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AGRARIAN REFORM & ECONOMIC GROWTH IN DEVELOPING COUNTRIES

PAPERS FROM A SEMINAR ON
RESEARCH PERSPECTIVES
AND PROBLEMS

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AGRARIAN REFORM POLICY AS A FIELD OF RESEARCH

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We are concerned in this exploratory essay with questions of research -- research into the foundations of agrarian reform policies. Among the issues we seek to understand are these: how to relate considerations of land reform and agrarian reform policies to more inclusive issues in public policies, as well as to economic development; how to deal with the issues of freedom and economic power in situations likely to evoke land reforms; the relation of land tenure to meaningful citizenship in new nations; and the problem of continued progress, after a land reform has been carried out, toward the ideals or objectives that inspired the reforms. More particularly, we are trying to formulate categories which may be relevant to analysis of both the conditions that evoke reforms and the requirements of continued progress after the reforms.

It is the fact that reform, and particularly land reform, has become a major issue in American foreign policy and world politics that pushes us into this broader field of inquiry. If America is to have a constructive, consistent, and enduring policy on foreign assistance, the reform issues need to be faced. This is now accepted by our Government. This acceptance puts up to us the question of whether we know enough about the basic issues to train professional people to deal with them and offer counsel to our Government. This requires, as a minimum, that we have a theoretical interpretation of land reform that is global in scope and related to the fundamental powers of government and requirements of economy so we can interpret the experience of Russia, Mexico, India, Egypt, Kenya, the United States, and all the rest, in a common frame of reference. This is a tremendous task, but many of the elements of the formulation have been thought out, and we have much to build on.

I.

Although land reform and agrarian reform may be considered as the same phenomenon, it seems useful to distinguish between the two terms, the latter being considered the more comprehensive. A land-reform program is directed toward the redistribution of wealth, opportunity, and private power as manifest in the ownership and control of land. Agrarian reform has come to have the broader meaning, at least in the discussions of policy in the United Nations and the U.S.A., of the reconstruction or reformation of the whole structure of the agricultural economy by the creation of appropriate institutions and public services designed to strengthen the economic position of the independent farmer. Thus considered, agrarian reform supplements a redistribution of opportunities on the land with market, credit, and educational services, as well as progressive taxation. On the basis of such distinctions, land reforms are viewed as remedies to correct situations that have become so congested with the inequalities of private power or the backwardness of the traditional economy as to require strong action if economic development and social progress are to be achieved.

Such reforms are matters of public policy. Consequently, systematic inquiry requires formulation as the interrelationships and transactions relate the exercise of the powers of government to the use and occupancy of land and the related dimensions of opportunity. We need ways of identifying and formulating the public issues referred to by such distinctions as order, property, freedom, liberty, citizenship, and taxation, particularly as they relate to the occupancy and efficient use of land.

But the public is not everything; actually, it is not public in a meaningful sense of the word unless the term "public" is understood in relation to the zones of privacy and discretion which we call private. From a policy viewpoint, in our western tradition at least, the public is the matrix for the private -- for the private is made secure and enjoyable only by limits placed on the exercise of public power. The land policy and land use regulations of any country reflect precisely the ways in which public and private are held to be interrelated. Consequently, the principles built into a land reform policy in this regard both reflect the philosophy of government and implement the ways in which public and private are reciprocally interrelated. The exercise of the sovereign powers of government are public functions, and through the exercise of

these powers the public interest is expressed and protected in privately held land. But within wide limits, the use and occupancy of land in a system of private ownership are matters of private choice.

II.

Let us turn first to the design of the public categories for analysis of the exercise of the sovereign powers of government in relation to the possession, use, and occupancy of land. For the basic insight, I propose to draw principally upon the work of John R. Commons, especially in Legal Foundations of Capitalism. Although his analysis was directed toward an understanding of the ways in which the definitive beginnings of the modern Anglo-American exchange economy were derived from the feudal organization and the guild system in England, I judge the categories to be of general significance because this is a record of the way in which liberty, freedom, and the derivative efficiency were achieved out of absolutism, servitude, and the traditional economy.

Commons notes that there were two elementary sources of the organizational structure of the modern Anglo-American political economy -- the customs of the people and the prerogatives of the rulers. The customs were the social practices or working rules by which landlords and tenants dealt with each other or by which the guilds regulated the practices of their members. The prerogative in the centuries following the Norman Invasion was exercised by an unlimited monarchy. In the struggle between the Crown and the different groups of people insistent upon enlarging their own areas of security and freedom of action -- which lasted several centuries -- the elements of a modern democratic, opportunity-oriented political economy were devised. Among the great landmarks in the struggle were Magna Charta, 1215, and the Act of Settlement, 1700. The latter established a limited monarchy and the way was opened for the modern era. The critical point was the achievement of limits on the exercise of arbitrary power by the Crown. Thus was rule by unlimited prerogative converted to government by limited sovereignty.

This limited sovereignty permitted, in the field of human action, an "indefinite residuum," "an orbit where the will is free" -- to use Commons' phrases. ^{1/} By the curbing of the powers of the Crown, this residual zone of freedom of action in land use accrued to the tenants of the King -- for it was out of the struggle between the Crown and the landlords that this matter came to final issue. The Crown yielded because it was forced to do so; and the issue was forced because the landlords had armies of their own and the Crown needed their support and willing participation. The outcome was that the landlords, although still "holding" land under the Crown, became the de facto owners. In the process, the customs of landlords and tenants became the common-law basis of the law of real property; as were, at a later date, the customs of the guilds to become the common-law basis of the law of business.

