cent (1913 = 100 per cent) to 124 per cent in 1928.<sup>32</sup> It was only after collectivization that Soviet agriculture was able to contribute largely to the financing of the first five-year plan, and even in recent years, when the industrial sector has become large enough to generate its own investment funds, the *kolkhoz* have been paying some 12 per cent of net value added in the form of taxes, as well as financing 85 per cent of their own investments.

924. It may be possible with a system of compulsory food deliveries to State marketing bodies to carry through the process of channelling funds into industrial investment more surely and efficiently than under other systems. However, as a Polish analyst has remarked about the Polish experience of the early 1950s which led to a revision of policy later in the decade, "... if measures for compulsory savings considerably weaken the material incentives for agricultural producers to increase output, the final result may be negative. In order to avert the undesirable effect of compulsory savings in agriculture, it is therefore necessary to satisfy two initial conditions: agricultural producers must have confidence in the development prospects open to them and they must feel an improvement in their material situation as industrialization proceeds."<sup>33</sup>

#### *Demand effects*

925. There are compensating aspects of the situation in those countries where land redistribution leads to

<sup>31</sup> B. Gallin, "Social Effects of Land Reform in Taiwan", *Human Organization* vol. 22, No. ii (Summer 1963) (New York), p. 110.

<sup>32</sup> *Selskoe Khoziasvo SSSR Statisticheskyyi Sbornik* (Moscow, Gosstatizdat, 1960), p. 79.

<sup>33</sup> M. Pohorille, "Development and Rural Overpopulation: Some Lessons from the Polish Experience", *International Labour Review*, vol. 89, No. 3 (March 1964) (Geneva, International Labour Office), p. 227.

an increase in rural consumption and to an over-all decrease in savings. In so far as the increased consumption is not just of home-produced food but also of other goods, the increase in rural demand can itself stimulate industrial growth. Indeed, there are situations of economic stagnation where neither capital, materials, manual skills nor business enterprise are lacking, but only markets. In countries where the farmers could readily produce more if only there were the incentive of finding things to buy and where craftsmen would readily make things for them to buy if only the farmers sent enough cheap food to the towns, the initial push to get out of the "low-level equilibrium trap" may be provided by increased rural consumer demand, following a redistribution of income.

926. It is not even necessary that the total consumer demand of rural areas be increased. The effect of stimulating industry may be achieved simply by the redistribution of effective demand. Whereas rich landlords may purchase luxury goods which cannot be made at home and have to be imported, the farmer beneficiaries are likely to want textiles, construction materials, and simple consumer durables which are precisely the goods which local industries could produce. There is a concomitant improvement in the balance-of-payments situation as well as in the internal economy.

927. In the United Arab Republic, in the first three years after land redistribution began, the increased demand for textiles required an additional 40,000 looms to be installed in factories; in the same period there was a 15 per cent increase in the number of mechanical spinners.<sup>34</sup> In land reforms like that of Italy, in addition to the continuing higher level of rural consumption, the demand effect produced by the initial investment has also been of considerable importance. In Italy, the reform "increased tremendously the demand for building materials, furnishings, tractors, agricultural machinery and the like, thus increasing industrial employment all over Italy".<sup>35</sup>

#### *Population movements : the supply of labour*

928. One argument is sometimes urged against schemes for land redistribution which turn those who were formerly tenants or labourers into landowners. Industrialization requires movement of the rural population into industry. But, it is argued, a family-farm system introduces rigidities which prevent this. "In so far as land reform makes the peasant more content with his lot, it may add to his reluctance to leave the land. Over the long run this could discourage industrial development and at the same time add to the already serious problems of high population pressure in rural areas."<sup>36</sup>

929. These doubts can be answered: firstly, by the argument that, from an empirical viewpoint, the family-farm system never seems in fact to have inhibited

<sup>34</sup> R. M. H. Hashimi and A. L. Edwards, "Land Reform in Egypt", *Land Economics*, vol. 37, No. i (February 1961), pp. 80-81.

<sup>35</sup> L. M. Belotti, "An Analysis of the Italian Land Reform" *Land Economics*, vol. 36, No. ii (May 1960), p. 118.

<sup>36</sup> Raleigh Barlowe, "Land Reform and Economic Development" *Journal of Farm Economics*, vol. 35, No. ii (May 1953) (Urbana, Ill.), p. 183.

the formation of an industrial labour force whether in Western Europe, the United States, pre-revolutionary Russia or Japan. (In Italy, where the rigidities introduced by land reform have sometimes been pointed out, there is no suggestion that it has led to an industrial labour shortage, only that it has set a ceiling to farm income which has left it lagging behind urban wages.) Secondly, even if this fear did once have a basis, recent population trends have rendered it outdated. "Examination of recent trends of growth of population and national income by sectors leads to the conclusion that the day is remote when the density of farm people on the land may lessen. A serious reduction in numbers of Indian farm population can be expected only in the next century."<sup>37</sup>

930. There may be more truth in a modified form of this argument which runs as follows: when all potential recruits to the industrial labour force belong to a kinship unit which has a secure stake in some form of land ownership, they may be slow to develop a "permanent commitment" to industrial work. There will be no difficulty in mobilizing unskilled or semi-skilled workers; but it will be difficult to form a skilled permanent labour force. In Africa, for instance, men who can at any time go back to claim a portion of their lineage's land may look upon urban work as essentially a temporary phase of their lives.

931. In countries where there is strong population pressure in rural areas, however, this is not likely to be a serious drawback. A younger son may in theory be able to return to the family farm, but he knows in practice that he would inflict hardship on his kinsmen if he did so. He still has every incentive to become a skilled permanent worker and his children even more so. In so far as the tie with rural areas does remain, it can, on the other hand, act as a kind of emergency social security mechanism. In prolonged illness or in periods of unavoidable unemployment, the worker may return to his family home, and in countries where social services are rudimentary this may be an important mechanism of adjustment. In Japan in the 1930s, the temporary return of rural immigrants to their farm homes was an important means of absorbing the shock of the depression.

932. In short, there seems little fear that the wider distribution of land ownership will inhibit the necessary flow of population from agriculture into industry. So much, indeed, is this an out-dated fear that, as was argued in chapter IV, many countries are now much more worried by an *excessive* flow of population to the cities and are concerned to keep a higher proportion of the population in rural areas in order to prevent "premature urbanization". Mention was also made of ways in which land redistribution could contribute to a solution of that problem by providing more opportunities for employment in rural areas.

933. There are other ways in which land redistribution may contribute to a more fundamental solution to the population problem, contribute, that is to say, to a fall in birth rates. Firstly, owner-farmers in densely crowded

<sup>37</sup> Felke Devring, *op. cit.*, p. 18.

rural areas where sub-division has already become impossible, have a special reason — especially if their culture places any emphasis on family continuity — for not wanting too many children — namely, the desire to keep the family holding intact through the generations and to avoid having too many competing heirs. (The attitude of the family farmers of France in the nineteenth century is a famous example illustrating this situation, and more recently, was seen again in Japan when the birth rate fell in 1949-1955 almost as rapidly in rural as in urban areas.) Secondly, it has been the experience of the Indian family planning campaign that the “confidential-private-interview techniques” of family planning developed in Europe and America are inappropriate for Indian rural areas. The Director of the Indian programme in a report of April 1963 set out three principles by which it was hoped to achieve the goal of reducing the Indian birth rate from 40 to 25 per 1,000 by 1973. The first of these was “group acceptance of planned parenthood — every individual should know and feel that the community in which he lives has agreed that having a smaller family size is both normal and desirable”.<sup>38</sup> One might well argue, on the lines of the remarks concerning community development made at the beginning of this chapter, that one of the effects of land redistribution can be the creation of the kind of community in which this kind of group acceptance can be encouraged and translated into action.

934. There is one final aspect of the population transfer question which must be mentioned. Successful industrialization depends not only on the size of the labour force transferred from the agricultural to the industrial sector, but also on its quality. It is in this respect that what was said earlier about the possible effects of land redistribution in fostering rural education has a crucial significance not only for levels of rural welfare but also for the possibilities of sustained economic growth. This is not simply a question of the considerable advantage of being able to recruit factory workers from an already literate and numerate population whose basic education has already given it that “awareness of alternatives” which makes men adaptable to new ways of life and broadens their horizons and their sympathies. It has been suggested in chapter III that one of the most significant effects of land redistribution in the long run is the eventual change in the typical personality of farmers which results from the changes in the social structure. The qualities of independence, initiative and self-confidence which one can expect to be developed are not only likely to transform agriculture, but are also likely to provide men with the entrepreneurial talent (whether as private capitalist entrepreneurs, or as state and party cadres) necessary for industrial development.

935. Entrepreneurial initiative apart, the attitudes towards savings, investment and productiveness, the “middle-class virtues” of prudence and responsibility which are likely to be bred in those responsible for a family farm, or for a democratically-managed collective or joint farm, but not in dependent tenants and labourers, are qualities equally necessary for non-agricultural enter-

prises.<sup>39</sup> The suggestion that the contribution of the Mexican land reform to the recent rapid industrial development of Mexico was precisely along these lines has already been quoted.<sup>40</sup>

### *The political framework*

936. Land redistribution is likely to promote growth in yet another way. Other things being equal, Governments after a land reform are likely to be both more effective and more disposed to pursue policies designed to promote economic and social development.

937. There policies are likely to be more effective because they rest on a broader basis and because one of the most potent causes of disunity and instability — inequalities in the distribution of landed wealth — has been removed or modified. To be sure, the initial enactment and execution of a land reform programme may sharpen existing tensions and exacerbate conflict, and there may even be (Bolivia is perhaps an example) a disintegration of government structures from which it may take a long time to recover.<sup>41</sup> Once this initial phase is past, however, the probability of continuing and accelerating class conflict has been reduced. In countries where former local magnates exercised an almost feudal local sovereignty, the redistribution of land may represent the first occasion in which the central national Government makes any impact on the farmer’s consciousness, and this, in itself, especially if the impact is sustained by the subsequent spread of education, can lead to the spread of a national consciousness, which is a necessary precondition for a “popular national Government” to be possible. As noted in para. 891 above, one observer has commented on the “extreme importance” of the Mexican land reform in facilitating social integration.

