

AID/PLATEMIS  
FIN-APP-928

AGENCY FOR INTERNATIONAL DEVELOPMENT

SPRING REVIEW

Country Papers  
Vol. 2

LAND REFORM

in

IRAN

by

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FPC, AID/Washington

June, 1970

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SR/LR/C-18

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## Land Reform In Iran, 1900 - 1969

### I. Summary

The Iranian national land reform program which became effective in early 1962 was an outgrowth of long efforts toward change in a pattern of land ownership and use rights which had stagnated agricultural production and created severe maladjustment of social and political structures. The reform originally treated redistribution of land rights as the key element in a) removing undue political and social power from the landlord class, b) improving the social and economic status of the peasant class, and c) achieving increased agricultural production by encouraging increased farm level capital and labor inputs. These objectives have been supported by organizing a peasant farmers' cooperative structure, supplying enlarged production credit, and extending improved genetic stocks and technologies to farmers.

The reform has gone through two stages: 1) Expropriation and distribution of lands in excess of one village per owner; 2) expropriation and distribution of lands within a one-village limit that were in excess of prescribed hectareage limits, with the remainder then either a) leased to tenants for 30 years, b) sold to tenants, c) tenant use rights bought by landowners, d) divided with tenants on former crop-share ratios, or e) pooled with tenants into jointly managed farm units. Two further stages are in process: 3) conversion of 30-year leases to peasant ownership, and 4) conversion of distributed peasant ownerships into large farm corporations for sake of more rapid and efficient physical reorganization and use of land and water resources.

Results from the first two stages have been satisfactorily positive; the third and fourth stages have not progressed far enough to be evaluated. A large majority of all peasant farmers have benefitted directly from the reform thus far, but the fourth stage seems to be a reversal of individual benefit for sake of gains thought to be available through large-scale mechanization.

Although deep-seated political and social pressures generated the force necessary to enable the reform to be carried out, the Shah has supplied and continues to supply an indispensable continuity of purpose and determination.

## II. Pre-Reform Period

### A. Introduction - Economic Background

Between 1953 and 1959, the great influx of American economic, technical and military assistance, together with the rapidly expanding national revenues from oil, brought dramatically visible new developments in Iran which were felt "to the uttermost parts of the Kingdom." A multitude of structural projects - irrigation works, canneries, sugar factories, textile mills, hospitals, clinics, schools, highways, airfields, harbors - came into being. Principal cities were modernized. Substantial dry-farm areas were converted from animal to mechanized farming. Malaria and other ancient scourges were brought under control. Locust invasions were fought off with squadrons of airplanes delivering the materials of battle. Tehran mushroomed with new construction and swarming vehicular traffic. Subsidized bus and train fares encouraged a vast flow of travelers to and from all parts of the country.

Under the impact of these developments, the stagnation of agriculture became ever more conspicuous. The fact was plain that Iran's agriculture was archaic and must be changed. How to achieve that change in face of the existing institutional obstacles and opposing interests was another matter. To understand these adequately we must look briefly to the history of land ownership and use in Iran.

Property rights in agricultural land have never been secure in this ancient country, and still are not soundly based.<sup>(20)</sup> Over the centuries they have been treated with small respect at each change of national command. Historically, whole regions were dealt out to favored individuals at a fee, with tax collection privileges and public service and public order obligations attached. The system gave rise to many oppressive obligations of tenants to landlords that were not finally abolished until enforcement of the land reform law of 1962.

Because Iran is predominantly a land of great distance between/agri-cultural development until recent times tended to be self-sufficient area-by-area. The arts of production fitted to this pattern changed little over the centuries.

Thus Iran brought to the 20th Century a feudal type of land tenure and a medieval agricultural technology. The system prevented capital accumulation by tenant farmers, while discouraging landlords from investing in further improvements of land and water resources. Many landowners had moved away from the land and lost their managerial and technical skills. Meanwhile, the 75% of total populations still bound to the land and to the primitive hand labor techniques of the past were unable to produce enough food for the nation.

On the eve of land reform, a backward view disclosed that from remote times the rise and fall of empires had had little effect on the relative

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(20) Lambton, Ann K. S. Landlord and Peasant In Persia  
Oxford University Press London 1953 pp. 187-9

position of the peasant farmer. The coming of modernization to non-agricultural activities had only worsen his position by raising the costs of government and of living without bringing compensating increases in farm income.