It turned out in an age of technological advance in agriculture, with a widening system of markets and specialization in production for sale, that this "indefinite residuum" became the field of action of entrepreneurs and the area of opportunity to develop and exploit the potentials of technological innovations, capital intensification, and market sale in an era of rapid economic development. The freedom to exploit these potentials was assured by the rules of property which gave the owner and user of land security of expectations, but this security, in turn, was derived from the great fact of a limited field of arbitrary action by government. In the long process of contests and compromises, which has continued down to date, the powers of government with reference to land became functionally defined around the powers of taxation, eminent domain, police power, and the use of the general power of spending.

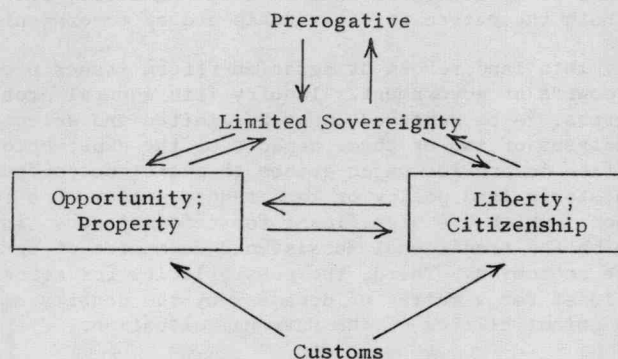
The separation of property from sovereignty was made secure by a "compromise set of working rules," ^{2/} which provided the essentials of both the independent judiciary and representative government. This gave a new balance of power in the system and replaced the more limited arrangements implicit in Magna Charta whereby the lords could protect their "liberties" only by threats and even acts of civil war. The significance for the issues of agrarian reform of these provisions, which effectively secure property rights in land and individual freedom through limited sovereignty, representative governments, and independent judiciaries, would appear to be very great. It is not that one would expect to transplant the system, but rather that out of this experience one should be able to derive the theoretically rigorous integral relationship between and among the functioning parts.

^{1/} Legal Foundations, p. 221.

^{2/} Ibid., p. 104.

Consequently, we take from this analysis a set of concepts which we judge to be interrelated by rigorous implication and to have intrinsic relevance to any economy through the necessary interrelationships of authority, order, and interdependence. If there is to be a government by limited sovereignty, there must be some dependable way of placing limits on the exercise of power by those who control the government. It is precisely this set of restraints that is wiped out by the communist and military dictatorships of our day. But unless there is a limited sovereignty, rightful liberty for the citizen is not possible. Or obversely, citizenship is a rightful sharing in the exercise of sovereignty. In a parallel manner, the rights of property are the rights to exercise one's own will with respect to a thing and this right is nonexistent unless there is a residuum of opportunity to use and enjoy where the will is free. The genius of the common law method of rule making was that the working rules by which the rights of property were made secure and the liberty of the eventual citizen assured were drawn selectively from the customs of the people.

This set of interrelations may be visualized by schematic presentation.



The principal points I would emphasize, in anticipation of more specific comments on land reform policies, are: (a) that limited sovereignty, the liberty of the citizen, and the rights of property are reciprocally interrelated -- each modifies the other; ^{3/} and (b) that these relationships are formal and procedural, with the substantive content in each society a matter of policy, opportunity, etc.

The logical relationship of land rent to land taxes and the exercise of police powers is also implicit in this formulation. The rent of land is derived from the use and enjoyment of land, made secure by property relations which give security of expectations regarding the indefinite residuum of opportunity to use the land. Schematically, this may be presented as:

unlimited prerogative	:	limited sovereignty, defined rights	:	taxes and police
over land use and	:	regarding land	:	power regulations
occupancy	:		:	<u>as sovereign right</u>
	:		:	
→	:	indefinite residuum : property in	:	rent as residual
	:	to holder of land : land	:	value of freedom
	:		:	to use

Again the historic derivation of relationships is of general significance only by the inherent relevance of the categories. In our Western tradition, the retained sovereign rights to tax and regulate are ways of expressing and protecting the public interest in privately owned land. Both take away the value of land without compensation when viewed from the private perspective of property and rent; but property, and consequently rent, are deductions from sovereignty when viewed from the public perspective of history.

^{3/} The essential point is the establishment of citizenship and property rights by working rules. It is, of course, possible to have citizenship without property in land in the opportunity-ownership sense of property. However, some kind of property -- such as the ownership of bonds which Commons calls property rights by the law of encumbrance -- is virtually necessary if personal freedom is to be meaningful over a lifetime.

The relevance of this distinction for the issues of land reform is perhaps obvious. Clearly, where ownership of land is encumbered neither with the payment of taxes nor by the contingent liability of land use regulations, landownership becomes a privilege, restricted only by the threat of confiscation. Also, the distinction between rent and taxes disappears where private property in land is wiped out, as in a communist state, along with the indefinite residuum of opportunity for the independent exercise of the will, and land use becomes a matter for specific administrative determination by the government bureaucracy.

III.