938. As well as having, in its wider popular support, the *power* to pursue forceful development policies, a post-reform Government may also have a greater will to pursue such policies if the land redistribution causes, confirms, or accelerates a shift in the balance of political power which, as a result, weakens the political influence of landowning groups. The latter, usually oriented towards a traditional way of life on the preservation of which their hereditary authority depends, are rarely strong advocates of economic development. There is, however, no guarantee that a new more popular Government will pursue long-term development policies. Its concern with popular welfare and its desire for development is almost certain to be strengthened, but the very strength of its popular support and of its desire for an immediate improvement in popular welfare may inhibit the economic realism necessary to restrain immediate consumption in some measure in order to lay the foundations for more rapid growth and higher living levels in the future. Cuban leaders have themselves described what they now consider mistakes in this regard in the years immediately after revolution and land reform.

<sup>39</sup> *Report of the FAO Regional Land Reform Team for Latin America* (Rome, FAO, 1961), p. 8.

<sup>40</sup> See chapter II, para. 22.

<sup>41</sup> Cf. para. 895 above and see T. F. Carroll, “Land Reform as an Explosive Force in Latin America”, op. cit.

<sup>38</sup> J. Moyone Stycos, “The Outlook for World Population”, *Science*, vol. 146, No. 3650 (11 December 1964).



939. Quite apart from active development policies of the Government itself, the political stability resulting from the solution of conflicts over land can itself have a beneficial effect on economic growth. "No country can expect much private investment in new enterprises if its political institutions foster economic instability or fail to protect property and contract rights."<sup>42</sup>

#### C. LAND REFORM AND NATIONAL PLANNING FOR ECONOMIC DEVELOPMENT

940. The foregoing discussion should at least have demonstrated the complex variety of the ways in which land reform programmes become relevant to development planning. Some of the more important ones may be briefly listed.

941. In developing "indicative" plans for the national economy over a period for which land redistribution is planned, the considerations outlined in chapter III should be borne in mind in assessing their likely effects on productivity. It may be necessary to take counter-measures against a short-run fall in production, or at least against a higher level of rural food consumption leading to a reduced flow of food to the towns and consequent higher prices. Such planning should also take into account the probable effect on savings ratios and investment behaviour as suggested in this chapter, on the flow of population to the towns, on the size of the non-agricultural labour force and, if the planning is sufficiently long-range, on its quality.

942. In planning State investments in a national development budget, more than one kind of quantitative comparison is necessary in assessing the relative advantages of investment in agricultural or welfare development programmes ancillary to a land redistribution as against investment in other sectors. In addition to estimates of the yield of investments in terms of conventional capital-output ratios, where unemployment is itself a problem the relative cost per new job created is also a relevant measure. In Venezuela, for instance, the Economic Sub-Commission of the Agrarian Reform Study Group estimated that the cost of settling a family (excluding certain social overheads) would be 40,000 bolivars, compared with an average of 46,000 bolivars for the creation of a new industrial job.<sup>43</sup>

943. However, estimates of the yield of investments in quantitative terms are extremely difficult to make, because the translation of *X* dollars of agricultural credit into *Y* dollars of increased yields is a process mediated by so many human decisions, and affected by such varied motives and institutional constraints, that the yield is practically unpredictable even in normal circumstances, much less after a land reform, one of whose main effects is drastically to alter those motives and institutional constraints. Something can be done to provide a basis more reliable than mere guesswork for estimates such as these by means of pilot projects and interim evaluation measures which can measure outputs against inputs in

certain areas or over certain time periods. Since many of the effects of land reform are essentially long-term, however, even these techniques are of limited use for practical planning.

944. Finally, even if certainty is unattainable, intelligent guessing may still be possible in making assessments of those probable benefits which are clearly measurable in quantitative terms. On the other hand, no decisions concerning the balance of investment should be made on the basis of these quantitative comparisons of benefits alone. As the preceding chapters have indicated, many of the expected benefits of large-scale land redistribution result from long-term changes in the social structure, in attitudes and in personality structure which may not be susceptible to valuation in monetary terms, but which are, nevertheless, of fundamental economic importance. Economists have recently attempted to quantify the "yield" of such factors as education and enterprise, but without much success. The lack of such monetary measures, however, should not prevent such factors from being given due weight in investment decisions.

945. It is, unfortunately, difficult to illustrate the above remarks with concrete examples of the role of land reform in development plans, because there are few examples of such plans which take account of land reform. This fact in itself is a reinforcement of the argument concerning the economic importance of political changes following land reform. In countries where there is a demand for land reform but no political intention of meeting it, there is usually no effective planning for economic development. Serious developmental planning usually comes only after a political change which includes, or is confirmed by, land redistribution — at which stage it is too late for the reform itself to be included in planning calculations, though planning to maximize the advantages to be derived from the reform is still necessary.

#### D. CONCLUSIONS

946. The main observations of this chapter may be summarized as follows: the fundamental contribution which land reform can make to the welfare of the rural population is by improving levels of agricultural output, chiefly by stimulating technical innovations but also in some other ways. Levels of rural living can also be improved, however, by public social investment as part of an "integral land reform" policy, and also, even in the absence of such State assistance, by programmes of self-help which are facilitated by the mere redistribution of land itself — by its effect on the social structure of local communities, on the attitudes of farmers towards their own rights and capabilities and dignity, and hence on the possibilities of greater co-operative efforts at self- and community-improvement.

947. Direct social investments as part of "integral land reform policies" are probably beyond the means of countries where agriculture is still the overwhelmingly predominant occupation. In such countries, long-term economic growth may depend on savings within the agricultural sector being invested in industry. The possibilities of this are probably best when the land reform results in the creation of large common-land-use farm

<sup>42</sup> R. Barlowe, *op. cit.*

<sup>43</sup> H. L. Cook, "The New Agrarian Reform Law in Venezuela", *Land Economics*, vol. 37, No. 1 (February 1961).



units, provided that the level of enforced saving can be made politically acceptable. There are greater, but not insuperable, difficulties in achieving the same effect when land reform creates a small family-farm system.

948. If the effects of land reform on the savings factor in development may be ambiguous, there is no ambiguity about its advantages in other respects, notably in providing the stimulus of increased demand for industrial goods of a kind which can be domestically produced, and in stimulating those changes in education, knowledge, skills and attitudes which are necessary for a fundamental transformation of the quality of a country's economic life.

949. A land reform is also likely to have political effects which increase both the willingness of Governments to undertake development planning and their ability to do so effectively. As for the role of land reform itself in development planning, there is a multiplicity of possible consequences of reform, and it is particularly difficult to predict attitudinal and institutional changes. Pilot projects and evaluation techniques can help somewhat to lessen this difficulty. The inability to quantify in any meaningful sense the long-term effects on social structures, personality formation and abilities should not, however, prevent these factors from being taken into account seriously in any planning decision concerning the desirability of investment in land reform programmes.



# ANNEXES

## ANNEX I

### DEFINITION OF TECHNICAL TERMS

These definitions are intended to indicate the way in which the terms are used in this report. For comment on the principles on which they are based, the reader is referred to the introduction, paragraphs 17-18.

*Holding or farm* (exploitation agricole; explotación agrícola)

An area of land farmed as an unit by an individual or group of individuals. (Although farm may be sometimes used in the sense of "an enterprise which exploits a holding".)

*Family farm* (exploitation familiale; explotación familiar)

A farm in which the bulk of the labour is provided by members of a single household, the majority of whom are relatives.

*Fragmentation* (parcellement; diseminación parcelaria)

The division of a single holding into parcels of land which are physically separated from each other.

*Sub-division* (morcellement de la propriété; fragmentación de la propiedad)

The splitting of a single holding into two or more separate holdings.

*Excessive fragmentation* (parcellement excessif; diseminación parcelaria excesiva « atomización »)

A degree of fragmentation in which the natural advantages (spreading of risks, possession of a variety of land types etc.) are outweighed by the disadvantages of lost time, inconvenient field sizes etc.

*Excessive sub-division* (morcellement excessif; fragmentación excesiva)

The state of affairs in which, as a result of continuous sub-division, many holdings are of a size which is thought to be too small when measured by some standard of welfare or productivity.

*Consolidation of holdings* (remembrement rural; reagrupación parcelaria)

The reallocation of parcels of land in order to eliminate fragmentation.

*Enlargement of holdings* (agrandissement des exploitations; ampliación de la superficie de los minifundios)

The amalgamation of holdings or the addition of newly reclaimed land in order to remedy excessive sub-division.

*Land improvement* (amélioration foncière; mejora agraria)

The physical improvement of soils, drainage, irrigation etc.

*Land consolidation* (remembrement des terres avec travaux connexes, "amélioration intégrale"; concentración parcelaria integral, "acompañada de obras de infraestructura")

A general term covering consolidation of holdings, enlargement of holdings, land improvement, the building of roads etc.

*Ownership of land* (propriété foncière; propiedad agraria)

The right to use land, together with the right to transfer that right to others. (If necessary, where there are established systems of sub-leasing, one will have to speak of various levels of ownership rights.) Also, both of these rights may be more or less circumscribed by national or local law, so that the exact content of "ownership" varies from society to society.

*Tenancy of land* (tenure indirecte de la terre (rapport de bail); tenencia indirecta (contractual) de la tierra)

The right — dependent on the agreement of a real or juridical person who is (at some level) an "owner" of the land — to enjoy certain prescribed uses of land.

*Share tenancy* (fermage; arriendo)

A form of tenancy in which use-rights for land are paid for by an amount in cash or kind, which varies in proportion to the quantity or value of yields from that land.

*Sharecropping* (métayage; aparcería)

A system of farming whereby those who contribute the bulk of the labour have no powers of managerial decision and are rewarded by an amount in cash or kind, which varies in proportion to the quantity or value of yields.

*Lease* (bail rural; contrato agrario)

An agreement, written or verbal, which establishes a relation of tenancy.

*Concentration of ownership* (concentration de la propriété foncière; concentración de la propiedad agraria)

A state of affairs in which a small proportion of people have ownership rights over a large proportion of the land, and the process of reaching such a state.

*Customary tenure* (régime foncier coutumier; régimen de tierras consuetudinario)

The rights to use or to dispose of use-rights over land which rest neither on the exercise of brute force, nor on statutory evidence of rights guaranteed by government statute, but on the fact that they are recognized as legitimate by the community, the rules governing the acquisition and transmission of these rights being usually explicit and generally known though not normally recorded in writing.