Looking forward at that time, the prospects for beneficial change, except through land reform, were not promising. As seen then<sup>(26)</sup> such things as representative and honest government, cheap production credit, and skilled and adequate technological support could not in themselves solve the problem:

"In short, land reform, with transfer of ownership from landlords to owner-operators as its central aim, is and must be the essential foundation for the economic, political and social emancipation of the Iranian rural population. By the same token it is the essential foundation for modernization of Iranian agriculture and the healthy and vigorous growth of the general economy."

The need for reform lay not so much in the villainy of landlords as in the nature of Iranian agricultural development. Over most of the country farming is only possible with irrigation of at least part of the land, and irrigation is only possible with substantial capital outlay. Stream diversions for individual farms were feasible on only an insignificant fraction of lands; large diversions required group effort and funding. The ghanat in particular - a tunnel anywhere from  $\frac{1}{4}$ -mile to more than 20 miles in length, bringing water from a deep underground source - required a heavy advance investment.

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(26) Platt, Kenneth B. "Land Reform As A Factor In The Economic Development Of Iran" Staff memorandum, A.I.D. Mission to Iran. Tehran, 1962.

Because few areas in Iran have streams with sufficient summer flow to meet irrigation needs, approximately 46,000 ghanats were developed from some time in the pre-Christian era until 1952.<sup>(8)</sup> Typically, a ghanat was developed by a man with enough capital to pay for the labor involved and to wait out the two to several years required for construction. Upon completion of the tunnel and delivery of a flow of water, the owner determined how much land could be irrigated and recruited enough farmers and others to come and settle there as his tenants. This might be anywhere from 10 or less families to more than a hundred, depending on the water resource developed. If a large source had been found at not too great a distance, the owner could recover his investment and get a good profit after enough years; if the source was meager he might never recover his investment.

Even in dry farm areas where the land could be simply plowed and planted, drouth hazard dictated development of companionate lands under irrigation wherever possible. And throughout Iran defense against marauders dictated walled communities under strong leadership, in due time evolving into a pattern of dominant strong families exercising centralized ownership prerogatives even over what once may have been communities of small individual ownerships. Only an estimated 20-25 percent<sup>(15)</sup> of total farm

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(8) Bahramy, Taghi Agricultural Geography Of Iran  
Tehran University Press, 1952 p. 120 (Persian language text)

(15) 1960 World Census Of Agriculture  
FAO, Rome 1966 Volume 1/a pp. 88-101

lands in Iran, consisting mostly of isolated patches in mountain valleys too small to tempt either the wealthy or the rapacious, escaped this pattern.

The typical Iranian farming community in which land reform was needed, therefore, frequently was one which had been created by the enterprise and resources of its owner or his ancestors, or had been held together and enabled to survive through the assumption of control by one or a few dominant leaders. The general picture was one of legitimized current ownership fitted to the governing natural and historic circumstances. For one man to own a whole village or even several villages, therefore, was not in itself grounds for approbrium. Rather, it was the conditions of tenancy under this ownership structure, and the general stagnation of production under the system, which called for reform.

On the tenants' side, balancing the capital and management contributions of the owner in creating the village, was the fact that only the labor of men such as they could bring the creation to completion and continue it in use. Further, that labor had been notoriously underpaid.

By 1960 the historic community insecurity had virtually vanished, but the economic difficulties of new land development were even greater than in the past. New development of ghanats had been almost totally abandoned. Developments proceeding under private initiative through deep well pumping was seriously depleting long-established ghanat flows; private pumping

from large streams was injecting interfering uses into areas intended for planned public projects.

In sum, on the economic side, pre-reform Iranian agriculture had fallen far behind the other sectors of the economy, and had become a serious drag on the general advancement.

## II. Pre-Reform Period

### A. Introduction - Political Background

The current land reform program in Iran took definite form only in 1961, but its roots date back much further. Marxist ideas entered Iranian thinking early in the 20th Century,<sup>(36)</sup> and scarcely could have omitted the fundamental precept of revised land tenure. ~~The~~ **g**round for land reform already had been made fertile then by the peasant oppressions growing out of the increasing extravagances and tax demands of the decaying Qajar Dynasty and the parallel transition of Persian landlords from patronal to exploitive character.<sup>(7)</sup>

In a Gilan rebellion of 1919 many landlords were killed or driven off, and their lands distributed to the peasants (37, pp. 213-17). A similar rebellion occurred in Azarbaijan. Following the 1921-22 suppression of these rebellions, Iranian communist intellectuals openly espoused agrarian revolution until their activities were outlawed in 1931, and continued subrosa until World War II (36, preface) despite imprisonment of most of their leaders in 1937. Over the same period, government administrations took the beginnings of positive action toward land reform.