The substantive content of public policy toward land use and occupancy is a matter of emphasis and public purpose, within such relationships as formulated above. Thus an agricultural policy dedicated to the establishment of a system of owner cultivatorship inspired by the ideal of equality of opportunity, leads to a different kind of agricultural economy than where land is granted or taken in large holdings, the cultivators being laborers, peons, or sharecroppers. The concentration of the ownership of agricultural land in a few families, i.e., a skewed distribution of property, modifies both the nature of citizenship and of government.

Consequently, inquiry into land reform or agrarian reform issues needs to be made within the general context of the powers of government. Inquiry into general problems of economic development and social progress, to be achieved, must be limited and selective. It is our judgment now that the correlative analyses of two or three aspects of the experience of a nation in land use and occupancy would suffice to provide major guides to policy decisions. First, an understanding is needed of the historic land policy or land tenure policy of a country. Second, there appear to be differences, which are significant for reform issues, in the histories of countries in the ways in which the traditional subsistence economies of agriculture are modified in the direction of exchange economies. Third, the possibilities for reforms that institute freedom may be limited, at least for a matter of decades, by the density of population in relation to the resources and potentialities of the national situation.

The policy toward land tenure in a traditional society is characteristically built upon the custom that the land belongs to the person who occupies and uses it -- "mixes his labor with the soil." The extent of holdings is related to the needs for survival and direct use. The tenure policy of a sovereign government is based on property in land, or some other administrative procedure, sanctioned by the sovereign powers of government.

Under a property policy of tenure, land becomes an item of investment unlimited by the requirements of personal use. Thus, through development, national independence, and so forth, conditions arise whereby the two systems of land tenure conflict. At the very least, the conflict of the systems -- of customary and state tenures -- poses a problem of "form" -- of molding a customary tenure system into a pattern of property and administrative relationships consistent with modern requirements of state and economy.

Correlatively, the transition from a subsistence to an exchange economy requires basic modifications in the form of the economy -- and again one of the strategic elements of form is the nature of the property relations in land and especially the distribution of the ownership of land. If the commercialization of agriculture occurs in ways that pauperize subsistence cultivators rather than expand their abilities and opportunities, the development process itself leads to a set of conditions such as evoke land reforms.

Since agrarian reforms must start from the here and now, it is not to be expected that ideal forms of society and economy can be projected and achieved in the same way as though the situation had the qualities of clean slates. Probably the most stubborn relevant feature of situations in older countries is the density of population.

IV.

The land reforms of the modern era, in the sense of a drastic redistribution of equities and interests in land, have occurred, or have prospects for occurring, in situations where there are great disparities of power, wealth, and income in agriculture. Furthermore, land reform programs other than spontaneous peasant uprisings are always political as well as economic. In a deep sense, they are primarily political -- for land reforms are attempts to modify the economic basis of politics. In the reforms in the pattern of western liberalism, they are intended

to put an economic basis under democratic citizenship. Under the auspices of communists, the reforms are intended to break the political power of landownership.

A traditional technologically stagnant agriculture, in which all persons in agriculture were equally poor, or nearly so, would have problems of development and of "form" -- but not of reform. The idea of reform in the Western tradition carries connotations of expected improvement through equalization of opportunities, powers, and privileges. That is, proposals for reform assume that the inequalities are handicaps to progress. This belief lies deep in the mind of modern man, at least in the Western world.

Very probably no completely definitive position is defensive on this issue. However, it seems incumbent upon research scholarship to try to distinguish among significantly different ways in which great inequalities have come about and to devise some means for evaluating the importance of degrees of inequality. There is now great inequality in underdeveloped countries and many influences in life which make inequalities cumulative, including freedom. That is, there are deep reasons for an egalitarian emphasis as a rough guide to reform policy. For example, the economies of scale in agricultural production are such as provide a strong economic efficiency argument for the family sized farm; also, a society of independent farmers has possibilities for democratic citizenship which are lacking in a society of largely dependent peoples.

As a gross beginning for a classification of agricultural conditions evoking reforms and as illustrative of the problem, it may be well to note some of the different kinds of situations -- and how they have come about -- in which there have been such disparities of power, welfare, income, and status as to lead to land reforms or agrarian revolutions.

A. Feudalism in the European sense.

The development of feudalism as a land-based economy and society of status -- with reciprocal but unequal rights and duties or privileges and immunities -- occurred over such a large part of the world that it is noted here, chiefly to suggest that both the similarities and differences of Feudal Europe from the contemporary situations in underdeveloped areas deserve careful consideration. The researches of the historians of feudalism are available to students of reform policy as a resource. It is a fact of seemingly great importance that both Western liberalism and Marxian-communism came out of this once-feudal seedbed. Commons has analyzed the first; Mitrany has an illuminating analysis of the way land reform fits into the second -- the triumph of communism.

Of all the feudal societies, only Japan seems to have succeeded in developing into a modern industrial nation while retaining the status structure characteristic of feudalism. The land reform issue in Japan was therefore primarily political, intended to provide an economic basis for a democratic system. In this it succeeded, as evidenced by both the rates of economic growth in agriculture and the neutralization of the communist movement in the countryside.

B. Inequalities created by grants of land for administrative purposes by presumed prerogatives of conquest.

The policy interpretation or hypothesis which I would like to see tested out in Latin America may be suggested by the tentative comment that follows.