*Communal tenure* (régime foncier communautaire; régimen de tierras comunal)

The possession by a group bigger than a single household of ownership or use-rights over a piece of land. The possession itself may be sanctioned by statute, but the word "communal" will only be used when membership in the group and the internal distribution of rights within it is a matter of customary law, or of a codi-

fication of what was formerly customary. (A common example of such distribution of rights might be, for instance, that all individuals have separate rights to use particular pieces of land for fixed periods, but only certain individuals, or the group collectively, have the right to reallocate those use-rights.)

*Collective tenure* (régime foncier collectif; régimen de tierras colectivo)

Similar to **communal tenure**, differing only in that the composition of the group and the distribution of rights to land within it are (as in the case, for instance, of the Mexican *ejidos*) subject to regulations which were created *ex novo* and not simply as a codification of customary practices. In practice, collective tenures are usually intended to promote collective farming, and may consist only in the grant of use-rights, ownership rights remaining with the State or the collective as entity.

*Collective farming* (exploitation collective; explotación colectiva)

The farming of a single holding by a group drawn from several separate domestic units, no individual or family having any permanent rights to, or responsibility for, the farms of any particular parcel of land making up the jointly farmed surface, and where the relationship between those with management and those with

manual functions is not one simply of employment but where individual rewards depend solely on the quality or quantity of labour contributed.

*Joint farming*

Like **collective farming**, except that, as one element in the rewards received, individuals receive a payment related to the area of land which they originally contributed.

*Common land-use farming*

A term which can mean either **collective farming** or **joint farming**.

*Co-operative farming* (exploitation agricole coopérative; explotación cooperativa)

Any system of sharing the work on each other's holding among operators of several holdings and which stops short of collectivization in that individual operators still retain some special responsibility for the work on their own holdings and receive an income related to the particular crops grown on them.

*Alienation* (aliénation; enajenación)

Transfer of ownership (not specifically transfer to an alien).

## ANNEX II

### TEXTS OF RECENT RESOLUTIONS OF THE UNITED NATIONS GENERAL ASSEMBLY, THE ECONOMIC AND SOCIAL COUNCIL AND THE FOOD AND AGRICULTURE ORGANIZATION CONCERNING LAND REFORM

#### 1. RESOLUTION 1526 (XV) OF THE GENERAL ASSEMBLY (15 DECEMBER 1960)

##### *The General Assembly,*

*Bearing in mind* that land reform is frequently one of the main prerequisites for the general improvement of agricultural productivity, that the needs foreseen and the difficulties encountered still constitute a serious obstacle to the economic development of many under-developed countries<sup>a</sup> and that the necessary remedies to this end have not been set forth,

*Convinced* that the reports submitted by the Secretary-General for the consideration of the Economic and Social and the General Assembly in accordance with Assembly resolutions 401 (V) of 20 November 1950, 524 (VI) of 12 January 1952, 625 A (VII) of 21 December 1952 and 826 (IX) of 11 December 1954, and Council resolutions 370 (XIII) of 7 September 1951, 512 C (XVII) of 30 April 1954 and 649 B (XXIII) of 2 May 1957, have provided valuable information on land reform but by no means indicate that the subject of land reform has been exhausted either from the standpoint of economic development and social well-being or that of the maximum utilization of resources,

*Recognizing* the usefulness of studies concerning obstacles which impede or render difficult the implementation of land reform,

1. *Recommends* that the Secretary-General, in co-operation with the Director-General of the Food and Agriculture Organization of the United Nations and the executive heads of the other specialized agencies concerned, should continue to study the progress achieved by countries which have carried out or are carrying out programmes for the transformation of their agrarian structure, at their request, and should submit for the consideration of the Economic and Social Council a comprehensive analytical survey every three years — the first of which would be presented in 1962 in accordance with General Assembly resolution 1426 (XIV) of 5 December 1959 and Economic and Social Council resolution 712 (XXVII) of 17 April 1959 — devoting particular attention to a detailed and critical examination of the basic problems of land reform in under-developed countries, as mentioned in paragraph 55 of the 1959 report of the Secretary-General;<sup>b</sup>

2. *Further recommends* that the Secretary-General, prior to submitting his 1962 report, should inform the General Assembly at its sixteenth session of the progress achieved in implementation of Assembly resolution 1426 (XIV) and Economic and Social Council resolution 712 (XXVII);

3. *Invites* the Secretary-General, in complying with the terms of the present resolution and after appropriate consultations with, and at the request of, the Governments concerned in the carrying out of land reform programmes, as well as with the Director-General of the Food and Agriculture Organization and the executive heads

of the other interested specialized agencies, to consider the possibility of:

(a) Undertaking studies with a view to ascertaining the demographic, legal, social, economic or other principal factors which may impede or expedite structural changes in the system of land tenure and consequently influence the application of the recommendations made in Economic and Social Council resolution 370 (XIII);

(b) Carrying out country studies in order to determine how tax, financial and budgetary factors, as well as the present utilization of land, can impede or expedite the execution of national land reform programmes in the under-developed countries;

(c) Evaluating the role of co-operatives and credit agencies in facilitating programmes for the transformation of agrarian structure;

4. *Deems it convenient* that the question of land reform, in view of its importance for the economic development of the under-developed countries, should continue to be considered by the Economic and Social Council in collaboration with the Food and Agriculture Organization and the other specialized agencies concerned;

5. *Renews* the hope, expressed in its resolution 1426 (XIV), that existing United Nations organs for technical and financial assistance and any new organs which may be set up by the United Nations give as much assistance as possible and the necessary high priority to projects connected with the execution of agrarian reform programmes.

#### 2. RESOLUTION 887 (XXXIV) OF THE ECONOMIC AND SOCIAL COUNCIL (24 JULY 1962)

##### *The Economic and Social Council,*

*Having* considered the third report on progress in land reform<sup>c</sup> prepared jointly by the secretariats of the United Nations, the Food and Agriculture Organization of the United Nations and the International Labour Organisation and submitted by the Secretary-General of the United-Nations in accordance with its resolution 712 (XXVII) of 17 April 1959 and General Assembly resolution 1426 (XIV) of 5 December 1959,

*Noting with satisfaction* the vastly increased number of countries in the various regions giving prominence to land reform measures in their development efforts,

*Recognizing*, however, particularly in view of the importance of agricultural development to successful achievement of the objectives of the United Nations Development Decade, the need for greater and continuing efforts in the field of land reform,

1. *Notes with appreciation* from the report, the valuable work being carried out in this field by the United Nations and the specialized agencies concerned, especially by the Food and Agriculture

<sup>a</sup> See *Land Reform: Defects in Agrarian Structure as Obstacles to Economic Development* (United Nations publication, Sales No.: 51.II.B.3).

<sup>b</sup> *Official Records of the Economic and Social Council, Twenty-seventh Session, Annexes, agenda item 5, document E/3208.*

<sup>c</sup> *Official Records of the Economic and Social Council, Thirty-fourth Session, Annexes, agenda item 17, document E/3603.*

Organization of the United Nations, and their intention to strengthen such programmes further;

2. *Recommends* that States Members of the United Nations and members of the specialized agencies — in particular, countries contemplating measures of land reform :

(a) Establish appropriate national services for the evaluation of progress in the implementation of land reform measures and the assessment of their economic and social effects;

(b) Support the establishment, as appropriate, of regional agrarian research and training institutes to carry out, *inter alia*, the continuous study of land tenure and its reform and the adequate training of personnel for the planning and implementation of land reform, with the assistance or co-operation on request of the Food and Agriculture Organization of the United Nations, the other United Nations agencies and programmes concerned and the Secretariat of the United Nations, including the regional economic commissions;

(c) Take steps to establish appropriate links between measures of land reform and community development and other rural development programmes;

3. *Invites* the Secretary-General and the specialized agencies concerned, especially the Food and Agriculture Organization of the United Nations, which has the major role in this field, to co-operate in preparing the fourth report on progress in land reform;

4. *Requests* the Secretary-General to submit the report, together with his comments, particularly on its implications for economic and social development, to the fortieth session of the Council.

### 3. RESOLUTION 1828 (XVII) OF THE GENERAL ASSEMBLY (18 DECEMBER 1962)

*The General Assembly,*

*Recalling* its resolution 1426 (XIV) of 5 December 1959,

*Recognizing* that the implementation of land reform is an integral part of economic and social development,

1. *Endorses* the decision of the Economic and Social Council contained in resolution 887 (XXXIV) of 24 July 1962;

2. *Draws the attention* of the Governments of States Members of the United Nations and members of the specialized agencies to the importance of implementing land reform in conjunction with adequate measures of community development;

3. *Requests* the Secretary-General and the international agencies concerned, particularly the Food and Agriculture Organization of the United Nations, in providing technical assistance at the request of Governments, to assign high priority to programmes and services which facilitate the execution of land reform plans;

4. *Recommends* to the Governments of States Members of the United Nations and members of the specialized agencies that they should co-operate closely with the Secretary-General and with the Food and Agriculture Organization and the other specialized agencies in collecting the data necessary for preparing the fourth report on land reform programmes, and expresses the hope that the United Nations, its regional economic commissions and the specialized agencies will afford Governments all necessary assistance to that end;

5. *Calls upon* the Economic and Social Council and the subsidiary organs of the United Nations to devote their attention to the relationship between land reform and co-operation, urbanization and industrialization, and to the fiscal and financial aspects of land reform.