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(37) Zabih, Sepehr The Communist Movement In Iran  
University of California Press, 1966 p. 2

(7) Avery, Peter Modern Iran E. Benn London, 1965 p. 46

Avery (7, p. 235) notes, in relation to the British-Russian rivalry in Iran, that the two Iranian leaders who took power in 1921 turned their attention to overcoming internal deficiencies:

"- - - Reza Khan knew that salvation lay in developing the country from within. . . The idea was repugnant to him, that Iran must somehow survive simply because it was of so much importance to people like the British that they would never allow it to be obliterated. His Iran would survive because it had a right to do so and was capable of surviving by its own effort.

"Sayyid Zia - - also thought that Iran must save itself. His panacea for regeneration was the revival of agriculture and individual craftsmanship. - - The Sayyid began with the proposal that land should be distributed more equitably. Given to those who tilled it, he believed more would be produced because its new beneficiaries would put out more effort. This belief has persisted until in the last 10 years land reform has become the major internal political issue."

Similarly, Cottom (11) has stated:

"All but the blind could see that Reza Khan was speeding up a profound social revolution. He was doing more to give Iran a bourgeoisie power base than the communists had any right to expect - -."

Upon attaining supreme power in 1924, Reza Shah soon began concrete measures toward a new and forward outlook of his country. "Elementary and secondary education was expanded 6-fold, and a system of universities and technical schools was inaugurated." (7, p. 255). Veiling of women was abolished; men were ordered to wear Western style clothing. A modern railway was built from the Persian Gulf to the Caspian Sea. Mills and factories were erected. Brigandage in outlying areas was put down, dissident tribal leaders subjugated, and a national spirit fostered.

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(11) Cottam, Richard W. Nationalism In Iran  
University of Pittsburg, 1964 p. 189

The need for land reform was recognized, and attempts were made to deal with it. (9) In the process of Reza Shah's determined consolidation and modernization drive, the lands of various powerful rebels were seized and added to the already extensive State Domains. Substantial State holdings in Sistan Province were sold in small lots in 1937 (20, p. 246) with provisions intended to improve conditions of peasant tenants. This distribution failed for lack of sufficient government integrity and follow-up. Similar distributions elsewhere in the country likewise failed, but they set the stage for later more constructive developments in land distribution.

When the present Shah, Mohamed Reza Pahlavi, took the throne in 1941 upon the forced abdication of his father, he was in too weak a position to pursue programs distasteful to the powerful conservative landowning and religious leaders. War conditions and the ensuing post-war crisis of Russian occupation and sovietization of Azarbaijan Province, further deferred the attainment of a strong position. By 1951, however, the young Shah was well enough established to initiate the distribution-by-sale of a large aggregate of Crown lands inherited with the throne. Favorable valuation and pay-out terms were granted, cooperatives formed, and credit extended.

This program was announced as an example for other large landlords to follow. It found few emulators. During the political turmoils of the

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(9) Banani, Amin The Modernization Of Iran, 1921-1941

Mossadegh era, the program was temporarily reversed by government action, but it was restored again in 1954 and carried to a voluntary termination in 1961.

The political struggle during this period may be seen as having passed the stage of whether there was to be a land reform, and now centering on what form it was to take and who was to get the credit. (11, pp. 270-300). At this point the ascendancy of the Shah began to emerge. Cottam states: (11, pp. 270-300)

"The Mossadegh government [1952-53] did have a positive program. - - Some programs materialized, the most important of these being agricultural reform. . . There is no evidence to indicate that either Sahedi or the Shah ever proposed [1953] to follow the kind of policy needed to attract Mossadeghist support. - - The pulling of the teeth of Mossadegh's agricultural reform and the placing of conservative members of the oligarchy in most policy-making positions underscored - - that the imperialists would once again work through the least progressive elements of society.

"The Shah had no difficulty in removing [Sahedi] from office and establishing a personal dictatorship. The oligarchy acquiesced - - because the Shah did not - - seriously challenge the social and economic position of the thousand families. - - - He steadily reduced their political power, however, - -. In order to provide long-term stability for his regime he needed the support of a much larger sector of the population. - -

"The Shah gave several speeches in 1954 promising fundamental social reforms and demanding that the landowners distribute their lands among the peasantry. . ."