The granting of huge tracts of land to conquistadors, religious organizations, military people, and court favorites was deeply influential in the history of Latin America and the Philippines. This policy introduced a highly centralized hierarchical system, based on large holdings of land, into the new world. Latin America, generally speaking, was conquered by Europeans, not settled as was the U.S.A. A large number of indigenous people were found -- and used. Consequently the land policy of the colonial era was designed as a method of administering areas, dealing with people, and extracting products for the mother country. As a consequence, there was fastened upon Latin America a system of landed estates and centralized administration which became the basis of centralized governments in the era of independence.

In terms of the categories presented schematically above, colonial government was government by unlimited prerogative. With independence, government remained very much government by prerogative of the few who owned the valuable properties of the countries. Since only these few counted, there was no way to significant citizenship of the masses of the people by

participation in sovereignty. As I would now interpret it, this lack of participation in sovereignty reflected the lack of effective or rightful participation in the economy. In fact, the native people continued to live in their customary world, by a traditional subsistence agriculture.

The Europeans and their satellites lived in the same countries but in different worlds from the native, and now subject, peoples. The Europeans owned property by sanction of the authority of government. The natives subsisted on plots cultivated under customary tenures, which from the viewpoint of property are squatters' rights. This was evidently true even when the plain people worked on haciendas, and later the plantations. They still remained customary tenants producing their own food, and paying for the privilege of customary holding by services to the hacienda. Such was the origin of minifundia and latifundia. Out of this complex came a centralized government, virtually owned privately by the few.

The politics of Latin America since independence has centered around the struggle of devising and maintaining stable governments on such a historical and economic base. The closer these countries move to constitutional democratic governments -- the trend of modern decades -- the more urgent becomes the need for reforms to put an economic basis under a significant citizenship. It is this struggle for a significant citizenship, which can be achieved only by measures combining development with equalization of opportunities, that makes the Latin America of today peculiarly susceptible to peoples' revolutions.

Land reforms are only one facet of this revolutionary drive toward equality. It might have been possible in the colonial era and early years of national independence to have achieved a basic equality of opportunity by a policy of land to the cultivator, just as land settlement and development policies offer some escape from the predicaments of today. But such policies while essential, in my judgment, are no longer sufficient. For one thing, the persistence of the traditional customary minifundia type of survival for the masses of the rural people has exported this same poverty to the cities, which are now being engulfed in it.

The problem of land reform in Latin America is complicated by the progress already made toward commercial agriculture. Whereas in the colonial era, all was subsistence agriculture, there are now valuable areas of highly developed commercial agriculture. Even in the revolutions of Mexico and Bolivia, the basic agriculture was principally of a subsistence sort -- including the haciendas. But in Cuba, it is different. Where a land reform program confronts a commercialized export-crop type of agriculture, it is necessary to consider whether opportunities are to be equalized by grants of land or by the expansion and security of job opportunities for the workers.

The zamindari tenures in India were created by a process similar to that which gave shape to the tenure system of Latin America -- a grant of rights in land as an economic benefit for the purpose of colonial administration. The interest was different, but the tax-collecting privilege sanctioned by colonial prerogative soon matured into an equitable interest in land against which the customary occupiers of land had no rightful protection.

This grant of privilege and power in colonial India was made to native people, to Indians, and this is significant. In Latin America, the privileged position of the Europeans created a dual society which remains a serious obstacle to social progress in several countries.

C. The Assimilation of landownership to tribal status.

The processes of economic development that make land valuable are likely to intensify positions of economic power already established in the tribal hierarchy. More particularly where the tribe is headed by a single powerful figure -- as historically in parts of Africa and the Middle East -- there is no separation of powers. The head of the tribe is the strong man -- virtually an absolute monarch -- in whom economic, social, and political power and responsibility are vested.

A deeper understanding of the ways in which the processes of development have been influenced and affected by the structure of these tribal societies would likely shed much light on the background issues in land reform, at least in the Middle East.

The Middle East -- the Arab world, Iran, West Pakistan, and Afghanistan -- is predominantly dry country with cultivation largely dependent upon irrigation. Historically, this has

meant that settled cultivation was on relatively small areas with the vast expanses utilized by pastoral nomadic methods. Since the dawn of civilization, the desert and the field have been in conflict. But the social organization seems to have been influenced most by the tribal societies of the pastoral peoples.

The growth in native population in recent centuries, the opening up of external markets, and the greater productivity of land under a sedentary and irrigated culture have combined to increase the value of land. Consequently, there developed at least rudimentary property rights in land, and land became valuable property.

The economic development of agriculture under Middle Eastern conditions is fairly represented, I judge, by the case of Iraq. Although there was a system of property rights in land under Turkish rule, it was not until after World War I that the country was given its present name, boundaries, and an independent government. One of the first moves toward development was an attempt to establish a system of valid negotiable titles to land. Since this is a very old country and all of the land had been occupied for countless centuries under some kind of customary tenure, one critical question was that of how to determine which land belonged to whom. The principle adopted -- or at least the principle that rationalized the procedure -- was the familiar one that the land belongs to the one who has cultivated it.

When this individualistic idea was applied to tribal societies, it turned out that the "cultivator" was the man whose will was dominant in the tribe or family group. Consequently, titles to large areas of land were assumed and generally validated for the headmen. Because of the laxity of the working rules under which people established claims to ownership for land, large numbers of city persons of wealth and influence also established title claims by brief excursions in "homesteading."