### 4. RESOLUTION 975 D (XXXVI) OF THE ECONOMIC AND SOCIAL COUNCIL (1 AUGUST 1963)

*The Economic and Social Council,*

*Recalling* General Assembly resolution 1828 (XVII) of 18 December 1962 and Council resolution 887 (XXXIV) of 24 July 1962,

*Noting* the integral relationship between land reform and social development in general and, accordingly, the need for a comprehensive approach which takes into account the various economic, social and administrative measures necessary to support land reform,

*Recognizing* the substantial achievement of some developing countries as a result of the measures adopted in the field of land reform and their impact on the economic and social development of their peoples, as well as the wide experience gained from the adoption and application of such measures,

1. *Calls the attention* of the Governments of Member States to :

(a) The importance of carrying out comprehensive land reform programmes, where the need exists, in conjunction with adequate measures for community development and, where appropriate, speeding up the implementation of such programmes;

(b) The need for systematic planning and evaluation of the effectiveness of such programmes in relation to the economic and social conditions in the respective countries;

(c) The value of exchange of information in the field of land reform drawing particularly on the experience of countries which have obtained positive results through the application of comprehensive measures in that field and their impact on economic and social development;

2. *Further calls the attention* of the Governments of Member States to the availability of international resources, particularly through the United Nations, including the Special Fund and the Expanded Programme of Technical Assistance, the Food and Agriculture Organization of the United Nations, including the agrarian research and training institutes, the International Labour Organisation and the World Food Programme for assistance in the planning and implementation of land reform programmes and the evaluation of their impact on social economic development;

3. *Recommends* the use, whenever feasible and at the request of the Government concerned, of joint field missions and joint seminars and the joint arrangement of other field activities by the United Nations, the Food and Agriculture Organization of the United Nations and other agencies concerned;

4. *Further recommends* that due priority in the work programme of the United Nations, including the regional economic commissions and the regional development planning institutes, be given to studies in the field of land reform with particular reference to :

(a) over-all development planning and the impact of land reform on social development;

(b) fiscal and financial questions;

(c) community development;

5. *Suggests* to the specialized agencies concerned, especially the Food and Agriculture Organization of the United Nations and the International Labour Organisation, that efforts be made to accelerate research in their respective technical fields of land reform, including problems of employment in rural areas;

6. *Requests* the Secretary-General, in preparing the fourth report on progress in land reform, to devote particular attention to the role of land reform measures in national development plans and to the implementation of such measures.

### 5. RESOLUTION 1932 (XVIII) OF THE GENERAL ASSEMBLY (11 DECEMBER 1963)

*The General Assembly,*

*Having regard* to the resolutions of the General Assembly and the Economic and Social Council on land reform and its significance for economic and social development,

*Considering* that the United Nations and the specialized agencies have recognized that, in many developing countries, one of the great obstacles to economic, social and cultural development results from the persistence of obsolete systems of land tenure and cultivation,

*Observing* that the General Assembly, in resolution 1526 (XV) of 15 December 1960, invited the Secretary-General to carry out studies in order to determine how tax, financial and budgetary factors as well as the present utilization of land could impede or expedite the execution of national land reform programmes, and that it is desirable to supplement such studies by others concerning methods of financing land reform at the national level,

*Emphasizing* the relevant parts of General Assembly resolution 1710 (XVI) of 19 December 1961 on the United Nations Development Decade, and in particular paragraph 4 (b) which recommends measures for assisting the developing countries, at their request, to establish well-conceived and integrated country plans — including, where appropriate, land reform — which will serve to mobilize internal resources and to utilize resources offered by foreign sources on both a bilateral and a multilateral basis for progress towards self-sustained growth,

*Bearing in mind* that changes in the agrarian structure of the developing countries are closely related to the industrial development of these countries,

*Considering* that financing may constitute one of the main problems impeding the realization of land reform, and that the past experience of other countries in respect of land reform could be of particular importance to the developing countries,

*Considering* also that land reform is a complex operation entailing a far-reaching national readjustment and therefore requires information, popularization and guidance services,

*Recognizing* that land reform is within the sovereign rights of States,

1. *Declares* that the United Nations should make a maximum concerted effort to facilitate effective, democratic and peaceful land reform in the developing countries;

2. *Encourages* the Member States concerned to carry out, as part of their economic and social development programmes, the land and other institutional reforms necessary for the development of their agrarian structures and in the interest of landless, small and medium farmers;

3. *Invites* the Member States and all the international bodies concerned to strengthen their technical assistance to the developing countries which are carrying out agrarian reform programmes and to give adequate consideration to requests for financial or any other appropriate aid for agricultural development made by developing countries within their land reform programmes, and especially by those developing countries which have already committed national resources, including funds, in order to solve their respective agrarian problems;

4. *Requests* the Committee for Industrial Development, in accordance with General Assembly resolution 1525 (XV) of 15 December 1960 and in the implementation of its work programme, to take into account the need for a more extensive co-ordination and integration of industrial and agricultural development in the developing countries;

5. *Requests* the Secretary-General to include among the studies which he is to pursue in accordance with General Assembly resolution 1526 (XV), taking into account the experience of the various countries in this regard, the different approaches and methods of undertaking the financing at the national level of a comprehensive land reform programme, including the method of financing by bonds;

6. *Further requests* the Secretary-General, in collaboration with the regional economic commissions, the Food and Agriculture Organization of the United Nations and all international organizations concerned, to give prompt consideration to requests by developing countries to study the financial problems which they may encounter in connexion with their agricultural development within their land reform programmes and to examine the feasibility of achieving regional or international co-operation, as appropriate, to meet their problems;

7. *Requests* the Secretary-General and the specialized agencies to continue to render technical assistance at the request of Member States which have land reform programmes in progress, with a view to enabling them to organize information, population and guidance services to promote such programmes.

6. RESOLUTION NO. 15/63 OF THE TWELFTH SESSION  
OF THE FOOD AND AGRICULTURE ORGANIZATION CONFERENCE  
INTEGRATED LAND REFORM

*The Conference,*

*Considering* that all land reform requires joint action by the Government of the particular country and the public and private institutions concerned with agriculture,

*Recognizing* the right of every tiller of the soil to acquire the land he works on,

*Considering* that this implies a right to expect from the community, and chiefly its legal embodiment the State, all means necessary for farming such land.

*Recognizing* the further right of every farmer to obtain credit, which is sufficient, timely and appropriate for sound farming,

*Considering* further that the right to technical assistance is equally fundamental, since technological advances which make high yields possible are beyond the reach of most farmers' unaided resources,

*Convinced* that particular attention must be given to the question of assured markets and also of equitable prices not only in respect of what the farmer sells but also as regards what he buys, and

*Noting* that the concept of land reform was accepted by the Sixth and Seventh FAO Regional Conferences for Latin America,

*Recommends* that Governments of countries which have not yet done so should give thought to incorporating in their political and social structures and fundamental legal institutions a system of integrated land reform, which, while recognizing the right of the tiller of the soil to acquire or obtain ownership title to the land he works, acknowledges as equally fundamental the right both to adequate and timely credit at low rates of interest, to technical assistance, social welfare, and assured markets, so that the land may come to constitute not only the foundation of his economic stability, but also the chief means of the gradual betterment of his position in the community, as well as the guarantee of a decent, independent life for himself and his family.

(Adopted 5 December 1963.)

7. RESOLUTION NO. 17/63 OF THE TWELFTH SESSION  
OF THE FOOD AND AGRICULTURE ORGANIZATION CONFERENCE  
AGRARIAN LAW

*The Conference,*

*Realizing* that for successful land reform the presence of experts in that and all related fields is essential,

*Considering* that jurisprudence is basic to land reform which involves the transformation of political and social structures and affects, changes or supplements existing legal institutions,

*Considering* further that the complex legal problems entailed by integral land reform necessitate the participation of experts in agrarian law, and

*Noting* that the Fifth and Sixth FAO Regional Conferences for Latin America recommended the participation of experts in agrarian law,

*Suggests* that Member Governments request the Director-General to include experts in agrarian law in all FAO technical assistance programmes of agricultural development and land reform;

*Recommends* that the Governments of Member nations and the Director-General take steps to include agrarian law in the basic curricula of national or regional institutes or seminars on land



reform since a knowledge of that subject is essential in dealing with the complex legal problems involved in the implementation of integral land reform.

(Adopted 5 December 1963.)

8. RESOLUTION NO. 18/63 OF THE TWELFTH SESSION  
OF THE FOOD AND AGRICULTURE ORGANIZATION CONFERENCE

*Strengthening the activities carried out in the interest of indigenous populations with respect to land tenure arrangements and new settlement areas*

*The Conference,*

*Noting that* FAO, in accordance with resolution 887 (XXXIV) of the Economic and Social Council of the United Nations, has the major responsibility for assistance in the work of land reform and has taken the initiative in co-ordinating international efforts in this field,

*Expressing satisfaction* with the attention given by the Director-General to activities in the field of land reform,

*Recognizing* particularly the importance of the specific land tenure and socio-economic problems of tribal, nomadic, and semi-nomadic groups, and considering that guidance is urgently needed in order to help these groups to adapt themselves to settled agriculture and social life, and to a modernized tenure system,

*Requests* the Director-General :

1. to give high priority to a continued expansion and strengthening of FAO's assistance to Member Governments in their efforts to modernize traditional tenure systems including grazing rights, leading to integration of tribal, nomadic and semi-nomadic groups in the economic and social development of their countries;

2. to strengthen training and research in these fields by the organization of *ad hoc* regional and country centres; and

3. to continue to exercise initiative and primary responsibility in this field and to co-operate with other international agencies, particularly with the United Nations and the International Labour Organisation.

(Adopted 5 December 1963.)

## ANNEX III

### ACTIVITIES OF UNITED NATIONS AGENCIES IN THE FIELD OF LAND REFORM

#### FOOD AND AGRICULTURAL ORGANIZATION

1. The Food and Agricultural Organization, as the specialized agency with the major role in land reform, has in the last three years carried out a programme of unprecedented magnitude and scope. This has come about in response to Government requests and as a support to considerably increased programmes by Member Governments.

2. The vast increase in activity in the broad field of land reform was a consequence of exceptional interest in the topic resulting from various developments — for example, major programmes of land redistribution; large land settlement projects; vast development programmes in irrigation and water development; major agricultural planning programmes; regional or zonal integrated development projects; major developments in rural institutional planning and reform; the establishment of specialized training institutions; the enhanced interest in research and evaluation and the great number of meetings, seminars, centres and working parties which took place during this period. The increase in the membership of FAO was also an important contributory factor.

3. This activity was made possible by the availability of finance not only from the FAO Regular Programme and the Expanded Programme of Technical Assistance, but also and increasingly from funds-in-trust, the United Nations Special Fund, the World Food Programme, the World Bank (IBRD), and the Freedom-from-Hunger Campaign. The recent (1964) agreement entered into by FAO and the IBRD has already enhanced the activities of FAO and has great potential for the future.

