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Waste of Land and Labour in Andalusian Agriculture

*Bernard Roux*¹

Abstract: Land in Andalusia was traditionally divided between latifundia and minifundia and has remained so to this day. The traditional agricultural economy was based on a symbiosis between the two: smallholders unable to subsist from their plots were able to survive by working as day labourers on the large estates, which in turn were able to make a profit despite extensive cultivation because they were able to draw on that abundant supply of low wage labour. In the 1960s, farm machinery became available, and wages rose with general economic growth; the large estates mechanized. They did not, however, do much otherwise to diversify and develop the agricultural economy, their criterion being to maximize short-term profits. Meanwhile, as the demand for labour on the large estates dropped, smallholders and landless farm workers were temporarily able to find work by migrating to the industrial centres. With the onset of the recession of the 1970s, however, that source of employment outside the farm sector dried up, and the large estates reduced their demand for labour even further to offset increased costs of other inputs. Andalusian agriculture today is thus comprised of large tracts of land farmed extensively (where they have not been taken out of production altogether), tiny holdings unable to develop, and huge numbers of farm labourers unable to find work.

Introduction

In western European agriculture, the family farm predominates. Large estates, on which hired labour does most or all of the work, are prevalent in only a few regions. The latter included, up to a short time ago, the three southernmost regions of Europe: Mezzogiorno in Italy, Alentejo in Portugal, and Andalusia in Spain. Their historical development had set them apart and left them with a specific type of land tenure—the latifundium system—in which very large farms and very small farms coexist. Today, the large holdings in the Mezzogiorno have been divided up among the small farmers, and a land reform—constantly endangered—has been carried out in the Alentejo. In southern Europe, therefore, the latifundium survives only in Andalusia or, more generally, in southwestern central Spain.

For many years, little research was done on this “different” kind of agriculture in Spain, largely because the Franco régime discouraged close scrutiny of its own economic and social reality; only from the 1970s onwards did agricultural economists begin to study it in detail. Naredo (1971) and Naredo *et al.* (1975 and 1977) helped pioneer this research. Sumpsi Viñas (1980), Maas (1981), Loring (1981), Roux (1975), Roux and Vazquez (1975), and Naredo (1975) studied different agricultural production systems to gain new insight into the economics of the large estate, while historians studied land tenure over time and demonstrated continuity of the latifundium (Artola, 1978). The structure and functioning of the latifundium system have been the subject of more recent macroeconomic analysis (Roux, 1980 and 1982; and Roux *et al.*, 1983), and work continues on the larger body of research on the more general problems of the Andalusian economy, particularly underdevelopment. The crucial subject of the farm labour market has been studied relatively little (Sanchez, 1979; Gavira and Roux, 1983; and Roux, 1983a and 1983b). This paper discusses changes in Andalusian agriculture and the state of the farm economy in Andalusia today in the context of the worldwide recession of the past decade, with particular emphasis on farm unemployment.

Static Land Tenure

As Spain emerged from its isolation and stepped up industrialization, agricultural policy (as spelled out in the 1959 Stabilization Plan) encouraged change within the individual farm but not in land tenure. Steps were taken that affected tenure; but what was done never came close to correcting the existing uneven distribution of landownership. The Franco régime prided itself on its efforts to restructure holdings, but that amounted to consolidating small farms with scattered plots and was essentially confined to Castile, where the régime wished to reward the peasants for having put their support behind General Franco in the Civil War. Today, in other areas such as Galicia, consolidation has still not been carried out. The “national syndicalist agrarian reform,” from the 1940s up to the early 1970s, distributed irrigable plots to landless peasants in areas where the state had built irrigation works. But by 1979, only 46,000 families had received a total of 230,000 ha out of the 1.35 Mha for which the irrigation works had been built. The latter thus benefited mainly the large landowners.

Market forces have not broadened landownership either, because the land market is skewed: the large estate is bought and sold as a unit—not subdivided—so that potential buyers are few, whereas

the demand (from both urban and rural potential buyers) for small plots is large, so that prices are pushed up, making the combining of such smallholdings into larger units difficult. The result is a dearth of medium sized farms: existing ones cannot expand, and new ones cannot be put together out of small plots or carved out of large holdings.

The most recent complete agricultural census (1972) shows that 60 percent of all farms occupy less than 5 ha each, or 6 percent of total agricultural land, while 60 percent of total farmland is occupied by the 2-3 percent of total farms with more than 100 ha each. Recently published partial results of the 1982 census for a number of Andalusian provinces show that these figures are still valid there as an order of magnitude.

