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REVIEW ARTICLE

EDMUNDO FLORES. *Tratado de Economía Agrícola*. Fondo de Cultura Económica, Mexico, 1961. 439 pages.

THE author, an agricultural engineer of the Chapingo National School of Agriculture (Mexico) and Doctor of Economics of Wisconsin University (U.S.A.), is at present Professor of Agricultural Economics at the Chapingo School and at the Faculty of Economics of the National Autonomous University of Mexico. A very distinguished economist, he has served on important missions in various international organizations. In 1953 the F.A.O. and the Technical Aid Service appointed him Adviser to the Bolivian Government for the task of putting the agrarian reform into effect.

The author informs us that he has undertaken the work with two ends in mind: that of providing a text for his teaching, adapted to Latin America's general problems, which would synthesize those concepts indispensable to an understanding of the nature of the agricultural problems of those countries; and, also, that of analysing and explaining the causes responsible for Mexico's agricultural economic and social development.

The first part of the work consists of ten chapters of which the first three outline the scope of agricultural economics and the fourth, the analytical equipment necessary for its development. The fifth and sixth chapters deal with the theory of resources and localization, the four remaining chapters providing a regional analysis of Mexican agriculture.

The second part is divided into ten further chapters of which the first is concerned with Latin America's agrarian structure. The three following chapters are on the most characteristic institutional aspects of its development projects—the native community, the large estate and the plantation. The next three chapters examine the Mexican agrarian reform, and the last three are devoted to the part played by the agricultural sector of the economy in the economic development of Mexico.

This work, *A Treatise on Agricultural Economy*, has appeared on my table alongside Professor Mario Bandini's *Agrarian Economy* which was published last year. When I returned from the International Conference of Agricultural Economists in Mexico and read this work by Professor Flores with whom I had on that occasion been able to exchange views, I remembered a phrase of Professor Bandini's: 'La economía agraria e ancora bambina' (is still a child). For Professor Bandini agricultural economics 'describes reality in a logical way, according to economic principles, and without any practical end'. That is to say, once the logical framework of agrarian reality has been disclosed, this science has fulfilled its task completely and for good. Its duty on this view is, therefore, to serve as a basis for agrarian politics which, integrating economic learning with other learning of a legal, political, moral and human kind, can then outline a plan of action. That is how Bandini sees the difference between agricultural economics and agrarian politics. If we were to apply this criterion to Professor Flores's work, we should have to call it agrarian politics as opposed to agricultural economics. I have taken the liberty of this digression—suggested by a reading of the two works—because I consider it ever more necessary to define or determine the

fields of specialization into which agricultural economics is now being subdivided, with such striking differences between the European and American criteria.

For Professor Flores on the other hand, 'on the macro-economic level, agricultural economics studies the causal interrelationships between what happens in agriculture and what happens outside it'. 'Its final end lies in reaching generalizations which, if adjusted to the characteristics and limitations of a country, a region and a stage of historical development, can serve as a guide in starting and completing a policy of agricultural and general development that is both concrete and appropriate.' In accordance with this criterion he expects it to fulfil a series of objectives amongst which 'the general strategy for setting agricultural development and industrial development going simultaneously, starting from the resources available in agriculture' features prominently.

Straight away, in Chapter II of his work, he alludes to the Strategy of Economic Development in Latin America and the under-developed countries, concluding that the fundamental problem of our time is precisely that of economic development and that it has to be included in the work because 'the success or failure of any attempt at development is bound to be determined in the field of agriculture'. In this way he indicates a clear difference between the advanced countries where this is a science of secondary importance, and the non-industrialized countries where it is of critical importance; for any programme of industrial development, whether financial or commercial, is dependent on 'savings, on food surpluses and labour surpluses proceeding from the agricultural sector'.

The objectives defining Professor Flores's work are thus marked out from the start. In Chapter III he goes on to study Agricultural Development and General Development and, in particular, the 'vicious circle of poverty', pointing out that what has happened in Mexico in the last fifty years constitutes a very worthwhile lesson for all the Latin American countries still caught in the above-mentioned vicious circle, which they must overcome to enter what Professor Rostoff calls the stage of 'sustained expansion'.