#### A. Activities in the field of land tenure and settlement

4. The core of this work concerns activities dealing directly with land tenure and settlement. Activities in the field of land tenure and settlement have considerably increased in volume, range and scope. In 1964 alone, thirty-two experts in land tenure and settlement were working in twenty-three different countries: this was in addition to regional specialists and to field work and research carried out by Headquarters staff. The activities of personnel in this field covered: land settlement (including settlement of tribal or nomadic populations), agrarian research and training, land reform (in the restricted sense), land tenure investigations, pre-investment surveys, planning surveys, land consolidation, land surveying and registration, agrarian law and reform of tribal tenures.

5. Outstanding new developments in the field of land tenure and settlement in the last three years include the following:

(a) *Agrarian research and training.* An institute for this purpose has been opened in Santiago, Chile, to serve not only the needs of the country, but also to train technicians from other countries of the region. The Institute is a Special Fund project with FAO as the executing agency. Strong interest has also been shown in other regions and steps are being taken for the establishment of similar institutes in Asia and the Far East and in the Near East. An FAO consultant carried out a special survey of training requirements in Africa in connexion with land tenure reform activities. The survey yielded most useful results.

The contribution which such high-level institutes can make in enhancing the quality of planning, administration, implementation and evaluation of such complex and sensitive activities as are comprised in land reform programmes needs no special emphasis.

There remains a vast, almost unexplored, field of training of lower-level personnel for work in land reform programmes and it is hoped that the training of higher-level personnel will also produce trainers for the lower-level personnel. FAO is making efforts to promote training programmes for personnel working in land settlement programmes and for the settlers themselves.

(b) *Land settlement.* This important field of activity has always featured prominently in the programmes of FAO. Work in this field has been enlarged at an unprecedented rate on account of two main developments: (i) the vast increase in pre-investment surveys and in major irrigation development projects financially supported by the Special Fund and executed by FAO, and (ii) the land settlement projects and desert development work carried out by FAO mainly with funds-in-trust contributed by the countries concerned. Examples of the first include two pre-colonization surveys completed in Peru and Ecuador, and agricultural and water surveys and valley development projects in such countries as Argentina, Malawi, Morocco, Somalia, Syria, Tahiti, Tunisia, Turkey, Uganda, the United Arab Republic and Venezuela. The main example of the second is Libya, but the United Arab Republic and Saudi Arabia are also cases in point. The Libya project is a major undertaking and concerns the settlement or resettlement of tribal populations and semi-nomads. It affects the whole kingdom and absorbs the services of a great number of international experts. The placement of even greater emphasis on the problems of land tenure and settlement of tribal and nomadic populations was requested of the FAO Director-General by the FAO Conference of 1963 in a special resolution (No. 18/63) relating to the strengthening of activities carried out in the interest of indigenous populations with respect to land tenure arrangements and new settlement areas.

FAO has offered technical assistance to a number of countries both in the settlement of tribal and nomadic populations (e.g., Burundi, Cameroon, Nigeria, the United Arab Republic and the United Republic of Tanzania), and in other land settlement work (e.g., Bolivia and Indonesia). The FAO Development Centre on Land Policy for West African Countries, held in Sierra Leone from December 1963 to January 1964 in co-operation with the ECA and with ILO participation, dealt, *inter alia*, extensively with land settlement problems.

(c) *African land tenure* has continued to hold a central position in the attention of FAO. The Development Centre on Land Policy for West African Countries, mentioned above, discussed quite comprehensively the basic problems involved, with a view to aiding the emergence of African solutions to the development of African institutions in order to foster agricultural, social and economic growth.

Technical assistance in land tenure (not including land settlement mentioned above) was on a vastly increased scale and embraced Algeria, Cameroon, Ethiopia, Nigeria, Sierra Leone and Southern Rhodesia.

(d) *Evaluation.* The need for more efficient planning and implementation of land reform programmes has always underlined the need for systematic and sound evaluation of land reform measures and their effects. The FAO has enhanced its work in this field at various levels and in various continents. The FAO Working Party on Consolidation of Holdings, at its session held in Madrid in March 1963, discussed as one of its four main topics the promotion of the evaluation of structural improvement measures and their effects. The subsequent FAO Working Party on Agrarian Structure, at its first sessions in Rotterdam in September 1964, discussed methodological questions of evaluation of measures for the improvement of the agrarian structure on the basis of a report prepared by an FAO consultant. The FAO Regional Technical Meeting on Methods of Evaluation of Agrarian Structure in Asia and the Far East, held in Mahabaleswar, India, in February 1965, constitutes the first full-scale international discussion of the problems involved in this all-important field. The forthcoming World Land Reform Conference sponsored by the United Nations and FAO with the co-operation of the ILO, and to be held in Rome in May 1966, will be the climax at this stage of the discussion of the subject of evaluation and will lay the foundations for solid achievements in the future.

(e) *Documentation and dissemination of information.* In the preparation of successive numbers of the reports on progress in land reform to the Economic and Social Council, the co-operating agencies (and especially the United Nations and FAO) have felt strongly the need for adequate documentation prepared on a systematic basis. This became particularly important when it was felt that the reports should cease merely to summarize information submitted to the agencies and undertake instead a critical assessment of the progress of land reform, the factors involved and the systematic treatment of certain key issues.

As part of the agreement concerning the preparation of future numbers of this report and in response to the ever wider needs of Member Governments, FAO undertook the setting up of a special unit in the Land Tenure and Settlement Branch of the Rural Institutions and Services Division to pursue the following objectives:

- (i) The establishment of documentation relative to land reform on a world-wide basis, including agricultural co-operation, by collection and classification of data;
- (ii) Analysis and collation of information as an initial step towards systematic long-term research;
- (iii) Dissemination of information to FAO Headquarters and regional staff, Member Governments, international agencies, experts and consultants, research institutes etc., by papers issued periodically on developments in the field of land reform including agricultural co-operation.

This unit, known as the Agrarian Research and Intelligence Service (ARIS), was established in 1962 as a result also of a resolution of the FAO Conference and in view of the relevant FAO/United Nations agreement on this subject. This unit has already: embarked on a systematic bibliographic record on land reform; published various specialized bibliographical documents; issued the bi-annual "Information on Land Reform, Land Settlement and Cooperatives" — an unrivalled record of information on land reform, and has met numerous requests from Member Governments, international organizations and academic personnel for information and available material in land reform. With the increase in staff and with the accumulation of documentation, this unit will become more useful and its ability to serve enhanced.

(f) *Co-ordination of work in the field of land reform and settlement.* The FAO, as the agency with the major responsibility for the work of the United Nations family in the field of land reform, has given special attention to close co-operation with its sister agencies in this field.

FAO, for example, participated in the ILO Technical Advisory Group on Agrarian Reform which was convened by the ILO early in 1964 in Geneva in order to emphasize the specific interests

of the ILO in the field of land reform. FAO also participated in seminars organized by the ILO in fields related to land reform in Venezuela (1963; Technical Meeting on Employment and Vocational Training in Agriculture in Relation to Agrarian Reform), and Israel (1965; Inter-regional Technical Meeting on Rural Resettlement), and in the Panel of Consultants on Indigenous and Tribal Populations (1962) and in the Meeting on Problems of Nomadism and Sedentarisation (1964).

In Latin America, FAO took the leading part in the land tenure work of the Inter-American Committee for Agricultural Development (abbreviated in Spanish as CIDA), in which FAO is participating together with Latin American regional organizations. The land tenure research already carried out by CIDA has covered Argentina, Brazil, Chile, Colombia, Ecuador, Guatemala and Peru and it is intended that it will be extended to other countries in Latin America in the near future.

(g) *Future activities.* Developments in the field of land tenure and settlement on the lines hitherto attempted are expected to continue at an increasing tempo, but new orientations are expected to emerge. Some of these new lines are sketched below.

- (i) The World Land Reform Conference. This United Nations-FAO effort, in which the ILO will co-operate, will be a high-water mark in international work in this field. It will provide a rare opportunity for a scientific and thorough stock-taking and reappraisal of action programmes; it will be a world forum where experiences will be analysed, compared and assessed; and it will provide a stimulus, a groundwork and a springboard for even more valuable and even more successful work in future. Its importance can scarcely be overrated.
- (ii) Land administration is increasingly revealed to be a key factor in ensuring the success of land reform programmes. Major weaknesses in land reform implementation are ascribable to failure in land administration. FAO will give renewed and increasing emphasis to this aspect and will strengthen its resources to provide technical assistance and research in the field of land administration and land taxation.
- (iii) Research in land settlement is a sadly neglected aspect. FAO is exploring possibilities for international comparative research in land settlement through analysis of experience of actual programmes. Development centres will continue the emphasis on the important subject of principles and policies in land settlement and land policy. Three Development Centres are envisaged for Asia and the Far East, Central Africa and the Near East respectively. Furthermore, national centres for land policy discussions are envisaged, e.g., in Ethiopia on the lines of the seminar held, with FAO participation, in Indonesia in 1963.
- (v) Agrarian structural problems of developed economies are being studied. This is not only an important subject in itself because it concerns the economies of important Member Nations, but also for the pointers it provides for problems expected to emerge in developing countries when they are successful with their current socio-economic development programmes. The FAO Working Party on Agrarian Structure is preparing an important programme of investigation of basic problems of Europe, such as agrarian structural measures taken in pursuit of over-all agricultural policy objectives, new forms of mutual assistance and agrarian structural implications of vertical integration.
- (vi) Basic studied intended to point the way in which new land tenure forms might be developed to help small farmers overcome the disadvantages of small-scale operation are an urgent necessity. FAO intends to pursue them through various means, notably through the setting up of a panel of consultants of the highest calibre and of the most varied and effective experience, who will meet, discuss, analyse and assess world experience critically and without prejudice. Their findings will be of great help to FAO and its members.

## B. Complementary activities

6. In all measures aimed at reforming land tenure and in land settlement programmes, the role of supporting institutions is emphasized in this report and it has been in the forefront of the attention of FAO. Co-operatives have been given a responsible part to play in land reform programmes because they can provide various services at cost. They also constitute a framework for channelling knowledge and help to farmers who otherwise may be without any assistance on an organized basis. For many years, FAO has maintained a reservoir of technical knowledge of co-operatives, kept up-to-date by correspondence between the experts in its employ and other officers devoted to co-operative interests. The information thus accumulated has revealed a great need for improved management techniques in co-operatives having a membership unfamiliar with their responsibilities. Accordingly, the emphasis in the work of FAO has been turned towards management and this has been the predominant theme in two training centres organized by FAO, one in 1962 for personnel in the South Pacific Islands, and another in 1963 held in Tanganyika (now part of the United Republic of Tanzania) for African countries.

