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# THE ECONOMIC AND SOCIAL PROBLEMS THAT EMERGE IN CARRYING THROUGH LAND REFORM

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THE problems of the reform of agrarian structure are nearly as ancient as agricultural society itself. As soon as the land available to a given society became scarce, it had to be allocated between the members of the society. The problem of land reform arose when changes in technique or multiplication of the numbers of candidates for ownership of land or, at least, for the right to use land, enabled or required that it should be reallocated.

The history of the Mediterranean and, later, of the European civilizations is marked by agrarian crises, agrarian laws, agrarian reforms. In Greece, Lycurgus in Sparta (ninth century B.C.) and Solon in Athens (end of seventh century B.C.) based their legislative action on the agrarian structure. Mago in Carthage (fifth century B.C.), the Gracchi in Rome (second century B.C.) were land reformers. During what we call modern history, we find that the agrarian feudal system has slowly deteriorated in western Europe from the eleventh century (with the 'communal movement') to the French Revolution. In the British Isles, the long crisis of the enclosures and the changes in tenancy relationships, both in Ireland and Great Britain, have created a new agrarian régime. In central and eastern Europe an agrarian régime with serfdom of a feudal nature was belatedly established during the sixteenth and seventeenth centuries as a consequence of the opening up of export markets in western Europe, a situation not unlike that of the plantations of 'colonial' days. The progressive liberation of the serfs during the nineteenth century and early part of the twentieth brought about the agrarian crisis and the land reforms that took place after 1918. These reforms were either collectivist (and even *étatique* (involving public ownership) as in the U.S.S.R.) or individualistic. Even before 1939 the latter reforms suffered crises which were an essential factor of political life in those countries where they took place.

Looking at the world after having observed Europe, we can note that agrarian matters have been present in the conflicts which occurred with the transformation of colonial régimes. In the United States the war between the States can be analysed as a conflict

between two outlooks on land problems. Mexico experienced land reforms which inspired those of Catalonia and of republican Spain. Today, the countries which have agrarian problems—even when no colonial régime exists—appear to be the problem spots of world politics, those where the conflict between Western and Soviet conceptions is in danger of becoming acute and of bringing through violence, the triumph, even though a temporary one, of one or the other.

During the Second World War it was the opinion among the Allies that real democracies existed wherever land reform had enabled 'family farms' to prosper. Conversely, it was thought—and not unjustly so—that the existence of large estates of near feudal nature as in eastern Germany or Japan, or of latifundia as in Italy and Spain, had encouraged the establishment of totalitarian régimes in those countries. One should not, however, underestimate the fact that a certain policy of glorification of peasantry was used particularly in Germany. A correlation between Nazism and *bauerntum* is well shown by the studies in electoral geography of Charles P. Loomis.

All through this long history of humanity, one can observe that agrarian problems seem more related to political and social considerations than to economic ones. Until the Industrial Revolution at least, the economic problems appear as complements to the political ones. Within those societies land is the essential source of wealth and one of its roles is to give the 'citizen' an income which enables him to exercise his political and military activities. This is particularly important when those activities are such that they prevent him from tilling his land himself. We can expect to find this role of land disappearing from the most advanced civilizations, but when we are concerned with land reform in the so-called under-developed countries, it would be unwise to omit it. Those countries do not always have non-agricultural resources in sufficient amount to enable the non-farmers to find means of supporting themselves and their families otherwise than by taking a share of the agricultural income.

We have no time to elaborate these aspects and to compare the situations and the problems. We can only indicate, for those interested in them, a number of the more important recent works on the subject:

*Caribbean Land Tenure Symposium* (Puerto Rico, August 1944, Washington D.C., 1946).

*Agricultural Holdings and the Law of Hereditary Estates in Germany.*  
War Department pamphlet 31-170-29, July 1944.

*Directive to Commander-in-Chief of U.S. Forces of Occupation regarding the Military Government of Germany.* Joint Chiefs-of-Staff Directive No. 1067/G, 26 April 1945.

*Basic Directive for Post-surrender Military Government in Japan Proper.* Joint Chiefs-of-Staff Directive No. 1380/15-3, November 1945.

*Family Farm Conference* (Chicago, February 1946): Ackerman and Harris. *Family Farm Policy*, Chicago University Press, 1947.

*International Conference on the Rural Church and Farm Land Tenure*, New York, May 1951.

*First Catholic Conference on Rural Life*, Rome, Castel Gandolfo, June 1951.

Report U.N.O. E/2003. Preliminary Report: *Defects in the Agrarian Structure which prevent Economic Development.*

*Wisconsin Conference on World Land Tenure Problems* (October, November 1951).

So, we will consider that the problem we have to study is that met with in modern times by those who declare with President Truman: 'We believe in the family-size farm.' We will study the main economic and social problems originating from this tendency which is mainly inspired by political considerations, like those Secretary Charles F. Brannan was expressing when he said, on October 30, 1951:

American people are greatly disturbed by what is happening in other countries of the world. They realize that a part of the unrest in many countries can be traced to insecure and inequitable land tenure. Under these conditions farm people do not feel that they have a stake on the land or that they are receiving an equitable share of the produce of the land. This brings us to a greater realization that widespread landownership, security of tenure, and equitable landlord-tenant arrangements are part of the basic fabric of our democratic institutions.<sup>1</sup>

Continuing this study we may attempt to go from the simple to the more complex and divide it in two parts as follows:

- (a) Problems arising in any attempt to establish an agrarian structure based on family farms;
- (b) Problems arising when changes in the type of farming, or in the production system itself, are also included.<sup>2</sup>

<sup>1</sup> Annual U.S.D.A. Outlook Conference: *Agriculture and National Defence.*

<sup>2</sup> By type of farming (*système de culture*) we mean the combination of the factors of production and of the enterprises which take place within the agricultural production system. Production system is a broader concept which indicates the general nature of the economy. The production system can be based on 'mining' the natural resources, or

A. *Problems Arising in Any Attempt to Establish an Agrarian Structure Based on Family Farms*

We will separate the four following problems:

- (a) size of the family farm;
- (b) financing the transfer of rights in real property;
- (c) eligibility for 'farmership' ('d'éligibilité à la position de fermier');
- (d) capital requirements.