Although this process is more easily traceable in Iraq than in most areas, the outcome was evidently much the same all over this Middle Eastern area; a few of the people with powerful status acquired ownership of much of the desirable land.

As the nation-states of the region took on more modern forms, it became necessary to centralize the sovereign powers of government in the national governments. This process evidently consisted of two parts: (1) depriving the sheiks, or the heads of tribes, of their sovereign powers of government and asserting these powers at the center, which created a monolithic structure of sovereignty, without a significant sharing in sovereign power by either provincial or local governments; and (2) the formation of parliaments to which the representatives elected were almost wholly from the small groups of influential landlords and other persons of wealth. Several of these parliaments have been abolished by the military dictatorships of recent years.

In terms of the set of categories presented above, as the function of sovereignty and the rights of property became differentiated, away from the earlier unlimited prerogatives of the heads of tribes, the ownership of property in land became concentrated in the hands of persons of status in family and tribe, thus giving them great economic power relative to the subordinate members of the families and tribes. But the advent of central government, while formally stripping the heads of tribes of their sovereign powers, actually left such sovereign power as was not exercised by the Kings in the hands of the same class of persons as elected to parliaments, who also owned the wealth of the country. As a result, the people remained essentially members of the tribes and sharecroppers but not effective citizens. The landlords virtually owned both the country and the government -- except as the power of the government was retained as a prerogative of the King or, before independence, as the prerogative of the colonial government.

Such land reform as has occurred in this part of the world, has come chiefly through revolutions by military dictatorships ^{4/} -- which revolutions have characteristically (1) abolished the parliaments, and (2) instituted land reforms designed to break the political and economic power of the landlords.

This is not the whole story of the Middle East, of course. There are areas in which individual proprietorship has persisted. Also the kind of adjustment of powers depicted above has a historical spread, with Egypt having gone through adjustments in tenure for a hundred years under a commercialized agriculture. Also, new tenure forms have been devised in the Middle East

^{4/} Iran is an exception to this statement.

in recent years, particularly in Egypt, Israel, and The Sudan. The characterization here is directed to an interpretation of how the functions of sovereignty, property, and citizenship have been differentiated and combined in a part of the world where tribal societies have been a strong and dominant form of organization.

- D. Situations in which grants of land were made to foreigners by colonial governments for purposes of developing commercial agriculture.

The granting of land by an occupying colonial government to its citizens or to persons of its own selection, was a fairly common way during the 18th and 19th centuries of developing a commercial-export-crop type of agriculture. The development of this enclave type of economy served, as a minimum, to introduce a modern commercialized agriculture into a sea of subsistence agriculture. But it also brought Japanese into Korea, Frenchmen into Indo-China, Dutchmen into Indonesia, Englishmen into Kenya, and by a slightly different route, Americans into Cuba, and so on. Come independence, and the property of foreigners is in jeopardy.

If one may interpret such situations with the set of categories postulated above, we have in the characteristic colonial situation, government by prerogative. The property rights of the enclave settlers and landowners are property rights by sanction of foreign prerogative only, unless and until a constitutional sovereignty is developed by the people themselves which recognizes the rights as valid property rights. Although this seems to have happened in India, it is not the common rule. Consequently, when the powers are assumed by the newly formed independent government, it is quite common that the rights of property in land -- of the once owners by sanction of colonial prerogative -- simply disappear for want of sanctions. The new government either takes over these lands as public domain -- which is a usual case -- or the peasants move in and occupy the lands under their customary rules of tenure, or both.

In such situations, there are actually two very different kinds of reform problems; one is concerned with the future of once foreign-owned land and the other with the future form of the customary tenures. Although the disposition of lands held by aliens is full of dramatic and explosive political issues, the reform of the native tenures is a more important development issue. The natural tendency, one senses, is to pull the lands held by foreigners back into the orbit of customary tenures. But the customary tenures are almost certainly ill-adapted to promotion of the economic development of agriculture. Consequently, the more inclusive problems of agrarian reform are concerned with the modernization of the traditional agriculture and customary systems of tenure.

- E. The Transition from customary tenures to tenures based on publicly sanctioned procedures, including property rights.

The transition from customary tenures sanctioned by tribal practices to a more formal, state-sanctioned type of tenure is going on over much of Africa -- and elsewhere. One of the critical issues for research inquiry in such situations centers in the question of the degree to which (a) native ideas and customs of land use and occupancy can be used as a basis for the more formal organization of a modernized agricultural economy, in comparison with (b) the introduction from outside the culture of systems of law and economy. My impression is that earlier colonial policy, of the 19th century, emphasized the latter alternative, but that the progressive European colonial powers have become more concerned with building upon the basis of native practices. ^{5/}

British colonial administration in East Africa has chalked up to its credit several remarkable achievements in recent years relative to this transition from customary to more formally sanctioned tenures. A basic document in this effort is the East Africa Royal Commission Report 1953-1955. ^{6/} This report, which is essentially recommending an owner-cultivator type of agricultural economy buttressed by public services, marketing boards, and fee simple ownership of land, has been deeply influential in agricultural administration in this area of British influence and responsibility. In Kenya, for example, in the areas of greatest mau-mau disturbance of a few years back, the agriculture is being shifted to this type of owner-proprietor

^{5/} This distinction is approximately that noted by Commons, above, in observing that there were two sources of origin for the political economy that developed in England -- the prerogative of the rulers and the customs of the people.

