

AGENCY FOR INTERNATIONAL DEVELOPMENT WASHINGTON, D. C. 20521 BIBLIOGRAPHIC INPUT SHEET	FOR AID USE ONLY
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1. SUBJECT CLASSIFICATION	A. PRIMARY Social Sciences
	B. SECONDARY Development Planning

2. TITLE AND SUBTITLE
Development policies directed toward smaller farmers, farm workers, and tenants

3. AUTHOR(S)
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4. DOCUMENT DATE 1971	5. NUMBER OF PAGES 10 p.	6. ARC NUMBER ARC
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7. REFERENCE ORGANIZATION NAME AND ADDRESS
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8. SUPPLEMENTARY NOTES (*Sponsoring Organisation, Publishers, Availability*)
(Presented at AID/USDA Agr. Policy Sem., Washington D.C., 1971)

9. ABSTRACT

A very frequent dilemma in development planning is how to encourage a dynamic, efficient agriculture and at the same time, ensure that the less-advantaged groups in farming share in the benefits or at least that they are not made poorer by these changes. As part of the cohesive efforts to modernize agriculture, three basic strategies for looking after the interests of disadvantaged groups are considered here: 1) Stress improvement of commercial agriculture, but introduce protective constraints. 2) Initiate positive programs that are designed especially to help the less-advantaged groups stay in agriculture. 3) Stress efficiency in the modernization of commercial agriculture, and rely on "social welfare" instruments outside of agriculture to improve the well-being of low-income farm people. Several specific actions related to each of these strategies are examined for their real, rather than their intended, effects; for example, minimum wage laws, controls on interest rates, ownership of one's own holdings, and producer cooperatives. However, in the conclusion the reader is reminded that the special efforts needed to reach the less-advantaged masses have a cost in terms of diversion of ministry funds and personnel from other components of the agricultural sector. Sometimes it may be more rational to improve living levels through means other than agricultural modernization and specialization.

10. CONTROL NUMBER PN-AAB-844	11. PRICE OF DOCUMENT
12. DESCRIPTORS Economic development Farms, small Government policies	13. PROJECT NUMBER
	14. CONTRACT NUMBER CSD-1927 211(d)
	15. TYPE OF DOCUMENT

DEVELOPMENT POLICIES DIRECTED TOWARD SMALLER
FARMERS, FARM WORKERS, AND TENANTS*

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A very frequent dilemma in development planning is how to encourage a dynamic, efficient agriculture and at the same time ensure that the less advantaged groups in farming share in the benefits or at least that they are not made worse off by these changes.

Left to its own devices, a modernizing agriculture may or may not follow a pattern that is consistent with the improved well-being of small farmers, tenants, and farm labor. Commercial operators tend to be the ones who are quickest to change practices or enterprises, who have readier access to credit, who can absorb risk better, and who are better organized to press for government policies in their favor. The price declines that often confront agriculture will have severest impact on the farmers who are smaller, or less progressive, or in remote locations. Buyers of commodities and suppliers of farm inputs often do not want to bother with small producers, especially if they are not located in or near commercial farming zones.

Tenants may be quite progressive in terms of wanting to make changes in practices or enterprises, but they may have little to say about what is done, or have insufficient incentive and security under their rental arrangements to make such improvements. Lack of active interest on the part of land owners in improving

*For presentation and discussion at the AID/USDA Agricultural policy Seminar, Washington, D. C., August 1971.

their operations can become a severe obstacle to increased incomes for both parties.

Whether agricultural modernization is beneficial to a farm worker or colono depends on (1) the effects on demand for his particular category of labor, (2) the bargaining power that he and his fellow workers have, and (3) the competitive position of the farm he is working on. Adoption of yield-increasing practices will tend in the short run to increase labor needs for harvest and other operations. But if wages become too high, or if timeliness is highly critical, this can result in mechanization that puts many of the less skilled people out of work. Also, agricultural modernization tends to accentuate the difference in competitive position between one farming area and another. Price-cost squeezes generated by gains in efficiency elsewhere can force entire production areas out of business with the need for both operators and workers to find new ways to support themselves.

A. Three Strategies for Helping the
"Little People" in Agriculture

It is not always true that small farmers, tenants, and farm workers are the most disadvantaged groups in agriculture. But if such is the case and if it is desired to protect or enhance their position as a nation's agriculture develops, a wide variety of government actions can be employed. Some of these help such groups to become relatively more productive, flexible, and secure; other actions provide legal protections and stronger bargaining positions; still others involve income transfers (through subsidies or tax relief) from other groups in the economy. As part of cohesive efforts to modernize agriculture, three basic strategies for looking after the interests of disadvantaged groups can be considered:

1. Stress improvement of commercial agriculture, but introduce protective constraints.
2. Initiate positive programs that are designed especially to help campesinos stay in agriculture.
3. Stress efficiency in the modernization of commercial agriculture, and rely on "social welfare" instruments outside of agriculture to improve the well-being of low-income farm people.