(a) *Size of the family farm.* The optimum size for the family farm can be defined as the size that enables the farm family to obtain an acceptable standard of living while full employment is ensured for the manpower available within the family.

It might be necessary to broaden this definition in the case of economies which offer non-agricultural employment and when the existence of part-time farms is considered desirable. In that case all or some of the workers living on the farm have some activities outside it. Also—as would generally be deemed necessary in Europe—it may be deemed that a permanent salaried worker, or temporary help during busy periods, do not seriously alter the family nature of the farm enterprise.

Keeping in mind these possible broadenings of the definition, we will discuss the typical family farm and will notice at once that its size, measured in land area, cannot be rigidly fixed either in space or in time.

The size of a farm of given land area varies according to the fertility of the soil, the rainfall, the possibilities of irrigation and the type of farming. In the Vaucluse, in France, 1 hectare of irrigated horticultural production is often of more than family size, while on the chalky plateaux of the Causses, 50 hectares will make a very small farm. Another illustration of this is given in the United States where the area of a homestead may depend on the rainfall.

It is not only a matter of fertility. According to the conception that one has of the family ties, the family size itself can vary greatly. In the countries which are the most advanced economically but which, from the point of view of the sociologist, we should have a tendency to call degraded by an individualism which C. C. Zimmermann would call *aristophanic*—in those countries, we are usually faced with the 'elementary family' composed of husband and wife

mere gathering of natural products (hunting and fishing included), on grazing, on crop farming, or on a combination of those economies.

and of the non-adult children. But even in those countries we must appreciate that this type of family is not the only one there and we may prefer a type of family where the replacement of one generation by the other is possible. This implies that two adult generations at least can live simultaneously on the farm. It is to ease this replacement by giving the child which stayed with his parents on the family farm a fair reward for his activity that the system of the 'postponed salary' was instituted in France in 1939. When the farm share of the inheritance is divided, this gives the heir who stayed on the farm preference over those who left it.

In the case of farming societies of a more *hesiodic* nature, rather frequently found in under-developed countries, the family will not be at all comparable with the elementary family. It will be much closer to the 'greater family' which included several couples and single persons belonging to different generations living under the same roof. They are linked not only by actual biological kinship but sometimes by bonds of adoption, of patronage, of a common domestic cult. The size of the greater family varies a great deal and its structure can be more or less federated or concentrated.

It is sometimes closely related to the 'village community'.

All these facts influence the size of the family farm and thus the agrarian structure. The Chinese family, the Vietnamese family, the family of the farm populations of Northern Togo, Dahomey, and Gold Coast, their counterparts in Latin America are all instances of 'greater families' but are not exactly alike nor strictly comparable to the Roman *gens*, to the *communautés saisibles* which officially disappeared in France in 1848—but the remnants of which subsisted in certain regions of France or of French-speaking Canada—or to the *zadruga* of the southern Slavs. These questions must be taken into account whenever a land-reform project is considered in an area where such family structure exists. To impose upon those groups the degraded structures which are one of the gravest consequences of the capitalistic individualistic evolution of our agrarian institutions, would not bring social progress with them.

On the contrary, it may be through the discovery of structures which allow of technical, economic, and social progress, while they respect all that is valid in the collective institutions of those peasant populations, that we shall some day find a solution to our own social problems. Even if those persons who have to solve the problems of land reform do not want to accept that optimistic point of view, it would be sufficient if they would admit that making men happy in spite of themselves would not be very democratic and that nothing

valid can be done for people without their consent, not even if it is done 'by the people'.

If the size of the family farm must thus vary from place to place, it should also be able to change through time. On a rather long-term basis, changes in intensity of farming, or in the size of the 'basic' family must bring about changes in the size (land area) of farms. Mechanization and, generally speaking, technical progress result in an increase of the area a given family can farm at a given level of intensity. Similarly, the 'acceptable standard of living' is a varying concept. General progress should bring about an increase in the farm-family income which may be considered necessary, and consequently in the size of the farm. On a shorter-term basis, one of the greatest shortcomings of an over-rigid agrarian structure—like, for instance, a system of family farms operated by their owners—is that it does not allow for variations in the size of farms with changes in the number of workers available within the family.

Let us take as an instance the family farm of an 'elementary' family. The young couple starts farming with two working persons. When children arrive, the wife must restrict her activity to domestic work and some work around the house. When the children grow, they can help for a few years before starting on their own. The farm may have, in the course of one life-span, one to three, four, or more family workers. It is therefore not astonishing that the farm family should show greater demographic strength if it owns part of the land and is able to adjust the size of its operations to its capacity to provide manpower by renting additional land. Should such flexibility not exist, it would be necessary from time to time to provide for a 'reform of the reform', which would allow for long-term variations in optimum size. Even then, if complete owner-operation were adopted, the short-term variations in optimum size would have to be compensated alternatively by under employment and overworking.