^{6/} Her Majesty's Stationery Office, London, 1955.

farms, through consolidation of holdings, clear demarcation of boundaries, and registration of title, ^{7/} with land treated essentially as an item of investment.

Although this type of tenure and development problem is surely a matter of reform, the need for reform comes not so much from the disparities of power and poverty, as in the need to achieve new and improved forms of economy.

In terms of the basic categories chosen as possible guides to inquiry, the problem of land tenure in such situations cannot be formulated without reference to the more inclusive arrangement for the exercise of the powers of government. The strategic problem in both the development of new forms of tenure and economy from customary and traditional agriculture and the disposition of foreign -- enclave -- lands is the effect on public order of the transition from government by colonial prerogative to the exercise of sovereign powers by self government. In the absence of effective parliaments and responsible citizenship (which cannot be developed in a day), there would seem to be virtually no alternative to government by prerogative by those who command the powers of government. This transition in the Congo resulted in disorder. It is possible that the new governments may accept the already established systems of property in land as the means of public administration, as has occurred in The Sudan, but such a performance will almost certainly be confronted by strong pressures from the tribal past over much of Africa.

F. Concentration of landownership by the cumulative inequalities of economic development.

This suggestion on a focus of research for agrarian reform policy is made partly out of the general belief, or notion, that the way in which the traditional subsistence agriculture of Asia was drawn into the economy of markets, debts, and property relations was probably a source of great inequality over time; and partly, out of a puzzle as to an explanation for the situation in China in this century. Perhaps something of the same interpretation might explain the need for reform in the Ryotwari areas of India, and possibly too, the financial success of the Chetaryar money lenders in Burma.

In brief, the notion is twofold: one, that the gradual though partial involvement of a subsistence agriculture into the market economy of property, debts, and business arrangements works out so that the institutions are absorbed by peasants into their own subsistence survival arrangements by using the security of property to enhance the family wealth through carefully arranged marriages, by meticulous attention to inheritance rights in land, and so forth. Thus, although property rights and credit arrangements put a new capital structure into the core of peasant agriculture, these arrangements have been valued, used, or avoided largely in terms of the family subsistence survival objectives of a peasant society. In contrast, following the distinctions made by anthropologists, the elite part of the society (of which peasants are the other) has been able to use these new arrangements as instruments of business opportunity and power. Under the pressures of population growth, economic instability, and shortage of capital, the elite groups -- landlords, lenders, and merchants -- have been able to skim off the benefits of economic progress. Over time, this process leads to a cumulatively greater wealth for the elite groups and deeper poverty for the peasants. The second part of the explanation is therefore the absence of any genuinely equalizing influence in public policies. Such protection accrues to peasants as a right only as they become citizens. The Chinese peasants have never been citizens in any meaningful sense of the term. Under government by unlimited prerogative, those who are ambitious fight over the right to share in the privileges, and there is no genuine public interest or public purpose. How valid these interpretations are I can only guess, but it does seem to me that more systematic knowledge of the tremendous effort that has been made in China over earlier centuries to engage in land reforms would be illuminating.

The general policy issue here centers on the question of the requirements which public policies need to meet in order to sustain over decades or centuries a tolerable degree of freedom and equality of opportunity in agriculture, once established. More specifically, the issue raised is whether there are not serious structural problems of freedom and equality within agriculture -- (an issue that has been largely ignored in modern agricultural policy of Western countries). Historically, there may have been no genuine possibility of pursuing an effective policy of equalization of opportunities within agriculture under the conditions that have prevailed in Asia. Neither under colonial rule nor under government by the prerogative of Emperors -- as in China -- are peasants citizens with capacity to press for considerations of equity or justice.

^{7/} The story is well told by Elspeth Huxley in A New Earth, An Experiment in Colonialism, Chatto and Windus, Ltd., London, 1960.

Agrarian reforms or agrarian revolutions result when direct and forceful assaults are made upon such varying situations in agriculture. Such reforms or revolutions are distinguishable one from the other by the ideology and the purposes that inspire them. Consequently, there are at least four different approaches to agrarian reforms which need to be distinguished: peasant revolutions, revolution by military dictatorships, communist revolutions, and the revolutions or land reforms according to the ideas of the Western tradition.

A. Peasant revolutions.

The revolts of peasants in our time should probably be called part-revolutions, but peasant revolutions have been of considerable consequence in the modern era. Characteristically, they seem to be inspired mostly by a determination to regain privileges and opportunities which the peasants of a particular locale once enjoyed, deprivation having come by the impositions and encroachments of an extended landlordism. The power of peasant revolutions is evidently directed to specific situations, for peasants' customary claims to a rightful status on the land run in terms of particular areas of land.

The revolutionary potential of peasant unrest is manifest in two different ways, in the struggles over agrarian reforms. One is the possibility of an explosion of sullen resentment and despair into blind violence. This happened in Mexico in 1910 and ran on for years with great loss of life and destruction of property. Something akin to this happened also in Russia in 1917, and in Bolivia in 1952. But such peasant revolts lack both the power and the ideologies to succeed decisively in carrying out a genuine agrarian reform. It is mostly when the potentialities of peasant revolt are channeled into movements shaped by outside leadership and tough ideologies that peasant revolts become an effective part of revolutionary movements. The Marxian-communist group has become adept at exploiting peasant discontent in this way. But approximately the same opportunity is open also to leaders of democratic faith devoted to economic reconstruction and development.