In Chapter IV the author devotes himself to a study of the analytical instruments of agricultural economy, and to the economic information that is indispensable in dealing with this subject. In it he alludes to the real relationship of exchange with special reference to the Latin American countries and to the policy of price-parity in the United States, and the functional distribution of earnings in Mexico as compared with other countries. With two more chapters on the functional theory of resource and space economy or the theory of localization of economic activity, Professor Flores completes the fundamental theoretical bases used in the analysis of Mexican agriculture and its great institutional characteristics. He then proceeds to carry out this analysis before tackling agrarian reform and its role in development policies.

In the summary and conclusions of Chapter VII, when studying the localization of agriculture and the changes in the use of the land in Mexico, the author alludes to the evolution of agriculture from the time of the agrarian reform in 1910 which, he tells us, on account of the slowness with which it was applied at the very beginning, caused a state of complete uncertainty and a decline in agricultural productivity. Faced with this difficult situation the government undertook a policy of general economic development, planned industrialization and major

works of agrarian transformation, which have opened a new road not only to Mexico's agrarian economy, but to its general economy too. The agrarian reform, 'first stage of our industrial revolution, has been strengthened above all by the public works' construction policy'. The urban expansion of Mexico City and the increase in industrial labour play a prominent part. Much remains to be done in Professor Flores's opinion, but 'the agricultural limitations that have previously retarded Mexico's general development have almost ceased to exist'.

In the following chapter, the eighth, urban expansion is analysed in the light of the fact that in an expanding economy metropolitan expansion and agricultural development are 'inextricably connected'. There is an echo of Ruttan's phrase that 'the possibility of increased agricultural revenue also depends to a great extent on the existence of towns and industries close at hand'.

The expansion of Mexico City has been spectacular; its population has multiplied ten times in the last forty years and in the same period its surface area has become seven times greater; as Professor Flores shows, we have reason to believe that this expansion was initially the result largely of the agrarian reform which compelled the rural population to take refuge in Mexico City on account of the social upheaval and the uncertainty following in the path of the revolution. He studies this process of expansion in detail and analyses the factors concerned in 'the attraction of the city' and 'the flight from the country' which made the peasant population emigrate from the rural areas.

On speaking of the extent of mechanization, and of agriculture with its leap from 4,540 tractors in 1940 to 60,000 in 1958, he points out that its probable net effect in the 'central Mexican plateau' has been to increase agricultural unemployment. That is one of the reasons why unemployed people have been emigrating to nearby towns, to Mexico City in particular, and 'hence in the towns as in the countryside there is an enormous unemployed labour force that grows from day to day'. This increasing force, says Professor Flores, 'can be an active or passive element, a resource or an obstacle: everything depends on the role it is given in building the country's future'.

Then, in Chapter IX, he studies the repercussions of this process on the Federal District's milk and food supply areas—repercussions arising from the need to feed and supply a city like Mexico with 4,000,000 inhabitants, which has grown in a very few years. Chapter X is devoted to forestry economy—highly important in the economy of a country whose forest acreage is calculated in this work as 13 per cent. of its total surface area.

The third section of the book is devoted to the agrarian problem conceived as a complex evolutionary phenomenon of a political, economic, social and technical character. After a rapid analysis of the colonial period in which the author differentiates the 'agricultural colonies' from the 'commercialized colonies', he devotes Chapter XII to 'the Native Communities of the Andean tableland' which constitute one of the biggest difficulties confronting Latin America's policy of economic development. This is due to the difficulty of instilling an economic outlook in the natives, and of making them accept the need to solve some technical problems of which the solutions, though straightforward, they as natives fail to see, living as they do in such isolation.

Chapter XIII is devoted to the large Mexican estates. They are shown to have

a marked political character as regards the monopoly of land ownership; on the other hand, their tendency towards self-sufficiency used to be an obstacle to any process of advance and development.

