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**THE STATISTICS AND POLITICS  
OF LAND REFORM IN IRAN**

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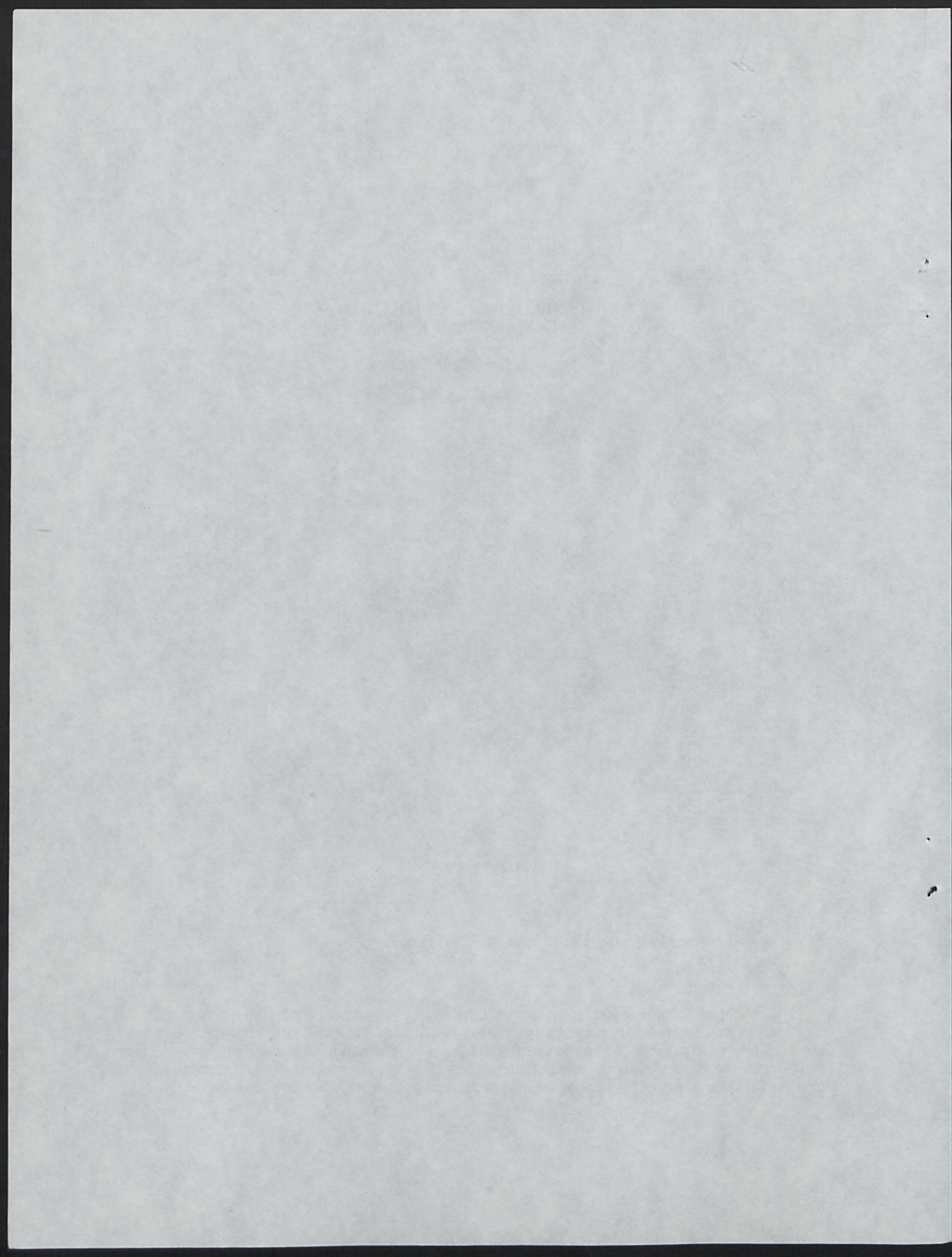
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## The Statistics and Politics of Land Reform in Iran

The firefly seems a fire, the sky looks flat;  
Yet sky and fly are neither this nor that.  
The true seems often false, the false often true;  
Appearances deceive, so think it through.