(b) *Financing the transfer of rights in real property.* Under the conditions which we have defined in our hypothesis, it will be necessary to give compensation to the owner of a large estate which is to be broken up into family farms. This compensation raises economic and financial problems. We will not examine those that influence the general economic situation, although making available in liquid form large sums previously invested at long term has an evident inflationary effect. We will attempt to see whether a régime of family farms under owner-operation is preferable to a régime of family farms under tenancy.

In fact, the experience of 'advanced' countries indicates that land

prices are constantly overestimated compared with their purely economic value. Ownership of land was for so long the requirement for full citizenship that, even when this attribute of real estate property disappeared, land retained—at least for the leisure class—a certain prestige value. On the other hand, the land hunger of the peasants also leads to overestimation of land values.

If, therefore, the compensation given to the owner has to take into account the sale (market) value, it is probable that, however small the rate of interest, the new owner-operator will face a financial burden heavier than would have been the payment of rent. Of course this varies greatly among countries with the level of rents. In Denmark on land of average fertility one has seen rents reaching from 10 to 15 quintals (100 kg.) of wheat per hectare, with a low of 7 quintals on poor sandy soils in Jutland, while in France, on similar soils, we find rents one-third, one-fourth, or even one-fifth as high only. Under those conditions, it seems that a regulation of tenancy which would place a ceiling on rents at a rather low level would be a better solution to economic difficulties than owner-operation when the land must be bought with borrowed money. According to the French saying: borrowed money is the worst landlord.

It is precisely to be assured of the peaceful use of land under a system of tenancy that peasant owners of the Middle Ages handed it over to religious institutions or powerful lay lords who were able to protect them against their creditors (including the tax authorities) and willing to keep them as tenants. In Moslem countries the *habousages* (lands belonging to the church) often have a similar origin, and under other régimes similar systems have been found among farmers wishing to escape from being owners in debt to become protected tenants.

Today, indebted owners would prefer to be tenants protected by legislation of the kind provided for by the bill of the 3 F's or the French 'statut du fermage et du métayage'. Particularly when linked with provisions of 'the postponed salary system', legislation of that kind gives the tenant security to farm the land without burdening the farm with the expense of financing the transfers of ownership from generation to generation. The principle of equal division of inheritance—which so many democrats believe in—can also be maintained without risk of seeing the farm unit itself broken up into holdings that are too small.

(c) *Eligibility for 'Farmership'*. The usual slogan of land reformers is land to the peasant; land to him who tills it. If one follows this principle, the reform will favour different segments of the

agricultural population, depending on the conditions of each case. Sometimes one will break up large estates to the advantage of farmers whose farms are too small to provide a living for them. Agrarian reform in Bohemia and Moravia made 'family farms' out of smallholdings of farmers who were also part-time agricultural workers. In other cases the new farmers are farm workers and may, as in Denmark for instance, be prepared for their new condition by technical education. More often, the reform will be performed under the pressure of events and there will be no time for the salaried workers or even serfs to be prepared for their status of entrepreneur. Thus, when studying the land reforms which took place in central and eastern Europe after 1918, it is customary to compare Romania and Czechoslovakia. The differences in result are classically attributed to differences in the social and educational status of the future family farmers. In nearly all land reforms in history a preferential status has been granted to veterans. The reasons for this are evident though there is no proof that military records are a sufficient and satisfactory preparation to the management of a farm.

When the future farmers are not prepared for the responsibilities they will have to carry, the reform can only succeed if a system of advisers provides help, at least temporarily. One understands how the organization of such an extension system is an important requirement for the success of the reform.

(d) *Capital requirements.* This brings us to the consideration of the capital needed to farm. Ownership of land or the right to use it is not enough to enable even an expert farmer to operate the farm business, and we have seen that land reform cannot always rely exclusively on the expert. He needs considerable capital, and, by definition of land reform, will not have it. Worse still, if he must purchase the land, whatever limited capital he may have will be used to guarantee his loan. Experience has shown that land hunger in the peasant communities is such that the farmers often buy land which they cannot farm for lack of sufficient operating capital. Are we going to worsen and, in a way, to institutionalize this disastrous tendency by our land reform?

One way of creating new real estate capital under conditions of tenancy without burdening the farm financially is to create a *propriété culturale* or the right by the tenant to sell his lease. Under certain conditions (studied in a report presented by the Syndicat des Techniciens de l'Agriculture at the First Farm Credit Congress in Naples, October 1938), this would give sufficient security for the loans necessary to provide the operating capital, including the cash reserves

necessary for current expenses. When the land reform is of a more classical nature, however, nothing is possible without a solid farm credit organization adapted to the special conditions which prevail. This organization should be of the 'supervised' type or similar to what has been done in the overseas territories of the French Union by the *Sociétés Indigènes de Prévoyance*.

In certain areas the régime of large estates was at times linked with a concentration of houses in large villages (for example in Italy) or even in real agricultural 'towns' (for instance in Hungary). Farm workers are then easily hired, grouped in teams and driven to work sometimes great distances away on the estates. After the reform it is normal to bring the farmer's house closer to his lot and the settlement thus becomes dispersed in hamlets or even isolated farms. Reform thus implies new farm buildings. Those buildings will often have priority over machinery and equipment. Their construction is a very heavy financial burden coming as it does at the same time as a fundamental reform of the agrarian structure. For Italy, it has been mentioned that a set of buildings for an 8-hectare lot costs 1,200,000 lira (150,000 lira per hectare).