7. FAO continues to collaborate with other agencies, notably the International Labour Organisation, International Co-operation Administration, International Federation of Agricultural Producers, Organization of the Cooperatives of America, the Caribbean Organization, and the South Pacific Commission in seminars and training centres organized at regular intervals. The Danish Government, has held an unbroken sequence of annual seminars since 1953 in Denmark but in 1964, with ILO and FAO assistance, the meeting place was moved from Denmark to Uganda in Africa. These seminars were designed especially for past participants in order to learn from them the usefulness of the training they had received. The success of this experiment encouraged those concerned to hold another similar one in the Asian region in 1966. FAO has, to an increasing extent, agreed to participate in meetings and seminars on co-operatives, and in those touching upon land problems, proposed by sister agencies and under bilateral arrangements (e.g., in the Federal Republic of Germany, Israel, the Netherlands, Sweden and Turkey). A seminar on co-operative farming possibilities will be held in 1965 in India for countries in Asia and the Far East. A seminar on new forms of co-operation in agriculture and on land tenure arrangements will be held in Poland in 1965 for participants from Asia and Africa, with FAO experts also attending. FAO also participated in a symposium on co-operative farming in Israel convened by that country.

8. The role of agricultural credit in land reform programmes has been emphasized in various parts of this report. It is well-known that developing countries still face considerable difficulties regarding agricultural financing and credit. In an effort to help Member Nations to overcome these difficulties through collaboration between Governments and international organizations, FAO has promoted a number of activities in this line. A world-wide study, "Agricultural Credit through Co-operatives and other Institutions", was carried out in 1964 by a group of international specialists appointed by FAO with the collaboration of ICA. This was financed by the Government of Sweden and the Swedish Co-operative Movement as a contribution to the Freedom-from-Hunger Campaign. This study will facilitate the preparation and implementation of action credit programmes by interested Governments together with FAO and international finance organizations. Follow-up action is already being planned.

9. One of the most important prerequisites for the successful implementation of agricultural credit programmes is a clearly defined and consistent agricultural policy within the framework of national economic development plans. In order to meet the requirements of planning, FAO helps Member Governments to carry out agricultural credit surveys and, on the basis of that experience, FAO has published a document entitled "Methods and Procedures of Rural Credit Surveys". An important study of agricultural credit

is planned to be carried out in Latin America by CIDA in collaboration with FAO and other international organizations.

10. On the other hand, new possibilities in technical and financial assistance are now open to Member Nations under the United Nations Special Fund, the FAO Freedom-from-Hunger Campaign, and the United Nations-FAO World Food Programme; a further expansion of activities by the Inter-American Development Bank (IDB), as well as the new emphasis on financing agriculture by the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA) and the agreement signed in 1964 by FAO and the IBRD-IDA, will certainly expand the sources of international funds and technical help to the developing countries.

11. In addition, FAO is carrying out activities in the field of agricultural credit under its Regular Programme and under the Expanded Programme of Technical Assistance. In 1962 the first Agricultural Credit Seminar in Africa was held at Addis Ababa, Ethiopia, and the next will be held in Dakar, Senegal, in 1965, both in collaboration with the United Nations Economic Commission for Africa and the host Governments.

12. A Development Centre on Institutions for Agricultural Finance and Credit in Asia and the Far East was held in 1963 in Bangkok in collaboration with ECAFE and the Government of Thailand.

13. For many years FAO has been active in the field of training agricultural credit personnel at all levels and in 1965 a document will be prepared on training programmes for agricultural credit personnel.

14. A new trend of supervised credit combined with agricultural extension and co-operative organization, promoted with the assistance of FAO, is making promising progress, particularly in Brazil, Chile, China (Taiwan), India, Korea, Lebanon, Mexico and Thailand. Central and private banks are now supporting supervised credit projects. For instance, the Banco de Mexico, with FAO assistance, has launched a nation-wide supervised credit programme in collaboration with private commercial banks; this development opens up new possibilities especially in the field of land reform and settlement. A new FAO publication entitled "New Approach to Agricultural Credit" deals with this new trend of combining supervised credit programmes with agricultural extension and co-operative organization.

15. Agricultural extension is a most important factor in ensuring the success of land reform programmes, and it has had a lion's share in requests for technical assistance in the field of rural institutions. This is understandable in that the need to convey scientific, management and marketing knowledge to the farmers in developing countries is so acute and urgent. As mentioned earlier, agricultural extension has, in some cases, been successfully combined with supervised credit, thus enabling farmers to apply the advice they receive.

16. Agricultural education is also an important factor in the success of land reform. FAO has a world-wide programme of agricultural education at all levels and the special programme on African education and training deserves particular mention.

17. Rural sociology has increasingly engaged the attention of FAO and the demand for technical assistance in this field has expanded enormously in the last three or four years, mainly in order to shed light on human problems and to facilitate the successful planning implementation of major irrigation and valley development projects carried out by FAO with Special Fund finance. A great number of projects require the services of a rural sociologist or anthropologist for the purpose of investigating the human and social problems involved in major resource development and also to ensure the smooth application of agricultural development measures decided upon.

18. Besides the problems of developing countries, the special problems of rural communities in developed countries have engaged

the attention of the Working Party on Rural Sociological Problems in Europe. The investigations carried out by this Working Party help throw light not only on the problems of the European rural population, but also contribute to the understanding of similar problems in other regions.

19. In conclusion, it should be mentioned that the other activities of FAO affect directly or indirectly the progress of land reform in Member Nations. Technical assistance in agricultural planning helps to place land reform in proper perspective and to promote its success. Technical assistance in marketing helps farmers in land settlement schemes (including nomadic and tribal populations) in improving their receipts from the disposal of their products. The advice of FAO in the organization of agricultural services helps Governments to create the right administrative structure for tackling land reform and land settlement programmes effectively. The tremendous activity of FAO in the field of land and water development is of direct value in the application of land reform and land settlement schemes and in ensuring their success. Finally, the activities of FAO in the fields of plant and livestock production provide invaluable support for land reform and land settlement programmes. In addition, the vast number of activities of FAO in nutrition and home economics contribute to the solution of acute human and social problems of considerable relevance to the work covered by this report.

#### UNITED NATIONS

20. In so far as official actions are concerned, the interest of the United Nations in land reform dates from 1950, when the first General Assembly resolution on the subject was adopted. In this resolution, the General Assembly expressed the conviction that the agrarian conditions which persist in many under-developed countries are a major cause of low agricultural productivity and of low levels of living in such countries, and that immediate steps should be taken to study the extent to which unsatisfactory forms of agrarian structure, particularly systems of land tenure, impede economic development.<sup>a</sup>

21. In accordance with this resolution, a report<sup>b</sup> on defects in agrarian structure as obstacles to economic development was prepared by the Secretary-General in co-operation with the Food and Agriculture Organization. The report was considered by the Economic and Social Council, which adopted at its thirteenth session in 1951 resolution 370 (XIII) recognizing that measures taken to improve agrarian conditions should be related to general programmes of economic development, and requesting, *inter alia*, that the Secretary-General, in consultation with the specialized agencies, should report periodically on progress in land reform.

22. Accordingly, progress reports on land reform were prepared jointly with the Food and Agriculture Organization and the International Labour Organisation in 1954, 1956, 1962. This report is the fourth in the series. On each occasion, the General Assembly and the Economic and Social Council have adopted resolutions relating agrarian reform to general economic and social development. The most recent ones are indicated below.<sup>c</sup>

23. In 1962, the Economic and Social Council adopted resolution 887 (XXXIV) in which it recognized the need for greater and continuing efforts in the sphere of land reform and, *inter alia*, recommended that Member States should establish evaluation services in the field and support the establishment, where appropriate, of regional agrarian research and training institutes. The Council also recommended that appropriate links should be established between measures of land reform and other rural development programmes.

24. The Council's resolution 887 (XXXIV) was endorsed by General Assembly resolution 1828 (XVII), which, among other things, emphasized the importance of implementing land reform programmes and requested the Secretary-General to assign high priority to programmes and services which facilitate the execution of land reform plans. The resolution also recommended that the Governments of Member States co-operate closely with the Secretary-General and the specialized agencies in collecting the data necessary for the fourth report on progress in land reform.

25. At its thirty-sixth session in 1963, the Council, on the recommendation of the Social Commission, adopted resolution 975 D (XXXVI) recommending that due priority in the work programme of the United Nations, including the regional economic commissions and the regional development planning institutes, be given to studies in the field of land reform with particular reference to over-all development planning and the impact of land reform on economic and social development, to fiscal and financial questions and to community development.

26. In November 1963, the General Assembly adopted a resolution on means of promoting agrarian reform (1932 (XVIII)). The resolution called for a study of the different approaches and techniques of financing a comprehensive land reform programme to be included in the progress report on land reform; the resolution also called for extensive co-ordination and integration of agrarian reform and the agricultural development within the framework of national development plans; urged technical assistance in financial problems, and referred to a way of establishing and maintaining co-operation on regional and international levels in the execution of agrarian reform programmes.

27. In the light of the above-mentioned General Assembly and Economic and Social Council resolutions, increasing attention has been given during the past decade to problems of land reform in the work programme of the United Nations including its functional and regional commissions; and close co-operation has been maintained with FAO, the ILO and other international agencies. The co-ordination of programmes of the United Nations agencies was achieved within the framework of the Administrative Committee on Co-ordination (ACC), particularly the Working Group on Rural and Community Development. The preparation of the periodic progress reports referred to above have been particular instances of concerted efforts.

28. A meeting of an *ad hoc* group of experts on community development took place in February 1963 at the United Nations Headquarters for the purpose of a broad review of concepts and work in this field. The experts advised the Social Commission and the Economic and Social Council on the relation of community development programmes to national development programmes including land reform, emphasizing that agrarian reform is often an essential precondition for successful community development, and also advised them on ways of increasing the economic and social impact of community development programmes, and effective organizational and administrative arrangements for carrying the programmes out.<sup>d</sup>

29. In line with General Assembly and Economic and Social Council resolutions, the activities of the United Nations in relation to land reform have developed on three fronts: land reform as an element in over-all development planning; land reform in conjunction with community development; specific institutional aspects of the process of land reform itself, particularly those relating to financing, including taxation and those aspects considered as essential supports of agrarian development, e.g., strengthening of local government, rural industry, rural housing and rural social services.