The Panchatantra

### Introduction

Almost every country in the world has passed land reform laws at one time or another. Recent empirical evidence on land reforms in twenty selected countries, however, shows that with the exception of China and Cuba the record is far more modest than the promise (de Janvry). It would seem that land reforms have been largely successful in those countries that have exploited them as either a policy of transforming feudal or semi-feudal society to socialism (China) or as a policy of redistributive reform in semi-feudal or capitalist estates and plantations (Cuba). In assessing the most important land reforms of the twentieth century, de Janvry provides data that show only in China and Cuba were 100% of the peasantry and 100% of farmland included in the reform sector. Taking into consideration the first success story in the twentieth century (Russia) as well, one can argue that the practice of land reform is compatible with that preached only in those socialist countries that have changed the dominant social relations through revolution.

Reform, by definition, falls short of revolution and goes beyond mere disregard of economic problems or repression of political demands. A land reform is an attempt by the government, through public policies, at either inducing a change among states of agrarian structure or preventing a change. This definition applies to most of the countries surveyed in the de Janvry study. The land reform programs in these countries have expectedly been as limited as possible while achieving their political purpose. Due to their nature, however, they have been an instrument of both expected stabilization and potential destabilization.

Among the countries surveyed by de Janvry, a notable example is Iran. The evidence provided in this study, among others (Hooglund; Katouzian; Keddie; Lambton; Parvin and Zamani; Yeganeh), shows that only 19% of the peasantry and 31% of farmland in Iran were included in the reform sector. He argues most correctly that Iranian land reform had mainly the political purpose of stabilization,

while the economic gains of the reform were sought in the non-reform sector. In a recent study, Majd challenges these findings and attempts to show that Iranian land reform (1962-71) has succeeded in giving land to all of Iran's 1.8 million tenant farmers and that land reform and subsequent government policy were conducive neither to a strengthening of capitalist institution nor to a promotion of political stability in Iran.

If these latest findings happen to be correct, then Iran may be the first and only country in non-socialist camp that has succeeded in implementing a comprehensive land reform and including 100% of the peasantry in the reform sector without changing the dominant social relations. This is a significant result. It is, therefore, important to assess the study. In the absence of alternative sources of data on Iranian land reform, this paper seeks to analyze Majd's observations by reviewing his study as well as the sources cited in it. To this end, it will be shown that Majd seems to have used logically inconsistent arguments and statistically biased estimates to meet his goal and that his conclusions regarding the relationship between land reform, development of capitalism and political stability in Iran appear to be unwarranted.

#### Census Data Consistency or Logical Inconsistency?

Majd utilizes census results to make his case and to show that "official land reform" data are consistent with census data. Table 1 presents basic land reform data provided by Majd. This table helps to identify major inconsistencies in census data as well as those of the other sources. The author makes at least three crucial assumptions to generate his estimates.

First, the number of agricultural households is assumed to have remained unchanged over the period 1960 to 1974. The 2,400,000 figure used is the rounded-off version of the census data given by the Central Bank of Iran. The only justification given in the article to support the estimate is that land reform legally barred land recipients from the sale of their land for fifteen years (Majd, p. 844). How valid is this rationale logically?

The official data cover partial segments of the period 1960 to 1974. They do not include the subperiod 1960 to 1962, the year 1968, and the subperiod 1972 to 1974, that is, nearly one half of the

Table 1. Basic Land Reform Data

Source of Data	Rural Population	Agricultural Households	Owners	Renters	Landless Households
1960 Census	3,218,000	2,442,000	624,000	1,818,000	1,284,000
1966 Census (ISC 1972)	--	2,464,000	--	--	684,000 <sup>a</sup>
1966 Census (ISC 1972)	--	--	--	--	339,000
1974 Census (ISC 1974)	--	2,479,000	--	--	--
Central Bank of Iran	--	2,400,000			
RASI (Revised 1960)	2,720,000	--	--	--	786,000 <sup>b</sup>
Majd's Estimation	--	2,400,000	624,000	1,818,000	400,000

<sup>a</sup>This is equivalent to the 1960 census figure (1,284,000) minus the error detected by ISC 1972 (600,000).