Besides this problem of finding the operating capital, land reform aimed at forming family farms will also raise the question of the full employment of modern machinery. Use of modern equipment can bring about an increase, rather than a decrease, of production costs. In France, for instance, in the Segala, a region of small farms, each farmer owns a binder which is only used on about 4 hectares of small grain a year. Under those conditions the replacement cost (depreciation) is such that hand harvest, if it were possible, would be less costly. Of course, more important pieces of machinery like combines and hay-balers are still more of a problem which only the larger estates can solve. So unless the land reform is to cause a technical regression, the machinery one way or another must be placed at the disposal of the family farms. The co-operative solution appears the best to us, or at least the one that corresponds best to our ideal of a 'peasant democracy'. It is not always usable and one may have to revert to the more capitalistic solution of renting machinery, or to the more governmental solution of machine-and-tractor stations—or at least to the ownership of the implements by some rural institutions such as the County Agricultural Committees in Great Britain. Similarly, the family farm—which is a small farm—should be able to obtain quantity seeds, the services of improved breeding stock, &c., through collective organizations of one type or another. We will mention here again the *Sociétés Indigènes de*

Prévoyance and also the Secteurs de Modernisation du Paysannat in French Morocco and some other partly co-operative, partly administrative organizations.

Lastly the new family farm should be integrated in a system of protection, of insurance, &c. If the system did not exist, the social progress expected from the implementation of the land reform would be doubtful.

Thus, although we have dealt only with the problems raised by the simplest of land reforms, we have been led to consider that their solution—from both the social and the economic points of view—cannot be found within the scope of a reform which would merely transfer certain real property rights by creating autonomous ‘family farms’ which would be isolated and could not survive this isolation. In reality one will always have to find a compromise between a certain number of collective structures which are essential to the economic and social life of the ‘family farm’ created by the reform.

*B. Problems arising when Changes in the Types of Farming, or in the Production System Itself, are also Included*

(a) *Type of farming.* All the land reforms which followed the First World War resulted more or less in changes in the types of farming. Certain authors have said that reforms brought about a regression. That does not seem at all certain. It is true that the new peasants neglected the major export crops (wheat for instance) to increase the production of the commodities they needed for their own use (corn, i.e. maize, for instance). The total agricultural production was probably not reduced after the reform. We can but mention the problems raised by the change in the relative importance of the various enterprises.

In many cases, however, land reform is intended also to bring about an increase in production. The large estates, particularly the *latifundia*, are often farmed rather extensively. In the first century of our era Pliny the elder exclaimed, *latifundia Italiam perdidere*.

Agrarian reform is usually performed at times of strong demographic pressure when one hopes that a system of small farms will bring a greater gross production. Although there are exceptions to this rule, it seems that there is a relationship between small farms and greater production per unit of land area. At the same time, it appears that the large-scale farm is associated with lower production per unit of land area. This can be explained by the fact that it is farmed very extensively (*latifundium*). Also the large farmer will be

more 'economic conscious', more concerned with financial returns. The level of production which he aims at will be limited by the law of diminishing returns and will be lower than the maximum gross production which could technically be attained.

Conversely, the small farmer will try to get high production from the land by applying to it all the labour available in his family, even at the cost of low labour productivity. The small farm will have a tendency to adopt a type of farming which Dragoni called 'intensive—active' to obtain high gross production per unit of land area.

Before starting any reform of the agrarian structure one should study these problems of intensification. The individual interests of the new farmers may be different from those of the large landlords or farmers whose land they are taking over. Also, the spontaneous reactions to the new farmers may go against their own interest; the community must establish a programme aimed at guiding production.

The community may be concerned with the economic choices of the new farmers. For instance, it might need a great increase in the production of certain commodities, or it might be faced with the question of full employment of an abundant labour force. In these two cases the type of family farm to be encouraged will be different. Problems of that kind will always occur when—as is the case at present before the United Nations—the question of the reform of the agrarian structure is formulated as an aspect of economic development.

Let us not give way to illusions. Economic development with a family agrarian structure calls for an extremely difficult effort towards modernization and equipment. One can even say that if the objectives of economic development were to have priority over the ideals of reform on a family basis, it might be more immediately effective to adopt a solution of the 'sovietic' type.

On this question one might recall the conversation which took place between Prime Minister Winston Churchill and Marshal Stalin and which is recorded in the former's memoirs.<sup>1</sup>

Moreover, should we restrict our definition of the family to the 'elementary' family, then 'sovietic' solutions would appear closer to the community structures of many so-called under-developed countries than our own solutions. The kolkhoz, for instance, could be presented as a modernized form of the village community. The

<sup>1</sup> Bk. IV, ch. v, p. 92 of the French (Geneva) edition—also quoted by Mr. Boris, the French delegate to the U.N. Economic and Social Council on Sept. 5, 1951. *Revue du Ministère de l'Agriculture*, Paris, Nov. 1951, pp. 313-14.

discussion of this point, however, would lead us outside the narrow limits which we have given to this paper.

When economic development and intensification of the type of farming are the objectives to be attained with and by land reform, one must also mention that other problems are present. The general questions of capital investment, of land improvement, raise important social and economic difficulties. Irrigation, drainage, establishment of transportation facilities, erosion control, &c., are seldom conceivable even within a large estate and not at all conceivable within the limits of a family farm. These improvements can be implemented only by broader groups or institutions and, often, by the State itself.

