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THE ECONOMIC CONTRIBUTIONS OF PEASANTS ARE UNDERESTIMATED

— by William C. Thiesenhusen —

When Brazil's new constitution took effect in October 1988, it may have marked a victory for democracy, but the event was at best bittersweet for the country's rural landless. The constitution included an article that made it illegal for the government to appropriate idle but productive land for redistribution in agrarian reform. With this constitutional provision, the hopes of approximately 10 million families struggling for ownership of a scrap of land were dashed yet again. In Brazil, the news magazine *Veja* noted that in terms of the economy, the new charter "is a disaster," adding, "the section on agrarian reform is the most conservative the country has had since...1850."

In Latin America, the landless are often weak at the legislative level unless they can link up with parts of the middle class. Landlords tend to dominate the congresses. Peasants exercise their "power" in a country like Brazil with marches, demonstrations, or land invasions that call attention to their plight.

Most modern Third World governments have been brutal in coping with displays of peasant power. Amnesty International recently estimated that some 1,000 peasants in Brazil had been killed and hundreds more tortured in land disputes since the beginning of the decade. In Latin America, such massive repression keeps most nascent peasant revolutions impotent. And when repression doesn't work, a strategy of "reform and repression" often does; particularly vociferous peasant groups are offered token or small amounts of land or other perquisites by government officials in exchange for peasant acquiescence to authority in the future. This tokenism often renders the peasants quiescent and destroys their organization.

The landless in Brazil have little political muscle. What is underpublicized in discussions of farming in Brazil is the existing peasantry's contribution to the agricultural economy of the country. That Brazilian small landholders add much to GNP is usually denied; they are more often thought of as welfare cases (albeit ones for whom the social safety net does not work very well) than as stalwart and reliable producers. Thus, one hears landlords and their city allies complaining that agrarian reform, which would convert some landless into "peasants," should be resisted because efficient holdings would have to be broken up in favor of smaller ones. The new class of farmers would be poorly educated and employ inferior technology, making them unsuitable inheritors of the country's rural patrimony. Production would lag as a result. But would it?

A close look at how farming is organized is in order. One of the best recent data sources on the economics of Brazilian agriculture is the *1980 Agricultural Census*, which consists of dozen volumes, one or two for every state—a remarkable document indeed. A few simple calculations show that a great deal of land is being converted to agricultural production. The amount of agricultural land in the country doubled between 1940 and 1980. Expansion at the frontier continues today. Brazil is accommodating her high population growth by clearing more

land (though the country is also investing rather heavily in technology which raises productivity). Brazil is adding land to production by cutting the tropical Amazon forests and hacking down a narrow wooded strip along part of her Atlantic coast, both damaging the environment in incalculable ways.

In some cases small farmers may have initiated the cut-and-burn process, but their exhausted land is soon bought by large ranchers and speculators who get tax breaks for farming at the frontier (though a new law may help to change this practice). In 1980, 24 percent more land was under the plow than in 1970 (after an 8 percent increase in the 1950s and an 18 percent increase in the 1960s); two thirds of this land went into farms over 2000 hectares in size (a hectare is about 2.5 acres). The size category that grew fastest in the 1970s includes farms over 10,000 hectares).

Inviolability of Large Farms

Landholding in Brazil is extraordinarily concentrated: 50 percent of the farm families control only 2 percent of the agricultural land. At the other extreme, somewhat over 5 percent of the farmers control 70 percent of the land. Indeed, land has become somewhat more concentrated over the 40 years for which these data are available; no significant agrarian reform movement has been allowed to intervene with a correction, just as none is being permitted today. In Latin America, only Paraguay has a more inequitable landholding pattern. Brazil's land resources are about as inequitably distributed as Guatemala's.

Some observers, while admitting the evils of inequality, believe that greater damage would occur if production dropped in the wake of an equity-adjusting land reform. The argument is powerful; if accurate, countries may have good reason to be wary and timid about prospective agrarian reforms. After all, the urban industrial sector needs to be catalyzed by the plentiful (and therefore cheap) food which farms sell. But the disputable crux of the issue is the proposed inviolability of large farms because of their supposed higher productivity of foodstuffs.

Small Farms Are More Productive

But is the productivity of large farms exemplary? Some large farms undoubtedly are highly productive, and data show that between 1970 and 1980 middle-sized holdings (50-2000 hectares) increased their per-hectare productivity at a faster rate than small farms (though from a very low level). What is astounding in the census data is the vital role being played by the mainly peasant farm group. The *1980 Agricultural Census* shows that the group of farms with less than 50 hectares controls only 12 percent of the farmland in the country, but these farms generate 40 percent of Brazil's gross farming receipts and account for a whopping 50 percent of Brazil's net agricultural income. In contrast, large farms—those over 2000 hectares—control 35 percent of the agricultural land in the country but generate only 9 percent of farm receipts and 5 percent of net farm income.

One reason small farms do so much better is that they are more apt to cultivate crops on their land than are large farms and use cheap family labor to do so. Crops gross more per land unit than do livestock which are usually pastured on large farms. Farmers with less than 1 hectare plant 90 percent of their land to crops; that figure is 64 percent on farms from 1 to 10 hectares. By contrast, farms with 2000 to 10,000 hectares in size plant crops on only 5 percent of their land, and the figure is only 2 percent for farmers with more than 10,000 hectares. Fur-

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thermore, small farms use more inputs such as fertilizer per hectare and pay out less for hired labor. A higher percentage of land is either fallow or wasted on large farms than on small ones.

As a result, highest incomes per hectare are enjoyed by the smallest farms. Nonetheless, although some policymakers are convinced that while small farms are rather efficient, they argue that small landholders consume most of their product so that they do not contribute to overall economic development. The census shows this is not to be the case in Brazil. Farms over 2000 hectares market 96 percent of what they grow, but the tiny 1-to-10 hectare farms sell well over three-quarters, on average, of what they grow, hardly a pittance.

Small Farms Conserve Capital

Another interesting point emerges from the census figures: large landholders in Brazil tend to use precisely the resource which the economy has in short supply—capital—while small

farmers use this scarce resource sparingly. The smaller the farm, the larger the labor input per hectare. With so much unemployment in Brazil generally, using labor instead of scarce capital often means that tiny farms can economize on the scarcest resource, capital. This is no mean achievement in a nation that records the highest international debt of any Third World country. To illustrate, the 0.1 to 10-hectare small farms use about two fifths of all rural labor (mainly non-wage family labor) but only 8 percent of the capital. In contrast, farms over 2000 hectares use 3 percent of total rural labor but 21 percent of the capital.

If this relationship holds in other Latin American countries, the conclusion is obvious: agrarian reform will not have disastrous effects on farm production. Further, agrarian reform could lead to increased use of labor in farming and ease the demand for capital. Developments in China suggest that its leaders now recognize the potency of its peasantry. Leaders in the United States and Latin America must also recognize the contributions that peasants can make to Latin American economies.

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