30. With due regard to the major role of FAO in the field of land reform, the United Nations approach has been one of considering questions of land reform as an important problem area in planning

<sup>a</sup> General Assembly resolution 401 (V).

<sup>b</sup> *Land Reform: Defects in Agrarian Structure as Obstacles to Economic Development* (United Nations publication, Sales No.: 51.II.B.3).

<sup>c</sup> The texts of the resolutions cited are reproduced in annex II.

<sup>d</sup> *Community Development and National Development* (United Nations publication, Sales No.: 64.IV.2).

for economic and social development. World-wide studies on social conditions and problems, carried out by the United Nations to help guide Governments in their formulation of development policies and programmes, have focused attention on outmoded agrarian structures as an obstacle to over-all development. The 1963 *Report on the World Social Situation*,<sup>6</sup> and particularly its chapters dealing with particular regions throws considerable light on these problems in Africa, Asia, Latin America and the Middle East.

31. The responsibility of the United Nations for providing assistance in economic and social development planning as a whole implies consideration of all major problems areas affecting land reform from the standpoint of their place in a comprehensive frame of reference.

32. The regional economic commissions have devoted considerable attention to land reform in the context of national planning, and particularly the relation between land reform and agricultural development and questions of agricultural-industrial balance.

33. In countries recently undertaking land reform, efforts to establish evaluation procedures to determine the economic and social impact of these reforms have been made through the ECAFE Regional Adviser on Land Reform and Community Development in the course of visits to China (Taiwan), India, Indonesia, Japan and the Philippines.

34. The establishment of the Latin American Institute for Economic and Social Planning in 1962 in accordance with General Assembly resolution 1708 (XVI) will undoubtedly accelerate the research, training and advisory work of the United Nations in the field of national development planning in this region of the world. Similar institutions have been established in Asia and Africa. The African Institute for Economic Development and Planning will be concerned with problems of agricultural-industrial and rural-urban balance and with the developmental role of key agrarian reforms. In the work of these Institutes, the broad range of land reform measures can be expected to receive due attention in the total development context as important instruments for achieving the national objectives set by Governments, and as users, sometimes on a substantial scale, of resources for which there are many competing demands.

35. The United Nations is actively compiling basic data required for effective development planning. For example, the United Nations Statistical Office, in co-operation with FAO, promotes and assists national agricultural censuses and censuses of population and housing. Many Governments also receive advice in technical assistance in conducting sample surveys; the basic data obtained in these ways are needed for a wide range of purposes, including the carrying through of land reforms. Similarly, the United Nations population projections and certain other demographic and related economic studies bear a significant relation to land reform issues.

36. Much attention has been devoted by the United Nations to the fiscal and financial implications of land reform, which are important in social as well as economic terms. The implementation of land reform raises questions of compensation to expropriated landowners and their impact on the financing of land reform as a whole. Of wider importance is the problem of financial assistance to new settlers. Initial expenditure on land settlement and resettlement schemes is usually heavy and the settlers often have to be subsidized until their first harvest. Tax and other fiscal measures affecting land, land income, and land produce — and thereby land tenure — are reviewed from time to time in the series of progress reports and are the subject of continuing study in the United Nations Secretariat, especially with reference to the over-all integration of tax-reform planning with economic development planning. Studies relating in particular to Asia and the Far East were published in 1954, 1955 and 1958. The services of experts have been, or are currently being, provided to the Governments of more than twenty countries in Africa, Asia, the Middle East and Latin America to advise on land valuation, tax reform in relation to agricultural and

rural development, and other fields involving aspects of agricultural taxation.

37. The United Nations Division for Public Administration plans to carry out an interregional study of administrative aspects of land reform programmes. Regional studies on this subject are being undertaken by the Eastern Regional Organization for Public Administration, a non-governmental organization in Asia, and the Inter-American Committee for Agrarian Development (CIDA), an organ of the Organization of American States (OAS). These regional studies, together with existing studies of national experience in various parts of the world, would provide a good basis for the interregional study.

38. One important aspect of land reform in which the United Nations has a particular interest is that of community development. Land reform measures are intended to provide land for man's use as a basis for a viable rural community. Community development focuses on the well-being of the individual as a member of a group and a community, and attempts to stimulate and mobilize self-help, mutual assistance, local initiative and resources so that progress in all aspects of rural living can be accelerated. It has been observed in some countries that the community development programme has not made much headway where existing land tenure arrangements are so inequitable as to destroy incentives in the people. In such instances, community development has not been able to bring economic and social improvements to the people.

39. The United Nations is assisting a number of Governments in planning and implementing projects which relate community development to land reform and land settlement. In this field, the services of advisers have been supplied to the Governments of Algeria, Liberia and the Sudan. In Asia, efforts to promote a closer co-ordination between community development and land reform measures have been made through the Regional Adviser on Land Reform and Community Development attached to ECAFE. In Latin America, a United Nations adviser has been assigned to British Guiana to assist the Government in co-ordinating land settlement policies and projects and in relating them to the community development approach and techniques. A preliminary study on the application of the community development approach to resettlement projects has been prepared on the basis of experience of technical assistance programmes in land settlement in Algeria, Liberia, the Sudan and Thailand. In completing the study, account will be taken of more recent United Nations experience in this field in Laos and British Guiana.

40. In addition to this, the United Nations is co-operating in a study of land tenure systems and conditions of agricultural labour carried out under the Central American Economic Integration Programme. A survey of agrarian economic and social conditions in Haiti was sponsored in 1961 by ECLA, OAS and the IDB.

41. In collaboration with the respective Governments, several case studies in Asia, Eastern Europe and Latin America on the social and economic effects of land reform have been undertaken.<sup>7</sup>

42. Likewise, ECA has undertaken a series of economic and social surveys in rural development in Mali, Niger and Upper Volta, which include a study of agrarian structure, rural resettlement and land reform in relation to other aspects of rural life and institutions.

43. United Nations community development advisers in the various regions have been called upon by Governments to participate in the study of land reform policies and plans in addition to their normal functions in the country.<sup>8</sup> Efforts are also being made

<sup>7</sup> The countries studied include China (Taiwan), Czechoslovakia, Japan and Romania.

<sup>8</sup> Member Governments of more than thirty-six countries of Africa, Asia, Europe, Latin America and the Middle East were assisted and advised in 1962-1964 by United Nations community development experts. Fellowships in this field were provided to some fifteen Governments. The United Nations has posted regional experts in community development at the inter-agency Regional Centers for Education in Community Development in Latin American (CREFAL) and the Middle East (ASFEC), and in the Andean Indian Programme.

<sup>6</sup> United Nations publication, Sales No.: 63.IV.4.



at regional levels to assist in the dissemination of information on this important subject. Information and views on progress and problems in community development are being exchanged at the regional level in several ways. ECAFE and ECA are establishing information clearing houses for the purpose.

44. There are a number of activities which do not fall within the scope of land reform as such but which directly or indirectly support land reform measures, and which in some instances are essential for their success. These include physical planning in relation to rural development, planning and development of transport and power, resources, housing, social services and public administration. In all these fields, the United Nations provides technical assistance and undertakes studies designed to assist Governments in their development efforts.

#### INTERNATIONAL LABOUR ORGANISATION

45. The International Labour Organisation, from its inception, has concerned itself with problems of land tenure and agrarian reform. Under its constitution, the ILO has a solemn obligation to further social justice as a prerequisite to universal and lasting peace, in particular by eliminating working and living conditions which cause injustice, hardship and privation. As existing land tenure situations in many parts of the world can be considered to involve such conditions, the ILO clearly needs to concern itself with these situations and with the contribution which agrarian reforms can make to their improvement. In this respect, it needs to be recalled that the term "agricultural worker" in ILO usage includes all those who make their living directly out of farming, whatever their legal relationship to the land. The general interest of the ILO in agrarian reforms lies in the recognition that the existence of defective agrarian structures frequently prevents the agricultural working population from obtaining productive and remunerative employment capable of supporting acceptable levels of living. Comprehensive agrarian reforms can ensure that opportunities of secure ownership on farms of an economic size are open to cultivators and workers; that those who remain as tenants or hired workers are given adequate security of employment and livelihood; and, finally, that non-agricultural employment opportunities are made available to those workers not required in farming.

##### *A. Conferences, meetings etc.*

46. Since the last report on progress in land reform, various aspects of agrarian reform have been examined by several conferences and technical bodies of the Organization. The Technical Advisory Group on Agrarian Reform, which met from February to March 1964, made proposals to the Governing Body on the manner in which the question of agrarian reform should be examined by the International Labour Conference in 1965, and indicated those specific aspects of the question within the competence of the ILO which should be discussed. The Group laid down in its general conclusions a number of principles with respect to the objectives of agrarian reform, measures to achieve these objectives, and proposals for ILO action. The report also contains more specific conclusions with respect to the training of personnel and beneficiaries of agrarian reform programmes and the role of co-operatives in agrarian reform. Following the recommendations of the Technical Advisory Group, the Governing Body at its November 1963 session placed on the agenda of the forty-ninth session of the International Labour Conference (1965) the subject "Agrarian Reform with Particular Reference to Employment and Social Aspects".

47. At the same session, the Conference will be examining as a technical item the role of co-operatives in the economic and social development of developing countries, in which attention will be given to the important contribution which co-operatives can make to rural development in general, including agrarian reform, with a view to establishing an international instrument — probably in

the form of a recommendation — to guide Member States in co-operative planning and development.

48. Other meetings which have dealt in one way or another with the subject of agrarian reform include the 1963 Preparatory Technical Conference on Employment; the Meeting of Experts on Co-operation, 1962; the Panel of Consultants on Indigenous and Tribal Populations, 1962; the Technical Meeting on Problems of Nomadism and Sedentarisation, 1964; and the Inter-Regional Technical Meeting on Rural Resettlement, 1965.