It is also the State, through its powers of police and justice which will have to guarantee and protect the new rights given to the operators of the family farms—particularly those pertaining to the soil and water.

It appears necessary to give special attention to a problem of land reorganization which is often one of the improvements conditioning agricultural development, namely, the regrouping or reallocation of the scattered parcels belonging to a family farm. In French, we call the regrouping of parcels belonging to each owner *remembrement*, and the regrouping of the various parcels farmed under one unit of operation, even if these belong to several owners, *regroupement cultural*.

The difference between the two operations arises from the fact that, in certain areas, the number of landowners is far greater than the number of farms (though the farms are no greater than family size). In the commune (village) of Saulzet, in the Allier department, there are fifty-five farms covering a total area of about 800 hectares. But the number of owners is 468. If the necessary *regroupement cultural* had not been previously performed in that commune, the *remembrement* there would have been useless. Here again, we must emphasize that in an agrarian structure of family farms operating under conditions of full owner-operation on land which they own and farm entirely and which has experienced *remembrement*, the rigidity of this structure would be such that any evolution would create a new conflict which only a new land reform could solve.

So, if land reform exists all through the history of humanity, it is evident that it is a difficult undertaking. However perfect the rigid solutions adopted at one given time, it seems that a flexible system which would allow for the evolution of the system would be distinctly preferable to a succession of brutal reforms.

(b) *Production systems.* Particularly in under-developed countries the reform of the agrarian structure will affect not only the types of farming but the production systems themselves. (Again, let us define this expression. All types of farming belong to the agricultural system of production. The other systems being the 'mining' economies which take the natural production once and for all, the gathering economies (including fishing and hunting), the grazing economies, and the combination of those types.)

At this point arises the problem of the conservation of the soil and, more generally, of the natural resources. We can analyse the conflict between conservation and destruction or waste as a conflict between a 'mining' economy and the other types of economies.

With regard to the soil resources, one has long considered that the landlord was the guardian of the permanent interests, the best conservationist. The tenant whose position was much less secure would be tempted to destroy the fertility of the soil—and the shorter his lease, the quicker he would do so. Arthur Young and de Gasparin have written well-known pages to defend this theory. The experience of France, however, shows that tenants are sometimes very much concerned with the conservation of fertility, while certain landlords—specially absentee landlords—are solely concerned with rents and give preference to the prospective tenant who offers the highest rent without worrying about the fact that, to pay such a high rent, the tenant may have to 'mine' the soil.

Even without going that far, many landlords are not willing to incur the expenses necessary to improve their estates while the tenants often are. It is for that reason that French tenancy laws, for instance, have provided that the tenant would get compensation for the capital improvements he had financed but from which he would not continue to benefit.

In other cases it is the national community which must take the place of the landlord to ensure the conservation of the natural resources in the interest of all and of the landlord himself.

Similarly, one should not look at land reform solely from the point of view of agriculture. To ensure proper conservation, a certain proportion of the land must be kept as forest or covered with grass. It is not certain that settlement of an area through land reform will maintain this proportion.

Moreover, the type of farming may require that the land revert temporarily to fallow, to brush, or even to forest. If, in such an area of shifting cultivation, one organizes the settlement of land that appears vacant, one can disrupt the whole system of production.

On the 'dead' land some of the population soon acquire grazing and other rights. The common grazing rights of the past were an example—valid for the short period during which the land remained 'dead'—of those rights, and it is on account of them that the enclosure movements had such grave social consequences.

When such interrelationships between systems exist, two kinds of problem arise. The first is economic. One should make a complete budget concerning the proposed new system not forgetting the value of the non-agricultural production (gathering of natural products, hunting, grazing). The second problem is social. One should find out who holds the different rights and study how important each of the rights is to the group who holds it. One may then find out that a hunting or grazing right may have more value to a given group than a right to grow crops. In certain so-called under-developed countries it may appear that the conflict between the holders of these various rights is not only a conflict of interest, but is often superimposed on differences in race, in community membership, in village membership, in religion, &c.

In conclusion, I should say that the experience of centuries of the peasant's fight for the land and the achievements and errors of the attempts made to reform the agrarian structure teach us that these problems are complex and concern the very life of rural communities. One would certainly meet with failure if one were to apply without precautions the methods used in areas with broad sparsely populated expanses of land in regions—even nearby regions—with a high density of population and complete cultivation of the soil—or vice versa. Land reform is a grave matter which should not be undertaken lightly. It should be preceded by extensive studies covering every economic and social aspect—studies which should show not only what solution appears best but also what the different groups of the population wish for and are willing to make efforts to achieve.

Lastly, land reform is so grave a matter that one should attempt to prevent the conflicts which one wants to cure—or others—from recurring. One should therefore prefer flexible systems which enable or even favour future evolutions in the structure. One cannot expect that reality will long respect rigid definitions of the legal rights of every participant.

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I am in complete agreement with Mr. Cépède's historical analysis of the conditions that justify a land reform aimed at creating family

farms, but I would like to discuss a few of his other fundamental points.

The size of a typical family farm, he says, cannot be rigidly fixed in space or in time, because it depends upon the working capacity of the family, when certain other variables (such as soil fertility, rainfall, possibilities of irrigation, type of farming) are kept constant. He adds that the optimum size for the farm can only be that which entirely absorbs the family labour and allows them an acceptable standard of living.