<sup>b</sup>This is equivalent to the 1960 census figure (1,284,000) minus the error detected by RASI (498,000).

Source: Majd.

period. As a result, they cannot present a complete picture of the situation. However, even if no legal lease, sale, and similar transactions are assumed in the above missing subperiods - a very unrealistic assumption given the widespread amalgamation, expropriation, and fragmentation throughout the whole period (Keddie; Yeganah) - the data presented by the author seem to be incompatible with the assumption. Elements of change in the number of agricultural households are in evidence in the data reported as follows.

According to Majd, in phase 2 (1963-67), 3202 landowners sold to 57,261 tenants, 13,374 peasants agreed to sell to 8,988 landowners, 25,359 landowners divided land with 157, 598 peasants, 232,366 owners leased land to 1,243,961 tenants, 41,615 owners formed joint-stock ventures with 81,292 tenants and 173,104 tenants on church property were given leases (Majd, p. 846).

Furthermore, in phase 3 (1969-71), 35,406 landowners divided land with 106,318 peasants and 322,

318 owners sold to 1,094,269 peasants (Ibid). The data include only legal transactions because no sources are available to report illegal transactions in the significant underground market for land in Iran. Nevertheless, even the official picture of the situation which has been repainted by the author would, clearly, question the assumption of constancy of the number of agricultural households between 1960 and 1974.

Second, on the basis of Table 1, one census data set (1960) reports that there existed 1,284,000 landless households. Another set (1966) published by Iran Statistical Center (ISC), however, reports two completely different figures of 684,000 and 339,000 which are approximately one half and one quarter of the original 1960 census figure, respectively. The data provided by Rural and Agricultural Statistics of Iran (RASI) report the same information and indicate that 498,000 urban households have been misclassified as rural landless (Majd, p. 844). The resulting "new" estimates for rural population and rural landless are 2,720,000 and 786,000, respectively. The Central Bank of Iran rounds off the 1960 census figure, or for that matter, the 1966 or 1974 census figures, to generate yet "another" estimate of 2,400,000 agricultural households. Majd, in turn, takes all the figures, except one, as given and estimates the corresponding figure of 400,000 landless households (see Table 1). The author's only justification to use this figure as the number of the landless is that it "is consistent with the 1966 population census finding of 339,000 landless agricultural wage earners" (Majd, p. 844). His estimate is, therefore, none other than the lowest census figure plus an arbitrary residual of 61,000. How close is this estimate to the true value?

The 1960 census figure presented in Table 1, along with other estimates (Hooglund) suggests that the landless comprised 40 to 50 percent of total rural population prior to 1962. Empirical evidence (Yeganeh) shows that between 1956 and 1981 the rural population increased from 13 to 20 million, and arable lands from 11 to 16 million hectares. However, there has been a decrease in the number of agricultural jobs from 3.6 million in 1966 to 3.2 million in 1976 (Ibid). This reveals the extent of unemployment in the rural areas of Iran and thus the extent of landlessness. The landless were intentionally excluded from acquiring land during all phases of the program. The effect of this policy was to create a class of peasant proprietors and a class of landless workers whose interests have

been in mutual opposition. Competition for work between landless workers and poorer peasants also intensified throughout the 1970s due to the increasing mechanization of agricultural production. While Iranian farming techniques were still relatively labor-intensive during the decade, the use of machinery for major tasks such as ploughing and harvesting had become common on holdings over 10 hectares. The net result of this process was to reduce absolutely both the number of hired workers needed and the total work hours available for those employed. This further constricting of income opportunities tended to increase the number of the landless and to aggravate the landless worker-peasant antagonism. Under these circumstances, landless workers were virtually compelled to migrate away from their villages in search of work to support their families who were left behind. By all indications, then, the number of the landless has, if anything, been rapidly growing over the period. Accordingly, Majd's estimate appears to be biased downward.