If land tenure is to be corrected, action by the state will be needed. Since the agrarian reform planned under the Second Republic came to grief in the Civil War, what little has been done has not had much effect. Legislation has now been passed providing authority to expropriate large landowners who underutilize their holdings (*Ley de Fincas Manifestamente Mejorables*), but it has, for all intents and purposes, remained a dead letter. Regionalization, introduced a few years ago, may now make change possible in those regions where landownership is most highly concentrated; thus, the socialist controlled Andalusian regional legislature has just passed an agrarian reform law, but its effect cannot yet be determined.

Modernization and Change

Uneven distribution of land has meant an uneven pattern of modernization and an even wider economic gap between large landowners and smallholders. Small self-sufficient peasant agriculture has been, traditionally, the exception rather than the rule in Andalusia. The small farmer could not expand, cooperative facilities were grossly inadequate, and a separate farmers' union for smallholders did not exist. Only in rare instances (natural or commercial advantage permitting intensification—as in truck farming in Almería—or similarity of techniques permitting an exchange of skilled labour with the neighbouring large estates—as in the Jerez vineyards) could smallholders make a living from their own plots. The vast majority of smallholders depended for most of their income on what they could earn by hiring themselves out to the neighbouring estates as day labourers, working alongside the landless farm hands who make up the bulk of the Andalusian agricultural population.

Up to the early 1960s, only the availability of those smallholders and landless farm workers enabled the latifundia to operate profitably. The smallholders and landless farm workers made up a pool of cheap labour that could be hired only when required, which fluctuated over the crop year. Wages were so low that, even with extensive farming methods, the large estates were able to make a sizeable profit.

After 1960, things change. Farm machinery (imported at first, then manufactured in Spain by subsidiaries of multinational companies) became available. Wages were rising as a result of economic growth. The incentive to replace labour with machinery was strong, and investment capital easy to come by, thanks to both a farm policy that boosted prices for the products of the large estates and to readily available credit. The demand for labour on the large estates plummeted. The small farmers, deprived of the major source of their income and unable to modernize or expand their own holdings, were increasingly forced to uproot their families and join the landless workers in seeking employment elsewhere. For 15 years, they swelled the populations of Barcelona and Madrid and the industrial centres of the rest of Europe. Andalusia itself did not industrialize. It became, instead, a reservoir of labour for those parts of Europe where industrial development was concentrated.

The mechanization process might have been expected to lead to the gradual disappearance of the smallholdings, leaving only the large estates and a marginal fringe of family farms. That this did not happen is partly due to the worldwide recession that set in in 1973 and put a stop to the growing demand for labour in the industrial centres and thus to the labour migration.

Thus, as the available results of the 1982 census show, the number of smallholders has not declined. Since demand for labour on the large estates has dropped, and the smallholders still derive only a small part of their income from their own land, they are now more hard pressed than ever to find work as farm labourers or in the nonfarm sectors (where job opportunities are now practically nonexistent). Labour statistics show that where landownership is most highly concentrated—in the Provinces of Seville, Cadiz, Córdoba, Huelva, and Málaga—landless labourers and smallholders now make up 80-85 percent of the farm work force, compared to about 60 percent 20 years ago. Contrary to what has been happening in the rest of Europe, where family farming has been increasing and the

use of hired labour has been declining (in both absolute and relative terms), modernization in Andalusia has brought about not only a flight from the land but a marked proletarianization of the farm population that stayed behind.

Underutilization of Land

In Andalusia, therefore, what we will call capitalist agriculture—large estates run by entrepreneur farmers according to strict profit maximizing criteria and using hired labour—is increasingly predominant. What effect has this had on the agricultural economy of the region, and how does that latter compare to a family farm economy?

Differential rent has played a decisive role in determining capitalist agricultural strategy. Of a total 8.2 Mha of farmland in Andalusia, 4.0 Mha are relatively infertile and hilly and thus best suited to extensive livestock rearing. Before modernization, wages were so low that this type of farming was profitable, but that is no longer the case. Productivity gains from investment are at best marginal. Wage costs have increased. Under present farm policy, prices cannot be raised enough to enable the large estate to break even. Competition is coming from intensive livestock raising in northern Spain and from imports. So that type of land is increasingly being taken out of production and used for forestry and hunting, left to lie fallow, or put up for sale. Could it be farmed economically if a family farm system were established on it instead? It could, provided that the farms were kept large. The farms would no longer show a profit, but the return on labour—albeit small—would suffice to keep the land in production.