A law passed by the Majlis in 1954 and activated in 1956 provided for the systematic survey, classification and sale to small farmers on favorable terms of all remaining State Domains agricultural lands. Flaws in the financing provisions of this law, together with tangled title problems and the natural instincts of the State Domains Administration for

self-perpetuation, held the pace of disposal of these lands to such a low level that up to June 1961 only 47 villages had been distributed out of a total of 1330, and in 1962 it was estimated that at this pace more than 100 years would be required to complete the program (27). Much was learned, however, that was put to good use in framing the approach to the later distribution of private lands.

The violent and unforeseen overthrow of the government of bordering Iraq in 1958, in the mist of a vigorous and widely heralded program of national development stressing particularly new land and water resources development and the planned creation of large numbers of new small farms, no doubt alerted the Shah still further to the urgency of reform needs in Iran, though there is no evidence that it impressed the landlords. The constant barrage of Persian language radio broadcasts from Russia attacking the monarchy, the landlord class, and the Iranian government as obstacles to the rights of the people, found many receptive ears, sharpened by the detailed accuracy and close currency of facts, figures and incidents in Iran cited. These broadcasts served as a further stimulus to reform thinking by both the governed and the governing.

Iranian newspapers during this period carried frequent items on alleged plans and actions of the government of a reform nature, or on examples of primitive hardships and neglect supposedly endured by villagers. The fact that many such reports were pure fabrications only heightened their

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(27) Platt, Kenneth B. Completion Report, Project O30, A..D. Mission to Iran  
Tehran, 1962

effect in fanning into open flame the smoldering popular impatience and discontent over the dearth of real progress. Student riots in Tehran and other university cities, a textile workers' demonstration in Isfa'an, and renewed brigandage in outlying areas were some of the manifestations.

Another focus of popular resentment was the notoriously rigged procedures applied in national Majlis elections - the only elective process in Iran. This resentment took form in a broad protest against the Eqbal government of 1961 over inaction on promised increases in teachers' salaries. One teacher was killed in police action against the demonstrators, following which the Eqbal government was replaced, amid renewed promises of land reform.

At this point, with a Majlis-approved land reform law of 1960 still unactivated, the pressure for meaningful steps toward reform had been built to high level. All signs pointed to both a public demand dangerously approaching general revolt, and an advancing determination of the Shah, at least, to bring about such a reform, but with the powerful landlord class and other conservative elements still strongly resisting.

- II. Pre-Reform Period
  - B. Land Tenure Structure
    - 1. Characteristics

The land tenure structure of Iran before reform was characterized by a wide range of land ownership sizes, with a relatively few private owners plus the State and religious endowments holding very large estates, a large number of single-village and part-village ownerships, and a still larger

number of individual small farm ownerships. Within this ownership frame, tenancy was a strongly dominant feature, with crop-sharing the usual mode of rent payment. Only in the Caspian rice area, Iran's richest farm lands, were cash or other fixed rentals commonly found. Written tenancy arrangements were rare.

Tribal land areas of major extent did not fit into this general framework, largely because they included relatively little cropland. Under a hierarchy of khans or sheikhs, clan chiefs and subchiefs, most tribal lands were allotted to individual families on a use-right basis, but with ownership vested in the tribe as a whole.

The level of tenancy was estimated by West (35) at 60% in 1958. "Of those cultivators who own their land," wrote West, "63% have less than  $2\frac{1}{2}$  acres, 25% have  $2\frac{1}{2}$  to 7 acres, and only 12% have more than 7 acres." The following table shows the approximate distribution of land ownership by size groups as estimated before reform.<sup>(15)</sup> In referring to these figures it must be kept in mind that land ownership statistics then existing were not based on accurate or complete records. For example, references up to the time of reform commonly spoke of a total of 45,000 villages in Iran, whereas later reports spoke of more than 50,000 villages. The Land Reform Law defined the village in terms of local recognition of that status, but there was such dispute between owners, peasants and officials in actual designation. The distinctions separating the very

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(35) West, Quentin M. Agricultural Development Programs Of Iran, Iraq, And Sudan Foreign Agriculture Report No. 112, Foreign Agriculture Service, USDA, 1958 p. 5.