Third, Table 2 presents the numbers of farmers affected in the three phases of land reform. Whether the official census results or, for that matter, the Majd estimates reflect the actual practice is yet to be established. According to the 1974 census data, however, 2,214,000 were affected. Adding this to the number of owner-occupiers, that is, 794,000, will yield 3,008,000 which far exceeds the 2,479,000 holdings existing in 1974 (see Table 1). It is argued that this discrepancy is the result of multiple counting in different phases of land reform. Majd adopts the methodology used in Salmanzadeh and Jones to remove the discrepancy and suggests that since one-third of land recipients under phase 3 also received land under phase 1, it follows that 800,000 were first-time recipients under phase 3 and, as a result, this figure of 1,814,000 (see Table 2) is "entirely consistent" with the census figure of 1,818,000 (see Table 1).

To assess the statistical validity of this argument, let us first consider the sample used in the Salmanzadeh and Jones study. Their sample consisted of 169 villages situated within the boundary of the Dez Irrigation Project (DIP) in rural Dezful, in the northern part of Khuzestan Province of Southwestern Iran. The DIP was primarily designed for the effective and modern utilization of the water accumulated by a dam on the River Dez. The project covered approximately 167,000 hectares which is part of a fertile and well-watered plain - an exceptional case rather than the rule in Iranian



Table 2. Phases of Land Reform Data

Source of Data	Owners	Renters Affected by:			Total
		Phase 1	Phase 2	Phase 3	
1974 Census	--	800,000	214,000	1,200,000	2,214,000
1974 Census	794,000	--	--	--	794,000
Majd's Estimation	--	800,000	214,000	800,000 <sup>a</sup>	1,814,000

<sup>a</sup>This is equivalent to the 1974 census figure (1,200,000) minus one-third of same (400,000).

Source: Majd.

agriculture. The sample, therefore, includes 0.3 percent of all villages and 1 percent of all cultivated areas of Iran. How could such a small sample be representative of 60,520 villages and 16,000,000 hectares of land which differ not only socio-economically and institutionally but also bio-physically? How could differences in the application of a very complex land reform program be ignored and all villages and all cultivated lands be treated uniformly?

Salmanzadeh and Jones note the considerable variations even amongst the small sample villages in the application of the processes of land reform and suggest that "due to the pre-existing agrarian structure which allowed parts of villages to be reformed, the application of the three phases of the reform program has been complex. In most cases, the same peasants have been involved in two or all three [and not only two as assumed by Majd] of the phases" (Salmanzadeh and Jones, p. 126). It is these variations that will render the Salmanzadeh and Jones sample atypical of even the Province of Khuzestan, let alone all other provinces of Iran. Clearly, Majd's non-random small sample cannot be used as a benchmark for such a diverse country. Elementary theory of statistical inference would, therefore, justify the conclusion that the author's biased sample has most certainly yielded biased estimates.

In sum, Majd's empirical analysis seems to rest on logically inconsistent and statistically biased grounds. It is pointless to examine land reform policies or, for that matter, any other policy unless one is satisfied that the analysis is logically consistent because logically inconsistent propositions are compatible with any and all events. The next section, therefore, is devoted to the question whether the theoretical propositions made in Majd hang together coherently. If they are not free from contradictions then deductive and inductive logic permits us to suggest that these propositions cannot be true either.

### Land Reform, Development of Capitalism, and Political Stability in Iran

On the one hand, it is suggested that the implementation of land reform and subsequent government policy did not enhance capitalism in agriculture (Majd, p. 846) and, on the other hand, it is argued that land reform radically transformed the nature and structure of landownership and destroyed the political and economic power of the landowning class (Majd, p. 847). It is, further, claimed that the widespread *de facto* confiscations weakened the institution of private property in rural areas (Majd, p. 846). How could capitalism not be enhanced if large feudal holdings (latifundia) were confiscated and distributed among all Iranian farmers? How could capitalism not be strengthened if land reform destroyed the political and economic power of the landowning class? How could the institution of private property of the capitalist type be weakened if land reform led to the emergence of a variety of new agricultural enterprises and the further expansion of existing ones?