On the fertile dry farmed lands of the Guadalquivir Basin, capitalist agriculture has concentrated on a limited number of crops. Olive orchards have been ripped out as being insufficiently productive and too costly in labour, and now wheat is rotated with sugarbeets or sunflowers. Large plot size ensures maximum efficiency of machinery; hired labour is kept to a minimum. On land irrigated by government built irrigation works, risk has been minimized by concentrating on those crops that have price supports (cotton, maize, sugarbeet, and tobacco) or a comparative natural and commercial advantage (early peaches). Hardly any intensive livestock raising or truck farming is done.

Thus, to sum up, capitalist agriculture has not made satisfactory use of the land and its potential resources. Marginal areas have been abandoned altogether, and the best land is farmed extensively and according to short-term market criteria (even where a large potential labour force is available) in order to minimize risk and limit investment and costs. Little variety of output exists. Family farm economies, on the other hand, have been willing to develop and diversify. Intensive farming and diversification have been the rule among them, not the exception.

Unemployment

The worldwide recession that began in 1973 has reinforced the trends described above. As the cost of farm inputs has gone up and farm prices have failed to pass along the increased costs, entrepreneur farmers have sought to reduce wage costs. Substitution of capital for labour has intensified. The number of full-time workers is kept to a minimum, and a large share of the work is done by day labourers, resulting in increased unemployment. Elsewhere in Europe, where the family farm predominates, underemployment in agriculture does not show up in statistics, and its effects do not become unbearable. But in Andalusia (where, for the reasons we have seen, a rural proletariat exists), a drop in demand for labour on the large estates immediately translates into unemployment and reduced incomes unless the farm workers can find employment outside the farm sector.

They cannot. Historically Andalusia was (and has remained) economically backward. In 1960, 40 percent of its labour force was still engaged in farming. The boom of the 1960s merely left Andalusia even further behind. For example, from 1955 to 1975, 264,000 new jobs were created in industry in the Province of Barcelona and 10,000 in the Province of Seville; in construction, 113,000 in Barcelona and 8,000 in Seville; in services, 286,000 in Barcelona and 74,000 in Seville. Total net job increases for the period were 627,000 in Barcelona and 4,000 in Seville. After 1973, large numbers of migrants were forced to return home. Construction dropped off, and workers lost their jobs. Restructuring in shipbuilding put even more pressure on the labour market. So nonfarm jobs are not available to surplus agricultural workers, and workers laid off elsewhere have been returning to farming to try to eke out a living. Significantly, the proportion of farm workers in the total Andalusian labour force has hovered around 20 percent for the last 10 years. Little work can be found in agriculture, but farm

workers can go nowhere else. In Andalusia, the average number of days worked per male day labourer per year lies somewhere between 100 and 200, with most of the work occurring during the harvest. But averages obscure individual differences, and the amount of work obtained can vary from one worker to another by a factor of five, depending on age, state of health, family responsibilities, and personal relationship with the employer.

Andalusia has approximately 300,000 farm workers. What is the level of unemployment among them? That the official statistics considerably underestimate unemployment is widely agreed. Our own findings, and the fact that 10-15 percent of the farm labour forces is employed full time, would put unemployment among agricultural labourers at around 50 percent. To forestall unrest, the government has subsidized jobs on public projects (*Empleo Comunitario* until 1983, *Plan de Empleo* since then). This has provided some relief.

Conclusion

The recession has heightened the effects of the capitalist farming system and demonstrated that the problems of 100 years ago—caused then and now by unequal distribution of land in the context of a backward economy—have not been solved. The majority of the farm population has no access to land. Utilization of resources falls far short of its potential. Above all, unemployment—the festering sore of the latifundium system that was thought to be healed during the boom of the 1960s—has once again become the daily ordeal of hundreds of thousands of farm workers.

Note

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Discussion Opening – *Harald von Witzke*

The paper by Chirapanda is an excellent example of the value of information that could be gained from individual data and how such information could be interpreted and analyzed if the proper data were collected. The information about the extent of rural landlessness in Thailand is invaluable *per se*. But it also allows for some important additional insights into the allocative decisions and adjustments of the landless poor that are so subtle that they are frequently overlooked, not only in low income countries.