Some specific examples of actions related to each of these strategies are listed in Table I. To provide disadvantaged groups in agriculture with these kinds of opportunities and protections will often--but not always--entail a sacrifice of something else, such as reduced production efficiency, or less than minimum food costs to consumers, or greater burdens on taxpayers. But the extent to which such redistribution of opportunity is in potential conflict with efficient resource use can be greatly reduced if such actions are evolved as an integral part of a nation's agricultural and economic development plan, rather than being instituted on a piecemeal basis.

B. Some Well Intended Actions May Not Turn Out to Be Helpful

The actions listed in Table I will not necessarily help all disadvantaged groups in agriculture. Let me cite just four examples:

Minimum wage laws, though intended to help farm workers earn more, will tend to reduce the demand for hired labor by inducing farm operators to mechanize, or even forcing them to go out of business. Tractor drivers and others with specialized skills will probably be better off, but those without special abilities may no longer be able to find work.

TABLE I. EXAMPLES OF POSSIBLE ACTIONS TO PROTECT AND HELP SMALL FARMERS, TENANTS, AND AGRICULTURAL LABOR

<u>Constraints on the Way That Commercial Farming is Modernized</u>	<u>Positive Actions to Help Disadvantaged Groups Stay in Farming</u>	<u>Nonagricultural "Social Welfare" Measures</u>
High import duties on labor-saving equipment	Special extension and supervised credit programs for small farmers	More nonfarm employment opportunities near disadvantaged agricultural areas
Minimum wage laws, labor bargaining rights, and other worker legislation	Encouragement of marketing cooperatives	Better schools, literacy education, and vocational training for farm families
Controls on farm rent and interest rates	Government help in making farming inputs and services available in disadvantaged farming areas	Improved rural health services
Special allocations of fertilizer and other scarce inputs to disadvantaged farmers	Encouragement of leasing arrangements that give both landowners and tenants incentives to be more progressive	Extension programs related to family nutrition, money management, etc.
Limits on concentration of land ownership (tenure reform or regulation)	Emergency relief programs to help small farmers in bad years	Leadership training and other aids to community development
Import quotas on commodities that small farmers or hired labor depend on most for income	Priority given to small producers and farm workers in colonization projects	Industrial promotion and housing programs in the cities to absorb migration from rural areas
Special allocations of irrigation water for small farmers	Commodity price support programs (?)	Food relief and school lunch programs
	Better roads to disadvantaged farming zones	Timely public works to provide jobs in depressed rural areas
	Market information services to outlying areas	Equitable law enforcement and judicial systems
	Consolidation of fragmented land parcels	Income transfers - tax relief, categorical welfare payments, guaranteed-minimum-income plans
	Tax provisions favorable to small farmers	"Social" insurance
		Protections against usury

Controls on rates of interest, if carried too far, can encourage money-lenders and banking institutions to divert their funds from agriculture to other, less risky investment opportunities. Before such action is taken, there needs to be careful analysis of the effects on (a) farmers' profits and incentives to make improvements in their operations, and (b) the amounts of loan funds available to farmers.

Ownership of their own holdings may or may not be best for all campesinos. This can result in their limited funds being committed to paying for the land, when the money could be more productively used to intensify production practices or to rent a larger farm unit. Tenant farming means losing freedom of action, but is a way to gain access to others' capital. Also, some campesinos may lack the ability or education to be good managers; these may be better off as hired workers or tenants (with government help to protect their bargaining power).

Producer cooperatives are only one of several ways to help campesinos strengthen their bargaining positions. The financial and logistical problems of organizing comprehensive cooperatives can detract from their efforts to improve production efficiency. Even though existing costs or marketing margins are high, it may be more profitable to small farmers to concentrate more on their farming operations, or on a very modest set of cooperative undertakings. Also, control of a cooperative can end up in the hands of the more well-to-do farmers, who use it as a vehicle for obtaining low-interest credit, tax relief, or other advantages.

C. Eligibility Criteria Need Careful Analysis

For reasons of expediency and consistency, many programs aimed at improving productivity or incomes of disadvantaged farm people depend on some sort of classification scheme to determine who is eligible for special help. The simpler

such classification is, the easier and cheaper it is to administer. But simplicity may also reduce overall program accomplishment, since many of the persons or groups who happen to fall within the eligible class may not actually be in need of help. So, the best answer usually is some compromise between ease of implementation and the detail really needed to identify the individuals whom the program intends to reach.

Such classification can incorporate either or both of two approaches--geographic and categoric. Under a geographic approach, entire regions--e.g., certain districts, states, or valleys--become eligible for the special help being provided. Under a categoric approach, specific individuals or groups become eligible on the basis of one or more characteristics--farm size, tenure, age, level of living, kinds of crops or livestock produced, type of soil, etc. The geographic approach may be very appropriate where almost everyone in a region is in the same situation with respect to adversity, obstacles to improvement, or future potential. The categorical approach becomes more suitable when needy individuals or localities are scattered in the midst of others who are much better off or who have different kinds of problems and opportunities. In general, as agriculture modernizes and levels of living improve, it becomes less and less efficient to design assistance programs along geographic lines alone; farms tend to become increasingly diverse in character, and the groups or individuals in a given region who need special help become more the exception than the general rule.