I think that there could be fruitful discussion on the point whether, in effect, the size of a new holding is indeterminable and must vary arbitrarily from place to place, or whether there is a rigorous system by which it may be determined objectively. In reality, the variables indicated by Mr. Cépède are all measurable. Therefore, farm size in an economic sense does not change at random but is a function of these variables. If we have in mind the system of taxable income which forms the basis of the land registers of certain countries, including Italy, and which is arrived at for each parcel of land by taking into account such variables as soil fertility, accessibility, situation, climatic conditions, type of farming, &c., and if we express the size of the holding in terms, not of families, but of the productive man-work units of which they consist (or better, days of full employment per man-work unit), it is possible, it seems to me, to form a mechanical concept of farm size, not one left to the arbitrary judgement of the planner.

A serious problem, however, is raised by the question of time, in the sense that if a certain size can be considered adequate at a point in time, it can be so no longer when a subsequent shift in the independent variables has occurred; for instance, when the family increases or decreases, the land becomes either scarce or excessive. But Mr. Cépède's concern about this can be overcome if it is remembered that the solution of such a problem—which exists in every type of agriculture—can come only from that profound change of the economic structure by which secondary and tertiary occupations, linked to practically unlimited capital, are multiplied and take the place of those primary occupations in which capital is limited. In other words, a programme of agrarian reform must be accompanied by one of general economic development. The implication of this is that a process of exchange between agricultural and industrial activities could serve the important function of re-establishing the broken equilibrium between economic size of farm and working capacity of the family.

Mr. Cépède then goes on to deal with problems relative to the financing of the transfer of rights in real property, limiting himself to asking if, for reasons connected with such financing, a system of family farms under tenancy is not preferable to a system of family farms under owner operation.

He pronounces himself in favour of the former, when protected by legislation such as that provided by the French *statut du fermage et du métayage*, because experience teaches that land prices are constantly overestimated, so that the new owner-farmer can find himself carrying a financial burden heavier than would be an ordinary rent. I think that Mr. Cépède's conclusion is open to question because in certain agrarian structures that have a heavy population pressure and an oligopolistic economy, precisely the opposite is true, that is, rental values are constantly overestimated. Mr. Cépède's statement could be true only if there were no regulation of the land market such as he in fact considers necessary for the rental market. But in a programme of land reform, the land market is automatically regulated through the control of the stock of expropriated lands and the determination of land prices.

Mr. Cépède thinks it would be necessary—in order to avoid creating family farms that would be isolated and could not survive such isolation—to find a compromise between individual enterprises and certain collective structures which are essential to the economic and social life of the 'family farm' created by reform. Thus arises the main problem of the reform. Its success is linked to a combination of the social and productive advantages offered by family farming and the advantages offered by large-scale organization in terms of lowered costs and profitable employment of machinery. A combination that can be realized in fact by the co-operative organization of family farms, if this is what Mr. Cépède means by 'collective structures'. Co-operative organization of family farms is particularly necessary when it is deemed advisable to change the land-tenure system by consolidating small holdings and organizing production on a larger scale. This raises the question of organizational structure. It can take two forms: either co-operative pure and simple, formed and run by peasant members; or a limited company, on the lines of those so common in the Anglo-Saxon world—the Land Settlement Association in England for example. In this type of co-operative association the peasant assignees participate alongside a body (be it State, Bank, or Reform agency) which controls both the finance and the general administration.

Mr. Cépède next examines a second group of problems, those

which arise from changes in the type of farming, &c. He discusses whether reform and the creation of family farms tend to bring about an increase or a decrease in production. Agreement on this point is almost general so I shall not take time to discuss it. Rather, I would like to touch upon another controversial point, whether or not land reform will increase income and employment.

Its effect upon income is implicit in the answer to the question raised by Mr. Cépède about the necessity for creating co-operative organizations of family farms. It is with the effects upon employment that the land-reform critics are chiefly concerned. They hold that land-reform programmes will increase unemployment, particularly in countries with high population pressure. It is said that reform would transform hired workers of a *latifundium* with, say, an annual employment of from 100 to 120 days each, into one group of farmers fully employed and another completely unemployed, since the holdings which would have engaged them as temporary workers would no longer exist, and the new farmers would prefer to double their hours of work rather than hire temporary workers.

Discussion on this point could be very useful. I can see two main points of view. The first looks at the increase of total volume of employment, in terms of days of work, that the new structure of family farms will create. The second looks at the distribution of the total volume of employment among the rural population in the areas where land reform is carried out.

S. R. SEN, *Ministry of Food and Agriculture, India*

The members of the Conference may like to know what are the problems which are being faced in countries like India which have somewhat different backgrounds from those of France or Italy, with which Mr. Cépède is primarily familiar.

The ownership and use of land and the whole complex of customs, traditions, and institutions which grow around it are the basic elements determining the social structure and the economic organization of these countries. The process of reform becomes difficult because in the first place it can seldom be done on a piecemeal basis. The effect of any single measure has to be studied in relation to the economy as a whole; and unless corresponding changes are quickly made in other spheres of economic activity and social relationship, the specific change may either not produce the desired result or may prove more harmful than the evil which it seeks to remedy. Thus, consolidation of small holdings, encouragement of co-operative farming, introduction of scientific techniques of cultivation, abolition

of intermediaries, and insistence on personal cultivation of land without the creation side by side of alternative sources of gainful employment, may lead to a dangerous increase in the ranks of the landless labourers. Reforms affecting the ownership and use of land, therefore, have to comprehend a whole set of objectives and rules for governing human conduct in several spheres of economic activity, particularly in countries like India. In the second place, because of the wholesale nature of the changes involved, the various measures of reform cannot be left to be carried out by the several different authorities who are normally responsible for changes falling within their particular jurisdiction. Thirdly, the reforms that have to be carried out have to be made in a reasonably quick time. Protracted discussions on vital questions, such as the status of landlords and tenants, the size of holdings, the rights of mortgagees, definition of fair rent, may affect production and bring disincentives into play.