49. The ILO Rural Development Programme — a long-term programme of practical research and direct operational activities in the rural sector, established by unanimous resolution of the ILO Conference in 1960 to assist developing countries in raising incomes and levels of living in rural communities — has continued to expand. It has enabled the ILO to increase its effective contribution to the concerted international action programme in agrarian reform as well as to expand its own programme of work. Other funds will also be used to the greatest extent possible for operational activities.

##### *B. Technical co-operation*

50. Activities under the Andean Indian Programme — a multi-purpose programme for the integration of indigenous populations in Argentina, Bolivia, Chile, Colombia, Ecuador and Peru, and which is under the leadership of the ILO with the active participation of the United Nations, FAO, UNESCO, WHO and UNICEF — are closely linked with agrarian reform and land settlement policies, especially in Bolivia and Ecuador. In Ecuador, the ILO and FAO have jointly provided experts who have advised on the development of new lands and their settlement, the resettlement and more intensive use of publicly-owned estates, as well as general policies concerning land settlement, agrarian reform and rural development. In Syria, an ILO expert has assisted the Government in carrying out studies related to the planning of a comprehensive settlement programme in the Euphrates valley with special emphasis on the employment factors. The ILO has also provided an expert for the inter-agency Central American study on land tenure and agricultural labour. ILO experts in 1964 and 1965 aided the Governments of Argentina and Costa Rica in the development of settlement programmes. An ILO expert is at present assigned to the Institute for Research and Financing in Agrarian Reform established in Chile and for which FAO is executing agency under Special Fund finance.

51. Aware of the importance of training in relation to agrarian reforms, the ILO is undertaking a variety of activities in this field. Technical assistance is being given to a number of countries in organizing special or general types of training. A seminar on employment and vocational training in agriculture in relation to agrarian reform was held in Caracas from September to October 1963, in collaboration with FAO. Special emphasis is being laid on the training of rural promoters and similar lower-level technicians to work directly with the farm population, in particular under the Andean Indian Programme and under a Special Fund project in Senegal. Specialists in vocational training have been assigned to Chile, Colombia, the Democratic Republic of Congo, Iran, Togo, Tunisia and Venezuela; plans are also at an advanced stage as regards vocational training projects in Guinea, Mali and Morocco as well as the initiation of activities in other parts of Asia and Latin America.

52. In the field of rural employment problems, the ILO has launched two pilot projects for rural employment promotion, one in India and the other in Nigeria, whose purpose is to test and demonstrate practical measures for increasing a variety of employment opportunities in rural areas — in agriculture, in related activities, in rural industries, and works programmes. ILO experts are assisting Governments in undertaking detailed field investigations in selected rural employment problems in Ceylon, the Philippines, Thailand, Turkey and the United Arab Republic, for the purpose



of recommending remedial measures for dealing with these problems. In 1965, experts will be assigned to Jamaica and a Latin American country.

53. The ILO is also active in organizing regional and international training centres such, as, for example, the regional forestry workers training centres, which have been organized jointly with FAO in Asia and Africa following the pattern of similar centres held in Europe for the past several years and which are now planned for Latin America. The ILO also participates, together with other international agencies, in the organization of international courses in vocational education of agricultural teaching staff under the auspices of the Swiss Government, and has been associated with the work of the FAO Sub-Commission on Extension and Vocational Training in Agriculture, Home Economics and Rural Youth, to which it has contributed papers on various occasions, including one on extension services for hired farm workers.

54. Co-operatives have not only proved to be an efficient means of restraining the direct concentration of land in the hands of a few, but have also proved to be of great help in implementing agrarian reform schemes and in facilitating the attainment of the ends of such reforms. It is therefore natural that a great number of countries have requested and obtained ILO assistance in the various fields and aspects of promoting co-operation. During 1964 approximately forty experts have been working in thirty-one countries in addition to an expert assigned to a region. The assistance provided covers organization of governmental co-operative departments and extension services; co-operative education and training; audit and inspection; co-operative management and administration at the local, regional and national levels; co-operative supply, marketing and distribution; co-operative cottage and other industries etc. In addition, a number of regional and interregional technical meetings, training courses and seminars have been held which, *inter alia*, have examined questions related to rural co-operatives and to their role in agrarian reform: Latin America Regional Technical Meeting on Co-operatives (Chile, 25 November-6 December 1963), Regional Workshop on the Methods and Techniques of Co-operative Organization, jointly sponsored by the ILO and the Caribbean Organization (Puerto Rico, 1-26 June 1964), Inter-Regional Seminar on Co-operation (Bulgaria, 21 September-14 October 1964), ILO-FAO Inter-Regional Follow-up Seminar Co-operation (Uganda, 9-21 November 1964), Asian Regional Seminar on Co-operation (Philippines, 15 November-12 December 1964). The ILO has also undertaken a number of surveys on the situation of co-operatives in developing countries, with a view to analysing and evaluating their problems, recommending measures to be taken to develop the co-operative movement and selecting areas or fields of economic activity where co-operatives might usefully be introduced. A study entitled "Developments and Trends in the World Co-operative Movement" will be published in 1965.

### C. Study and research

55. Reports prepared for the various meetings and the contribution to three previous Economic and Social Council reports constitute an important research effort by the ILO on several aspects of agrarian reform. The most recent effort has been the report submitted to the 1965 International Labour Conference "Agrarian Reform with Particular Reference to Employment and Social Aspects".<sup>b</sup> Articles bearing directly on agrarian reform as well as those dealing with related fields have been published in the *International Labour Review*; further articles are envisaged for 1965 and 1966. Analyses of important legislative texts of agrarian reform and related matters have appeared in the *International Labour Review* as well as in the *Legislative Series*. ILO publications on

<sup>b</sup> *Agrarian Reform, with Particular Reference to Employment and Social Aspects (Report VI)* — Report prepared for the forty-ninth session of the International Labour Conference, Geneva, 1965 (Geneva, International Labour Office, 1964).

co-operation, including the Conference Report,<sup>c</sup> have covered a wide field and include such subjects as co-operative farming and co-operative credit.

56. Reports prepared for the meeting of the Panel of External Consultants on Indigenous and Tribal Populations, held in 1962, reviewed the problems arising out of the transition from tribal to modern forms of economic and social organization in Africa, including tenure questions as well as those concerning sedentarization of nomadic and semi-nomadic tribes. The latter problems, including the specific tenure and land settlement aspects, were also examined at an expert meeting for countries of the Middle East and North Africa held in 1964. In preparation for these meetings, and also in implementation of the recommendations of the former, a number of field studies have been and are being carried out along these lines in the Middle East and Africa.

57. The ILO is now completing an international survey of conditions of life and work of plantation workers in selected countries in Asia, Africa and Latin America.

58. Field surveys carried out under the Rural Development Programme on various rural employment problems will attempt to assess the impact of agrarian reforms and other rural development programmes on levels and patterns of employment and incomes.

### D. Future programme

59. It may be expected that the ILO will devote increasing attention to matters related to agrarian reform as a result of the general discussion of this subject at the International Labour Conference in 1965. As a follow-up to this discussion, it is expected that specific aspects of the question will, in subsequent years, be placed before the Conference for the possible adoption of international standards, the first of which is likely to be improvement in the conditions of tenants and sharecroppers and similar categories of agricultural workers. The Rural Development Programme will continue to give an important place to activities in the field of agrarian reform, including land settlement, through field studies, evaluation (particularly with regard to employment and related social aspects), the organization of technical meetings and study tours and through direct technical assistance. In general, the ILO under its recent office re-organization will be devoting increasing attention to the problems of development of social institutions, of which adjustment in agrarian structure will be a significant element. In these various activities there will be close collaboration with the United Nations and the FAO; likewise the ILO, within the limits of resources, will take an active part in projects originated by the other agencies. For example, the ILO will contribute to the 1966 World Land Reform Conference and will participate in regional meetings and study groups dealing with agrarian reform as part of the concerted international action programme.

### UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION

60. The activities of UNESCO in technical agricultural education include the training of personnel for agriculture at all levels, but, in particular, intermediate technician level needed in large numbers in countries where land reform is in progress. UNESCO is providing assistance to Member States through the Technical Assistance Programme, and in co-operation with the Special Fund.

61. One approved Special Fund project is the Mindanao Institute of Technology in the Philippines. The purpose of the project is to strengthen applied research and teaching in agriculture to meet the needs of the Government-sponsored land reform programme. In addition, UNESCO is carrying out a study of educational invest-

<sup>c</sup> *The Role of Co-operatives in the Economic and Social Development of Developing Countries (Reports VII (1) and (2))* — Reports prepared for the forty-ninth session of the International Labour Conference, Geneva, 1965 (Geneva, International Labour Office, 1964).

ments in the rural sector in relation to agricultural development plans, in which special account is being taken of land reform programmes.

62. UNESCO is co-operating with FAO, ECLA and the Inter-American Development Bank in an evaluative study of land reform in Latin America, particularly as regards the role of education.

63. A special study is planned in one or two African countries to see how far co-ordination of school education and diffusion of information among adults would help in intensifying the motivation for modernization in rural areas to achieve greater interest in, and knowledge of, matters such as land reform, improvement of practices in the fields of agriculture, health, etc. Another comparative study is being carried out on the diffusion of information in Costa Rica and India. In both countries a bench-mark study has been made in some ten villages in a particular area having the same subculture. In a few villages, pamphlets are being used in which new practices in the fields mentioned above are recommended. In some others, a radio forum is being organized for this purpose. In India, the method of "animation" is also being used, while in

both countries some villages are left alone to serve as a control. After intensive action of one year (weekly group meetings with discussion and feed-back to the agencies of change), another survey will be made to see what changes have taken place. Meanwhile some anthropological studies are carried out to follow more closely the process of change. The purpose of these comparative studies is threefold : first, to see whether a particular means of communication appears to be especially useful to change a specific practice; second, to study more closely the process of the diffusion of innovations in two culturally different agricultural societies; third, to determine more precisely the motives for and against the acceptance of changes.

64. Finally, in co-operation with FAO and the European Society of Rural Sociology, a study has been undertaken on the social implications of the mechanization of agriculture in some five or six countries.

65. One of the most important consequences of mechanization is the need for much larger units of exploitation, and the study will show in what ways this is being achieved in the various countries of Europe, the difficulties encountered, and the solutions found.



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