Providing help to disadvantaged groups in agriculture on the basis of defined categories is not without its problems either. Lack of a convenient measure of well-being to sort out the people or localities you really want to help may make it necessary to base eligibility on a more tangible characteristic that tends to be associated with these people. But this can also open the door for

others who don't need assistance. For example, the commodity price support programs of the U.S. (available to everyone who produces certain crops) grew out of a basic concern to alleviate the widespread farm poverty that existed earlier in this century. But it is now true a high percentage of the support payments goes to larger, relatively well-to-do farmers.

D. Special Considerations in Helping Campesinos to Modernize

Suppose an agricultural ministry undertakes a special campaign to help campesinos increase their incomes through improved crop and livestock productivity (Strategy 2). In what ways will extension education, production credit, and other programs need to be different from the approaches that have been used in reaching commercial farmers and hacendados?

Of course, many of the needs are those that apply to any group of producers--dissemination of information about improved farming practices, encouragement of crop and livestock enterprises that offer favorable income prospects, adequate investment and operating capital, ready access to markets and production inputs, and security of land tenure.

But additional considerations require attention when designing programs that are directed particularly at campesinos who are taking the first steps toward agricultural modernization, who have very limited resources, and who may be very large in number. Let me mention several in the form of assertions, some of which you may want to take issue with in our discussions later on:

1. The enterprises and practices to be promoted should be simple to handle, have relatively quick payoffs, and have reasonably certain outcomes.
2. The first "wave" of change needs to be especially dramatic in terms of

increases in production or income, in order to induce large numbers of campesinos to depart from traditional ways of doing things and to generate an attitude of wanting to make further improvements.

3. Before undertaking a mass campaign, make certain that the proposed changes have been thoroughly tested under local conditions. Differences in soils, climate, facilities and managerial capacities can cause results to be quite different from those achieved on commercial farms or experimental plots in the same country. Misleading recommendations can bring about a lack of confidence in government agencies that makes it hard to influence campesinos for many years to come.
4. Place strong emphasis on local demonstration of improved practices by cooperators and technicians in whom the people have confidence. More so than many commercial producers, campesinos are immobile, have to see things to believe them, and are likely to be suspicious of persons who don't have similar ethnic backgrounds.
5. Avoid making promises that can't be kept or providing temporary helps that make initial results artificially great. This can lead to disillusionment that creates resistance to future government endeavors. It is especially important that all development programs in a region are consistent in this regard, since few campesinos are able to distinguish which agency a particular government worker represents.
6. Be prepared to provide the same kind of educational help to the same group for a number of years. The experience in many countries, including the U.S., is that many producers tend to revert to previous practices unless reminded each season.
7. Make certain you are contacting the persons who really make the deci-

sions. The attitudes and insights of the landowner, moneylender, and community leaders--not to mention his own wife--can have a very dominant influence on the changes that a campesino makes in his farming operations.

8. Encourage trial of more effective methods to reach the less progressive masses. Few countries have been as successful as they might be in this regard. Limited budgets, lack of agricultural specialists who are willing to live and work in remote areas, administrative pressures to show quick and tangible results, and the natural tendency for programs to "migrate" to those groups and individuals who are most responsive (or who have greatest influence on agency funding) can add up to many campesinos being missed. Greater use of para-technicos and university students, special training courses for community leaders, reaching campesinos through youth projects in the schools, mass media, training in vocational agriculture for campesinos who have been drafted into the army--these are among the many possibilities worth exploring.

Of course, underlying all of this is the basic question of whether it makes sense to try to transform campesino agriculture from a subsistence to a commercial basis in the first place. It is not necessarily true that small farmers are less progressive, productive, or efficient than large farmers. But neither is this unusual. The special efforts needed to reach the less advantaged masses have a cost in terms of diversion of ministry funds and personnel from other components of the agricultural sector. For at least some campesinos in some places the more rational answer may be to help them to improve living levels through means other than agricultural modernization and specialization.

E. Key Questions for Judging Proposals Related to Disadvantaged Groups in Agriculture

As stressed in my earlier presentation in this seminar, an effective agricultural development strategy centers around consideration of goals, constraints, and alternative possibilities. As applied to action proposals for helping campesinos, tenants, and farm workers, the following kinds of questions need to be asked:

1. What are we primarily concerned with helping these groups to accomplish?
Better living levels...greater contributions to national food production...a bigger share in the gains from a modernizing agriculture... more freedom of behavior...greater financial security...better family nutrition through improved subsistence farming...or what?
2. Will the proposed action in fact help achieve this?
3. What negative side-effects do we want to avoid or minimize? Reduced well-being of certain other groups...less efficient agricultural production...declines in farm output...increased burden on the government... drains on foreign exchange balances...inflation...increased unrest or political opposition among certain groups...reduced ability to compete in foreign markets...others?
4. Does the proposal have any serious weaknesses with respect to these kinds of side-effects?
5. Have the details for executing the proposed action been adequately studied, and can it in fact be effectively implemented?
6. Are there possible modifications, or substitute courses of action, that would accomplish more and/or have less adverse side-effects?