These were some of the difficulties which the Government of India and the State Governments had to contend with in introducing land reform measures. In a country like India these difficulties are particularly accentuated by its own peculiar circumstances and by its long history. Life in India largely revolves round the pursuit of agriculture, seven out of ten persons being dependent on agriculture for their livelihood. While the tendency in the United States is for fewer people to be employed on land, the trend in India has been just the opposite with every increase in population. What would be the effect on this trend of the land reforms now being initiated? Would they reverse the trend to some extent and, if they do, would the rest of the social and economic structure be able and willing to absorb the excess thrown out of agriculture? These are crucial questions for which a workable answer will have to be found and found quickly, if social peace is to be maintained. Again, in countries like India, agriculture, by and large, is a distress industry. People have taken to it and stuck to it, not because it is a very profitable enterprise compared with alternative industries, but because there is nothing else that they could take to. Would the new reforms stimulate more enterprising men to take to agriculture and transform their occupations into better business propositions? Further, the average *per capita* income in India is distressingly small. In such poor financial circumstances, where would they find enough funds to purchase rights in lands permitted under the law, or improve the land and the technique of cultivation? Would there be sufficient internal accumulation of capital to finance improvements? Would the new changes in land holdings stimulate or retard the flow of outside capital to agriculture?

Moreover, are the ends of social justice and economic efficiency satisfied in equal measure by the reforms effected? If not, which of these objectives should receive prior consideration in the context of prevailing circumstances? On the one hand, there is the paramount need to create no disturbance in the existing economy which, even temporarily, would hamper food production and the production of vital raw materials. On the other hand, there is an equally urgent need to take steps to prevent social unrest from endangering orderly progress. This is the most serious challenge to a government pledged to the twin ideals of democracy and national self-sufficiency.

I agree with Mr. Cépède that, perhaps in the long run, land reform which seeks to establish peasant proprietorship would lead to increase in production, although in the transition period there may also be quite serious adverse effects on production, unless we can ensure the supply of necessary credit and adequate administrative, technical, and other services in time. But there is another problem. It is not enough to increase production. What is required is to increase the marketable surplus as well. How to have peasant proprietorship in the country and at the same time increase the marketable surplus which is required to feed the new industrial and urban areas, is the problem which we still have to face. One solution of course, as Mr. Orlando has pointed out, is to have co-operative farming. In fact we have so far tried co-operative farming in about 600 units. But our experience is that the farmer prefers to have his own land and is rather averse to putting his land in a collective unit. He has a proverbial hunger for land which is not easy to overcome. And so my feeling is that perhaps co-operative farming may not have that attraction for the Indian farmer as is sometimes assumed. Possibly, a better solution would be to allow the peasant proprietor to have his land on an individual basis but to organize all other services that he requires, such as credit, marketing, supplies, and implements on a co-operative basis. Experiments on these lines are now being carried out in India and it is not an exaggeration to say that the future of democracy in these areas will largely depend on the success of these experiments.

P. DAVIES, *Council on Foreign Relations, New York, U.S.A.*

Mr. Cépède's paper raised some problems which I think need to be stressed. He said that under-developed countries do not always have non-agricultural resources in sufficient amount to enable the non-farmers to find means of supporting themselves and their families otherwise than by taking a share of the agricultural income. In

the under-developed countries, or many of them, there is a great population density. The necessity of alternative sources of employment for many of those formerly on the land needs more recognition. Land reforms in most densely populated countries cannot be carried out successfully—that is to say, economic family units cannot be provided—because pressure on the land is too great, and a greater rate of industrialization may therefore be a prerequisite to successful land reforms. I think that Dr. Sen pointed this out parenthetically.

Mr. Cépède also said that the size of a farm of given land area varies according to the fertility of the soil, the rainfall, the possibilities of irrigation, and the type of farming. It seems to me that the size of a farm has more often been determined in the past, in under-developed countries in particular, by the demand for land, and by too great pressure of population, than by some of these climatic or other reasons. One additional point: Mr. Cépède called attention to the fact that large farms appear to be associated with lower production per unit of land area, and gave as the reason that they are farmed very extensively. It should be pointed out, however, that large-scale organization *may*, in some cases, be more profitable than breaking up a land area into small individual family farms. Certainly for some crops a large-scale type of farming is more profitable than farming in individual family farm units, in spite of the social desire for individual family farms. I am thinking particularly of the sugar plantations in Puerto Rico, where this problem was overcome by setting up large-scale 'proportional-profit' farms, in order to achieve the social benefits of participation in the enterprise while, at the same time, establishing an economic system beneficial to the greater production of the particular type of crop which requires mechanized production and a heavy capital input.