One often hears the argument that a close relationship exists between the quantity of land available for each farm household and the relative welfare position of farm households in terms of total disposable income. Chirapanda (Table 4) suggests that such a relationship exists only for agricultural land and income from self-employed farming but not for total net income. Comparatively low incomes from farming are, by and large, compensated by other income sources such as employment of household dependents in agriculture and other sectors of the economy. Average total net income of landless households is even higher than that of near landless households and very close to the average total net income of all three groups considered. Table 4 shows that about 30 percent of total net income is “other off-farm income.” What are the major sources of this income component? What are the income figures per household member?

Tables 5 and 6 are overinterpreted. The distribution of income as well as the distribution of assets is rather skewed. However, the conclusion that the unequal distribution of land was “apparently the major deciding factor” is not convincing. To draw conclusions from the distribution of one income-determining variable on income inequality when the vectors of the income-determining variables are not arranged according to individual incomes is not possible; an unequal distribution of an income-determining variable may contribute to more equality if that variable has a positive impact on income and is concentrated at the lower end of the income range. Table 5 contains information about the distribution of total net income. But, on average, only about 40 percent of total income is self-employed farm income; hence, the distribution of other income components may be of much more importance for inequality of total net income. Agricultural land is only one of several variables affecting income from self-employed farming. According to all we know, the factor share of agricultural land in Southeastern Asian countries is around three-tenths. Consequently, the distribution of other variables determining agricultural income, such as knowledge and skills or borrowed capital, might well be relatively more important.

The distribution of agricultural land is an important determinant of agricultural and net income inequality, but it is only one of several determinants of income inequality in agriculture. The relative importance of the distribution of land could only be determined by a more comprehensive and methodologically more advanced analysis of agricultural income inequality in Thailand. The data required for such an analysis have been gathered in the Thailand rural landlessness study.

Kanel’s paper is based on three propositions that should be widely acceptable to economists. His arguments boil down to the observation that the relative scarcities of production factors and relative prices in the goods markets change in the course of economic development, which result in both structural adjustment and/or institutional change (including property rights), which may lead to some households being worse off, creating an incentive for those who are worse off to shift the individual burdens of structural or institutional change to somebody else.

I share Kanel’s view that economists tend to understate the individual costs of such changes for those who are affected and, consequently, that economists tend to understate the extent of rent seeking on the part of groups that are, in the short run and medium run, made worse off by structural adjustments and/or institutional change. However, I do not quite share his view that rent seeking predominantly aims at increasing efficiency or that a social safety net based on institutional arrangements that concern the land markets is the only solution to the problem.

Groups that are negatively affected by structural or institutional change tend to avoid those burdens at the expense of efficiency. An example of a successful political economic rent seeking at the expense of more efficiency is the agricultural price support policy employed in many developed countries. But clearly not all groups are successful in political economic rent seeking, and often the unsuccessful are not very well off anyway. Hence, a well designed and efficient social safety system as proposed by Kanel is important. It could not only contribute to a reduction of the individual costs of those negatively affected by structural and/or institutional change but could also contribute to a

reduction of the incentives for political economic rent seeking that result in efficiency losses and thus reduced social welfare.

Kanel mentions that he does not have a general solution for such a safety net. I do not have one either. I doubt that any social safety net exists that is suitable for all LDCs. Theoretically, to develop an optimal or at least suitable social safety system might be relatively easy. But what is suitable or optimal is all too often politically or institutionally unfeasible. Probably the most promising way to develop such feasible safety nets is to analyze those forces that ultimately underlie agricultural policies and other policy decisions that affect agriculture and to analyze the demand for and the supply of institutional innovation.

Roux roughly sketches the typical disequilibria, adjustment processes, and frictions (including those resulting from variable policies) that characterize agriculture in the course of economic development. Frankly, Roux's paper is difficult to comment on because it lacks proper analysis and a clear message and because it contains various contradictions.

On the one hand, Roux argues that the large farms are profit maximizing and on the other hand that they are "underutilizing" the land. What "underutilizing" is remains unclear; i.e., what the reference system is. According to economic theory, profit and utility maximization lead to Pareto-optimal allocative decisions. Why is that not so in the case of large farms in Andalusia?

Implicitly, Roux argues that the behaviour of small farmers is different from those who operate large estates, but what the hypothesis about the behaviour of small farmers is and why their behaviour is socially more desirable remain completely unclear.