In this chapter Professor Flores affirms that 'Latin American experience so far this century has shown that revolution is the only weapon capable of destroying the large estate'. He observes that this method of providing a solution to the agrarian problem is distasteful to many European and North American economists, perhaps through ignorance of the roots of the problem, or because this approach is foreign to the conventional Western pattern. He tackles the thorny and delicate subject of plantations very bravely in Chapter XIV and in it alludes to Gunnar Myrdal's phrase: 'the plantation system is the most recent capitalist incarnation of feudalism' and is to be found especially in areas defined as 'commercialized colonies'. It is the plantation economy that has allowed industrial countries to exploit the labour force of the agricultural countries, and in no case has foreign investment of this sort done anything to advance the economic development of the agricultural countries subjected to this system of exploitation. Professor Flores concludes by insisting that as in the case of the large estates, carrying out agrarian reforms is an essential step towards breaking the vicious circle of the plantation economy. In order to obtain 'a concrete idea of the economic consequences of the plantation system and the measures required to eliminate its negative effects', he examines the case of Cuba and its agrarian reform as seen in the *Estudio Económico de 1959* published by the Economic Commission for Latin America.

The last three chapters of the third section, Chapters XV, XVI and XVII, deal with Mexican agrarian reform, common land and smallholdings. Between 1915 and 1958 this reform has handed over 38 million hectares to 2,196,000 common land users. When assessing it, the author bravely faces the impossibility of compensating the expropriated classes adequately.

In the fourth section, Professor Flores discusses the dynamics of expansion in the new agricultural structure of present-day Mexico, and observes that the quantitative aspects reveal a development 'unparalleled in any country to have entered the stage of sustained expansion this century'. The data are heavily influenced by the exceptional situation in which Mexico found itself after the Second World War, and also by the important irrigation projects affecting over 2 million hectares of land (in fact nearly 2,300,000) between 1928 and 1959.

To conclude, Professor Flores believes that 'the cost of the initial stage—the agrarian reform—was paid in Mexico by the landowning aristocracy'. From then onwards it was the peasants and the growing working class who paid the cost of industrialization by means of low prices for agricultural produce, and the acceptance of starvation wages and regressive taxes; but today the changes in the use of the land reveal the rise of a new, dynamic and varied structure endowed with a high productive potential and resources that have increased considerably. This can let us predict 'the even more intense use of resources, the increase of external economies and the rate of capital investment with the same certainty with which we can predict the construction of more skyscrapers in the centre of Mexico City'.

In Chapter XX, facing the future, and establishing the bases for an agrarian policy in conformity with general development, Professor Flores realizes that

when—as has happened in Mexico—agrarian revolution ends in industrial revolution, the agrarian problem will have to be formulated in such a way as to allow for this transformation, and he deduces the need to quicken industrialization, stimulate urban expansion and establish forms of social organization that will guarantee prosperity, liberty and equal opportunities for everyone.

‘When the concentration of property was the cause first and foremost of Mexico’s stagnation, agrarian policy had to be the main weapon in breaking the vicious circle of misery. Today the factor responsible for the poverty of most Mexicans—notwithstanding the spectacular rate of development—is the wastage of human resources revealed in the chronic unemployment of a considerable section of the population, with a constantly shifting labour force and extremely low levels of production in most fields of activity.’ This calls for a policy of full employment and for a daring and ambitious policy of public investment. If, in the past, Mexico had recourse to expropriations and deficits for lack of any alternative, today, with its credit, solvency and prestige, it has much better conditions in which to implement appropriate measures.

The work makes interesting reading, and its points of view are set out in a clear and straightforward manner. It must be insisted, as was said at the beginning of this commentary, that rather than being a treatise on agricultural economics with the limited scope implied by that name, this is a book on agrarian politics centred on the role of agrarian reform as a compulsory phase in the economic development of Latin America, with special reference to Mexico. It is a theme of extraordinary relevance at present in these countries.

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