P. L. RODRIGUEZ, *Mexico, and University of Wisconsin, U.S.A.*

To be successful, a programme of land redistribution must avoid the breaking up of holdings which, because of the kinds of crops being grown, constitute economic units. It must also avoid the scattering of parcels which may arise through a desire to benefit as many farmers as possible. Size of holding is of the greatest importance, and it should be determined by the kinds of crop and livestock husbandry appropriate to the physical environment, though allowance should be made for such variations as may become desirable through changes in population.

Apart from the land itself, there has to be legal provision for the

proper use of water, and there must be well qualified experts to advise the farmers about improved practices. It is time enough to embark on a programme when the farmers of a country, or a district, ask for it. No programme should be undertaken merely because some other country has done so.

J. P. BHATTACHARJEE, *India, and University of Illinois, U.S.A.*

It seems to me that the effect of land reform on the incentives of the producers is very important. In most countries the farmers who expect to benefit from land reform also look forward to a reduction of rent as a result of it. A lowering of rents boosts the incentive of the farmers, with a consequent increase in production, so the impact of land reform on production and marketing systems will depend in large measure on what happens to the level of rent and taxes subsequently. It is usually these fixed charges which make it necessary to rush agricultural products into the market for sale immediately after the harvest. If these charges remain high the pattern of the flow of goods and, in general, of marketing is not affected, nor is the production system. But if they are lowered, then both the time and the volume of flow of supplies into the market will change. There is likely to be an increase of consumption on the farm and also an increase in the demand for industrial products. In an under-developed country, this may very well give rise to a 'goods famine', such as was observed in Russia in the twenties of this century before the advent of the five-year plans. These effects of reform measures should be taken into account beforehand and remedies to combat their adverse effects devised before the reform is put into effect.

With the limited time at my disposal, I cannot go into the details of this aspect of land reform, but those who care to follow it up would find much to interest them in a paper by Alexander Erlich of Harvard on 'Preobrazhenski and the economics of Soviet industrialization', in vol. lxiv of the *Quarterly Journal of Economics*.

M. CÉPÈDE (*in reply*)

I do not have much to add because, apart from points of clarification, I do not think there have been many points of disagreement. My colleagues have raised questions which I could not have tackled in detail in my paper since the subject-matter of it was so wide that I had to limit it. I should like, however, to comment on two or three points, the first being the dimensions of the family farm. I said that the size of the farm was conditioned by primary factors, by the environment. Mr. Davies has questioned this and says that the dimensions of the farm are fixed more by the competition between would-

be farmers and by market conditions. I gave as an example, however, that when one has to distribute land by one system or another, one varies the sizes according to the condition of the environment. I quoted United States practice as an example: the first Homestead Act fixed an acreage, but it had to be enlarged as they drew closer to the dry sectors of the country; one had to take these factors into account when deciding on the size of the farm. With regard to the size of the family, it is possible to measure the work capacity of the family and by means of a manpower index to measure the amount of work it does, and to determine a suitable acreage by reference to such index. But I thought it was necessary to recall that the family does not mean the same for some agricultural groups as it does for a European or an American, because sociologically, so to speak, we are degraded as we tend to consider only the elementary family, i.e. a couple and non-adult children. And there are much larger and stronger family structures which can be observed in other groups, mainly in under-developed areas. In my country even, there are 'large families'. In many cases a limit cannot be defined for such 'large families' and very often we do not know whether it is a family group or a village community which we have to deal with. That is why I should say that we are not all arguing about the same size, when we speak of the size of the 'farm family'.

Concerning the co-operative, the question has been asked, 'Do you consider co-ops. to be collective organizations?' I say without hesitation, 'yes'. I include in the term 'collective system', the voluntary co-operatives as well as the less voluntary co-operatives, and those combined organizations which are partly administrative and partly co-operative. I sometimes call the administrative part of these a *curateur au ventre* of the future co-operative. Any of these constitutes a collective structure which enables one to give the basic family farm unit the necessary help, to enable it to compete economically with any other type of farming. And from this point of view I should like to say that when we speak of co-operatives, it may include the co-operatives of productive farming, but we are not then within the framework that I had sketched as a limit of my paper. I am not opposed to the co-operative solution but I wanted to discuss the problem of agrarian reform, based on the family type of farming, and when I spoke of co-operative in this paper I did not mean to integrate the family farm in the future in a larger productive group even if it is a co-operative, but to ensure a certain number of services by co-operative organization, e.g. for the common use of the instruments of production and for buying and selling.

Professor Orlando said that it had not been shown that the value of the land is always overestimated in relation to its economic level. If I have understood correctly, the objection here raised is an exception which occurs when there is a very strong demographic pressure; we have farms which are very highly rented but, in my own personal experience of such cases, although the rents were high, the real value of the land was still higher. I have in mind especially some sections of France where we have such high rents, but they give only a low rate of interest to the very high value of the land. Possibly in regions where there is greater competition between would-be tenants than between would-be landowners, it might be that you would find high rents without relatively high prices of land; I do not think these are the more general cases.

The claim that a large farm has generally a lower gross output per acre than a farm of family size has been questioned by Mr. Davies. I am afraid his quotation was not quite complete. I did not say only that large farms were extensively managed as in the case of *latifundia*, but I added that, even if they are intensively managed, the more 'economic-conscious' operator of the large farm will not, generally speaking, have gross output per acre as his target, but greater man-labour productivity, the optimum of which is, by reference to the law of diminishing returns, far below the climax of gross output per acre. On the contrary, the family-farm operator does not worry about human labour productivity; he is concerned much more with gross income and consequently with gross output per acre. For him acreage is the limiting factor and not human labour.