According to Roux, large farms tend to discontinue agricultural production on marginal land and either sell the land, leave it to natural succession, or use it for forestry and hunting. That statement uncovers some additional inconsistencies of Roux's paper. On the one hand, he presumes that the land no longer used for agricultural production in large farms could be farmed economically by large enough family farms. On the other hand, he argues that those farms are not likely to make a profit. Which of those statements is correct? I believe that the second one is. If not, family farm sized operations would buy or rent such land.

Moreover, Roux argues that family sized farms would at least keep the land in agricultural production. Why this would be a social benefit given the negative impact of farming on soil erosion in the hilly areas of Andalusia and given the level of price support in the enlarged European Community remains completely unclear.

Is Roux's paper a discussion of the socially optimal farm size or of the optimal institutional arrangements in the land market, or does the paper aim to discuss strategies that solve the problem of rural unemployment?

Discussion Opening – *G. Ruiz*

Chirapanda does not report the statistical significance of the sample (6 percent of all villages). He also makes several assumptions about the stability of variables (household size, incomes, and assets). The causes leading to rural landlessness, such as financial and credit institutions, savings, and land transfers, need to be identified. Particularly important is the case of rented farmland, because of the differences between the capitalist mode of production and a rent-based pre-capitalist system.

No room exists for the dual theories of economic development because the rural labour cannot be absorbed by the industrial sector of the economy. That fact has implications for labour availability, redundancy, and wages.

Will stronger interventions (e.g., an agrarian reform with a fiscal policy on land rent, providing that the fiscal burden does not fall on the tenants) reduce landlessness?

Turning to Kanel's paper, whether tenancy is or is not an efficient contractual arrangement is not a closed subject. From the market point of view, few alternatives are available to the parties in tenure arrangements. But the facts disagree, unless that we accept a theoretical framework focused on the transformation of tenancy arrangement conditions, which, as we know, are continuously being implemented through government intervention.

I agree with Kanel's idea that policy measures have to be carefully designed and implemented in order not to result in exclusive advantages for capital. In that sense, working on an integration between production and distribution is well worth the effort.

When transforming older institutions into new ones, one must prevent the bad effects of public policy from depriving rural groups of safety nets offered by the older institutions. Perhaps economists are not sensitive enough to property rights because in many cases institutional changes (mainly in less developed countries) are a social demand on a system that does not provide safety nets.

Roux takes on a very ambitious task. During the last 200 years, his topic has been a widely debated theme, and we have a large list of references about it. I understand the need to simplify all this in a few pages, but I think that Roux conveys a vision of Andalusian agriculture that lacks some essential analytical elements.

Focusing on the widely known fact of land tenure concentration and the general employment conditions in Spain between 1960 and the present is not enough. The benefits of agrarian capitalist production and land rents in pre-capitalist societies are variables that have been discussed for a long time in relation to the problem of land tenure in Andalusia, and they must be differentiated. In the past, waste of land in Andalusia was due to the possibility that landowners could obtain a rent from the land. But in recent times, has not the lack of an entrepreneurial benefit caused a waste of land and labour?

The latifundium concept has undergone a profound transformation. In Andalusia, we have large farms with low productivity and low profits and small farms with high profits. Talking in general terms about Andalusian agriculture always seems to be a little risky. Stating characteristics that could precisely define the state of this sector is difficult, given the large differentiation in means of organization and production.

The transformations in Andalusian agriculture can also be seen through the large farms' relative loss of productivity and profits; size is no longer as relevant as it was in former discussions, particularly in eastern Andalusia where input-intensive agriculture has been developed. There, agriculture looks more like an industry.

In short, diversity is a fact to take into account in today's studies of Andalusian agriculture.

Several aspects are not mentioned in Roux's paper, related to credit, technological diffusion, knowledge, and assistance to small peasants in order to give them the ability to produce. In focusing on agrarian problems, we need to put into the picture the peasants' real needs in order to develop a competitive agrarian firm. Land is not the only factor of production to provide them.

Furthermore, we should take into account new matters, such as the allocation of land among diverse alternative urban, agricultural, and industrial uses. Conflicts between agricultural and tourist uses in coastal zones are also present, related to speculative phenomena.

To state the Andalusian agricultural problem without thinking of the whole Andalusian economy and its deep transformation is not possible.

As I pointed out in my comments on Chirapanda's paper, we find here also that industrial and service sectors of the economy have been unable to absorb the redundant labour from the agrarian sector; so the agricultural problem is only a part of a more general economic development strategy.