Iranian land reform may be regarded as a unit in the building up of a state capitalism, undermining of feudal and semi-feudal forms of landownership seen as a bar both to development and to central government control of countryside, and encouragement and subsidy to private capitalists. There is general consensus in the literature (de Janvry; Hooglund; Katouzian; Keddie; Lambton; Parvin and Zamani; Yeganeh) that the major consequence of land reform was the growth of various forms of state and private landownership compatible with capitalist agriculture, providing a basis for various forms of production organization. The government bias toward big capitalist units was shown within a few years of agrarian reform, especially in two policies, embodied in two major

programs (Katouzian) which have, surprisingly, been overlooked by the author. One was the law for the creation of farm corporations. In these units one, or usually more, villages were combined into a corporation, with peasants "persuaded" to turn over their recently received lands to the corporation, in return for which they got one or more shares, according to how much land they contributed. Wages were based on a combination of land and labor, but since farm corporations used modern machinery, not all shareholders could be employed, and former landless farm workers could seldom be employed. These groups contributed to the massive migration to already overcrowded cities. About one hundred farm corporations were created by 1978 (Keddie).

The other form of large production that was favored, at least until 1977, was huge agribusiness, partly owned and operated by multinational corporations. These farms of 5,000 to 25,000 hectares were generally built below new dams, especially in Khuzestan. Despite their supposed concentration on "new" land, they too cleared off many small peasants, and those who did not become agricultural laborers joined the rural exodus. Before 1978 some of the largest agribusinesses, especially in Khuzestan, were taken over by the government, in part because of poor performance. Both agribusinesses and farm corporations proved to be far less productive than middle peasants (Katouzian). This is largely because they involved huge expenses in preparing the ground for irrigation and heavy machinery in a land of low-cost labor suited to cheaper-manufactured implements. They often concentrated on unproven export crops and hence lowered Iran's food production and contributed to a growing dependence on food imports (Keddie).

Government policy also favored private mechanized farming. This included both the mechanized commercial farms of the old landowners whose mechanized lands were exempted from the provisions of the 1962 land reform law, as well as new agricultural enterprises, and the holdings of the old and new family smallholders. Majd cites the fact that post-land-reform policy resulted in greater government involvement in rural life (Yeganeh, p. 77) as an indication of the development of state capitalism at the expense of the institution of private property. However, he ignores the data provided in the same source based on which only about 10 percent of lands was government owned and about 90 percent was privately owned (Yeganeh, p. 76). Regardless of the issue of state versus

private capitalism, the foregoing discussion seems to indicate that capitalism has been making its way in post-land-reform agriculture.

Although the typology suggested by de Janvry is a very useful one, there may, generally, be two forms of capitalist development in agriculture. The survival of feudalism may fall away either as a result of the transformation of landlord economy, or as a result of the abolition of the landlord latifundia, that is, either by reform or by revolution. Bourgeois development may proceed by having big landlord economies at the head, which will gradually become more and more bourgeois and gradually substitute bourgeois for feudal methods of production. It may also proceed by having small peasant economies at the head, which in a revolutionary way, will remove the excrescence of the feudal latifundia from the social organism and then it freely develops without them along the path of capitalist economy. In the international economic history, those two paths would be called the Prussian path and the American path, respectively. In the first case, feudal landlord economy slowly evolves into bourgeois landlord economy, which condemns the peasants to decades of expropriation and bondage, while at the same time, a small minority of big peasant farmers arises. In the second case, there is no landlord economy, or else it is broken up by revolution, which confiscates and splits up the feudal estates. In that case, the peasant predominates, becomes the sole agent of agriculture, and evolves into a capitalist farmer. In the first case, the main content of the evolution is transformation of feudal bondage into servitude and capitalist exploitation on the land of the feudal landlords. In the second case, the main background is transformation of the patriarchal peasant into a bourgeois farmer.

In the economic history of Iran, elements of both types of evolution are in evidence. Due to its nature, land reform gave rise to an agricultural economic system in which feudal, semi-feudal, precapitalist and capitalist modes of production coexisted. However, it is important to note that with or without land reform landlord economy has, at least partially, been evolving in a capitalist way and has gradually been replacing the feudal labor-rent system by free wage-labor, the two- or three-field system by intensive cultivation, and the obsolete peasant implements by the improved machinery employed on the big private farms. Peasant farming has also been gradually evolving in a capitalist

way and has been giving rise to a rural bourgeoisie and a rural laborer. The better the condition of the village community and the greater the prosperity of the peasantry, in general, the more rapid is the process of differentiation among the peasantry into the two dominant classes of capitalist agriculture and the more swift the development of capitalism in Iranian agriculture.