B. Military revolutions.

By military revolutions in this context, I refer to situations where military officers seize the government by coup d'etat and undertake land reforms. Such revolutions have been numerous in the Middle East and Asia in the last decade (similar revolts have taken place in Latin America).

In all cases recalled, such revolutions have occurred where there were the beginnings of a parliamentary system of government. The parliaments are invariably abolished, and the land reforms -- at least in the earlier years of the regime -- center upon the dismemberment of the large estates in order to break the political and economic power of the landlords.

In terms of the basic categories established in this comment, government by the military becomes again government by unlimited prerogative. The closing of the parliaments symbolizes, even if it does not fully effectuate, the removal of constitutional restrictions upon the arbitrary exercise of power by the ruling group.

Significantly, however, in the usual case, private property in land is retained. A ceiling is placed on individual holdings (which are something like 20 to 50 times the size of the average peasant holding). Private investment in land is permitted, although rents are likely to be regulated. However, the nature of property in land, and of expectations regarding the future are changed. The ownership of land becomes in effect a privilege, rather than a right. ^{8/}

Perhaps it would be more accurate to say that such regimes continue to rely upon the private ownership of farmland as the means of public administration of land use. Put this way, it is conceivable that rule by absolute prerogative might continue indefinitely to honor the

^{8/} One dimension of the problem of property is, of course, the role and degree of independence of the judiciary in these regimes.

working rules of property in land, for this purpose, by the restraint of forbearance rather than the compulsions of limited sovereignty.

A somewhat similar fate befalls the beginnings of citizenship. The citizenship which remains, if such it may be called, is a privilege rather than a right; and again it is surely significant that major efforts are being made, as in Pakistan, to devise a system of representation on advisory councils by means of popular vote, to institute at least the form of popular elections.

These military dictatorships have come into power in response to deep-seated problems. The parliamentary systems of government have not worked well, and the new regimes have made great efforts toward social and economic progress. But it is difficult to characterize in a definitive way the deeper meaning of land reforms, because the military dictatorships so far seem to lack a consistent ideology. They are experimental.

Very probably this (loosely) pragmatic approach to policy cannot be continued indefinitely. Once a dictator has abolished all restraints on the powers of government, there are tremendous pressures toward complete totalitarianism. Not the least of the pressures in this direction is the Marxian ideology of revolution, readily available, which has answers for day-to-day administrative problems. But there is also the possibility that the devotion to land reform, the desire and the intention to establish a system of independent farmers, can become the de facto means whereby the privileges of property in land and the privileges of "citizenship" are expanded into rights, with tough legal sanctions -- as happened a few hundred years ago in England.

C. Communist revolutions.

The communist revolutions of our time, like the military revolutions, have come about where there were the beginnings -- sometimes substantial -- of parliamentary government. Here too, parliaments have been abolished and government becomes again government by unlimited prerogative -- by prerogative of the party bureaucracy. Private property in agricultural land disappears -- except for some rights to occupy home sites on the periphery of collective and state farms. Such citizenship as there was for a few is wiped out; instead, there is membership for a different few. In principle, the transition from subsistence farming to an exchange economy is complete, with agriculture organized into industrial-type collectives.

The agricultural policy for underdeveloped areas of the communist-Marxist activists has the central focus of expropriating and eliminating private property in land and replacing the traditional subsistence economy with collective farms. In this scheme, tenure problems virtually disappear, for even the collectives though holding state lands are virtually arms of state administration. However, the functions performed in a system of markets and property relations must also be performed in a totalitarian system, and these functions are somehow and eventually guided by working rules. Consequently, a most useful research effort would seem to be an attempt to formulate as working rules the procedures used in communist regimes and to relate them to the exercise of power and the areas of choice and discretion within the economy.

Although we defer to experts on the interpretation of the communist world, the noting of a few points may make the nature of the issues clearer. Marxian doctrine in the hands of Marx assumed that social organization was a function of the modes of production. Thus the task was left to the Russians and the Chinese, as the pioneering practitioners, of designing the pattern of working rules which the revolutionary governments would follow. With the abolition of private property in agricultural land, alternative procedures for public administration of land use had to be devised. My impression is that with experience the bureaucracy relies somewhat less upon direct administrative stipulation of the requirements of specific performance, and more upon procedural rules. Also, the working rules now seem to give more recognition to incentives and the productivity of willing participation.

One senses an interesting parallel between what is now going on in the Russian sphere of influence and the period between 1066 and 1700 in England. In the case of England, as noted above, the absolute monarchy was changed into a limited monarchy and the basis for a democratic-opportunity-oriented economy was devised, by designing and enforcing working rules which gave security of expectations to the participants and the rudiments of freedom to classes of participants through reserving and honoring zones of discretion and freedom for them. The formal principle of organization, as Commons analyzed the issue, was that of devising and enforcing working

rules which defined the limits within which discretionary acts -- including transactions -- might occur.

The same procedure appears to be happening in Russia, again for the most strategic classes of people -- the mathematicians and physical scientists -- and for the same reason as in England of an earlier day. The willing participation of these classes of people is essential for the survival and growth of the nation. Somewhat the same process of liberalization seems to be going on in the agriculture of Russia. And of course, a study of the changes in working rules would be especially instructive in Yugoslavia, for example, where the policy has shifted from insistence on collectivization to permission for individual farming.