Finally, it is suggested that land reform did not promote political stability in Iran. The fact that the monarchy was overthrown six years after the completion of land reform has been used as a justification for this conclusion (Majd, p. 843). How logical is this inference?

Most of the land reforms in this century, including Iranian land reform, have been promoted by the ruling order to overcome economic and/or political contradictions without changing the dominant social relations. However, as suggested by de Janvry, any program of land reform tends to unleash redistributive expectations and to stimulate broad mobilization of peasants and workers. Land reforms are, thus, an instrument of both expected stabilization and potential destabilization. To this end, Iranian land reform along with other government policies provides a remarkable example.

The Iranian land reform program was part of a more comprehensive six-point socio-economic and political reform called the "White Revolution" (Zonis) undertaken by the Shah's regime in the early 1960s to strengthen state capitalism, given the autocratic nature of the government and its monopoly control of the ever-growing oil income. A detailed analysis of this and subsequent policies which led to the political instability of 1977-79 is beyond the scope of this paper. Generally speaking, however, land reform provided a portion of peasants with land (the exact number is not known and may never be known), some of whom were soon taken over by big companies engaged in large-scale capitalist agriculture. The reform, along with massive importing of agricultural goods, especially wheat from the United States, and the absence or inadequacy of protective tariffs contributed to the ruin of countless small farmers, aggravated rural unemployment, and swelled migration to the cities. The Shah's subsequent modernization program quickly enriched the members of the royal family and the court, the entrepreneurs almost all of whom were subcontractors for the large Western firms, the powerful merchants, the importers of spare parts and consumer goods, and the speculators. On the other hand, those who suffered were the small manufacturers and craftsmen squeezed by foreign

competition, the rapidly expanding middle classes, the large masses of workers and wage earners whose buying power was being eroded by galloping inflation and millions of the unemployed landless and small farmers. The recession which hit Iran as of 1976 increased the regime's unpopularity. Slumping oil sales and rising costs in imported materials forced the government to considerably reduce the credits allocated to development, giving rise to disillusionment commensurate with the grandiose hopes elicited by the oil boom of 1973-74. The austerity measures adopted seemed all the more unjustified in that the Shah continued to sink billions of dollars into useless military hardware, mainly from the United States, which piled up in his arsenal and which was ironically used, at least partially, to topple his regime in the uprising of 1977-79.

In short, while they strengthened the development of capitalism and, generally, helped political stability during the period 1962-76 - that is, about fifteen years - land reform, other programs contained in the "White Revolution", and subsequent modernization policies resulted in various problems in rural as well as urban centers which could not be overcome by the Shah's regime. It was a mix of these and other more crucial perplexities caused by the centralization and concentration of the royal power, and not land reform as such, that gave rise to the political instability and uprising of 1977-79 and that, eventually, came back to haunt the twenty-five-hundred year old monarchical system.

### Conclusions

The previous analysis shows that Majd's study has missed some rather important information on land reform, subsequent government policy and general state of Iranian agriculture most of which happen to be contained in the literature cited in the study. It suggests that deductively and inductively inconsistent arguments have been utilized to remove the inconsistencies of "official land reform" data and numerous census results. Even if the author had succeeded in his venture, there would not have been a case, simply because the seemingly alternative sources of data appear to be exactly the same. The exercise is, therefore, none other than a perfect example of logical and statistical tautology. Further, some very misleading conclusions concerning the relationship between land reform,

development of capitalism and political stability in Iran have been drawn which fly in the face of the theory of economic development and the economic history of Iran and which are, as well, logically and statistically invalid. These observations seem to lead to the conclusion that the prevalent view still stands and that Iranian land reform was much less comprehensive than it has been portrayed by Majd.

Lastly, this paper reflects, very clearly, the futility and danger of economic analysis on the basis of "facts" only. It implies that for Iran, and most certainly for any other developing or developed country, facts indeed do not "speak for themselves" and to use them effectively and precisely, they typically must be interpreted in terms of an underlying structure, embodied in a theory.

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