It is not to be expected, however, that a tenure and property structure such as characterizes the economies in the tradition of Western liberalism will reappear within a communist state. The value of property in land in one of these latter modern economies is predominantly a capitalized estimate of the value of future market sales. In the absence of secure market opportunities which permit the occupation and exploitation of the "indefinite residuum" of freedom of action, there will be some other way of exploiting and enjoying the benefits of economic progress. Presumably, this will be manifest in the capital structure of a communist society, which would evidently be based on physical things and the enforcement of duties. This is to say that there would be no intangible value of properties in such a system -- as characterizes capitalism with market values of lands and securities.

This possibility leads one to wonder about the power equivalent in a communist economy of these private enjoyments in the West, which result in the great aggregations of financial values and economic power. Presumably, the exploitation of new technology and the advantages of an exchange economy become "capitalized" in some way in a communist economy -- in terms of the increased power of the bureaucracy.

What I am trying to suggest is that if, through research, we had a formulation of the kind of working rules that a communist state devises in organizing the public administration of an agricultural economy around state ownership of land and collective farms, then we would be able to project with more precision the nature of the changes such revolutions would make in underdeveloped areas.

D. Agrarian reform in the Western tradition.

Since these notes have already run to excessive length, I shall not comment extensively on the research into our own experience which we need in order to join issues with and meet the competition of alternative approaches to land-reform policy in the agricultural development of the underdeveloped world. Furthermore, I consider that the fundamentals of the policy position are explained by Commons' analysis.

But in summary, the major issues in agrarian reform policy center, it seems to me, on the question of the degree to which we are required to think in terms of the whole structure of the economy -- or the national political economy. My conclusion is that we do not really understand the nature of the land reform problem, or the more inclusive agrarian reform problem, until and unless we relate the proposed reconstructions to the fundamental structure and powers of government; that is, land reform in the Western sense of establishing independent farmers through secure property or procedural rights has little meaning until and unless a government of limited powers is likewise established and sustained.

One implication of this interpretation is that a land reform must be a political movement, unless the structure of the powers of government is such that there is already a satisfactory matrix for the policies. This means essentially that secure conditions of freedom are among the preconditions of an effective and enduring land reform that would establish or greatly strengthen the position of the independent farmer. If so, then the benefits of a "liberal" reform program of a particular time can be made to endure only by continued policies of government which emphasize and implement equality of opportunity, the development of abilities, and so on, ^{9/} through constitutional government. The central problem is the control of power within tolerable limits, both private and public.

^{9/} Gunnar Myrdal has observed that "...conditions of general economic progress are necessary for giving a greater degree of realization to the ideal of equality of opportunity: at the same time it is understood that equalizing opportunity is a condition for sustained economic progress." An International Economy, Harper, New York, 1956, p. 11.

It is recognition of such requirements that leads discussions of land reform in the Western world into the more inclusive agrarian reform. The latter includes an array of public services and facilities that make it possible for a family to make progress as independent farmers. This conception of agrarian reform becomes virtually identical with the public phases of agricultural development. But if this comprehensive institutional reform approach is adopted as the means of agricultural development, it seems essential that there will have been sufficiently effective equalizing developments and reforms, such as land reforms, to have created a class of independent farmers.

In short, the idea of agrarian reform as used in the Western world is approximately a working version of Western (individualistic) liberalism. Consequently, the real power in agrarian reform proposals actually derives from the relevance of the systems of ideas and institutions to the kind of problems encountered in agricultural development in the underdeveloped areas of the world. Surely one of the deepest reasons for exploring the possibilities today of agrarian reform in the Western tradition comes from the historic fact that this system of ideas was forged in the struggle of Western man to achieve freedom, equality, dignity, security, and productivity out of previous systems of absolutism, tyranny, servitude, and poverty.

One of the chief merits of the formulation by Commons of the problem of creating zones of discretion and freedom out of unlimited prerogative is that the analysis has inherent relevance to the exercise of power. This comment seems to demonstrate that a land reform program which limits only the private power of landlords can provide no more than a temporary reprieve from the consequences of the exercise of excessive power, unless ways are designed to curb the power of public officials also. At the least, this issue is posed as a problem for inquiry in the analysis of agrarian reform policy.

As Americans looking out upon the world scene, we cannot, of course, escape the imprint of our own experience. Consequently, we need to understand our own history by the guidance of the same basic categories that we use in interpreting the experience and problems of others. As I have tried to do this, I am impressed with the unusual opportunities we have had to establish an economic system in American agriculture. Our forefathers came to this continent and gave our system definitive form at a time when the liberal ideas of European enlightenment were strongest. Furthermore, the country was settled in ways that pushed aside the native people, so that a land policy which assumed an empty space was possible. The combination of all these conditions, and more, enabled our ancestors to establish a system of government and economy in which constitutional government, the security of property, and citizenship could function in stable equilibrium, thus assuring to us an unparalleled opportunity to enjoy the conditions of freedom. The conditions of freedom assured, it has been both possible and reasonable for discussions of agricultural policy by economists to center on the requirements of efficiency. The discussions of agricultural development policy in underdeveloped areas need to be more inclusive.