Distribution of Land Holdings in Iran,  
By Size and Tenure

(Before Land Reform)

	Total Holdings				Owner-Operated Holdings			Holdings Rented From Others	
	Number	%	Area (ha)	%	Number	Area (ha)	% Area	Number	% of Number
	(000)		(000)		(000)	(000)		(000)	
Under 2 ha	748.8	40.0	571	5.0	347.7	221	1.9	328.4	17.5
2 to under 5	474.5	25.3	1,554	13.7	138.1	442	3.9	283.5	15.1
5 to under 10	340.0	18.1	2,413	21.2	76.8	541	4.8	218.8	11.6
10 to under 20	223.8	11.9	3,054	26.9	41.4	562	4.9	158.3	8.4
20 to under 50	77.7	4.1	2,209	19.5	15.6	479	4.2	53.8	2.9
50 to under 100	8.4	.4	564	5.0	2.4	166	1.5	5.2	.3
100 to under 500	3.8	.2	684	6.0	2.0	386	3.4	1.6	.1
500 and over	.3	.02	307	2.7	.2	179	1.6	-	-
TOTALS	1,877.3	100.0	11,356	100.0	624.3	2,976	26.2	1,049.4	55.9

Tenure distribution of total holdings

	<u>Number</u>	<u>Area</u>
Owner-operated	33.3%	26.2
Rented from others	55.9	62.2
Mixed tenure	<u>10.8</u>	<u>11.6</u>
	100.0	100.0

small properties/settlements between villages and "hamlets" (Lambton, 21, p. 219) or "farmlands" (Khatibi, 18, p. 86) were often ambiguous. Khatibi shows 53,966 villages and 18,884 "farmlands".

Lambton (20, p. 259) has pointed out that the large landowners of Iran in the pre-reform period were not a hereditary landed aristocracy on the European feudal mode, the establishment of such a class having been prevented by the recurrent insecurities and ownership forfeitures already described. Many were men of urban origin who had bought land for reasons of social prestige and/or political power. A common characteristic was that they were mostly absentee, and took little direct interest in the management of their estates. For this they hired managers or bailiffs, who constituted a burdensome and divisive group between landowners and tenants. Lambton also notes (20, p. 271) that the large proprietors tended to be concentrated on the best lands of Iran.

Some peculiarities of Islamic land rights philosophy imposed serious adverse effects on usual conditions of tenancy. The doctrine of "root rights" gave to the planter the right to use the products of his plantings as long as the roots remained alive. Because of this, landlords usually did not allow tenants to plant trees, grapes, alfalfa, or other long-lived crops. Another doctrine recognized continuing use rights in land farmed for several consecutive years. To guard against the establishment of such rights, landlords commonly rotated their tenants to different plots of

land each year. The result of these two practices was to prevent tenants from improving the land in any lasting way, while encouraging them to exploit it to the fullest. Infestations of perennial weeds were neglected, stony fields left unimproved, use of fertilizers minimized, erosion neglected. In one dryfarm section between Mianeh and Tabriz large portions of the land surrounding a village whose Persian name means "Black Earth" were observed in 1959-60 as being progressively abandoned due to erosion having washed away all the topsoil.

The deleterious effects of the rotation practice in preventing resource maintenance and capital accumulation have also been noted by Christjanson.

(10)

II. Pre-Reform Period  
B. Land Tenure Structure  
2. Changes

There was relatively little change in the basic land tenure structure over the 1900-1960 period. The efforts of Reza Shah to break the power of certain powerful tribal leaders between 1925 and 1940 included allotments of some tribal lands into individual holdings, but the attempt to settle nomadic tribal families by this means met little success. A greater impact on tribal land use came from the shift of large areas in the Moghan Steppe and Gorgan Plains from grazing use to dryfarm wheat production during the 1950-60 period for reasons of immediate economic advantage. This shift

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(10) Christjanson, Baldur H. "The Agrarian Based Development Of Iran"  
Land Economics, Vol. 36, No. 1 February 1960

covered the best of the winter and spring grazing areas of large number of tribal livestock, without providing compensating feed resources. Former family use rights tended to be usurped upward in the tribe in this process, at the same time that grazing possibilities were destroyed.

On sizeable tracts of Crown lands in Mazandaran Province, introduction of cotton farming was accompanied by importation of laborers from Sistan to augment the local supply. The imported families, being both more aggressive and also determined never to return to the starveling existence from which they had come, within a few years began driving the rightful owners off some areas of the distributed Crown lands. In adjoining Gorgan, substantial areas converted from grazing to mechanized wheat production, or from animal-draft to mechanized wheat production, left the great majority of small owners with little practical function in the production process.

The tenure problems in these change-of-use situations had not been dealt with up to the time land reform was initiated. Another and similar displacement of traditional tenancy occurred on long-established dryfarm lands in East Azerbaijan during the 1950-60 period, when tractor plowing was introduced. Landowners making this change retained part of their former tenants as day laborers, but of course provided much less work for them than when the land was tilled with animal power. Tenants totally displaced were left to shift for themselves; for most this meant migration to cities.

In the environs of Tehran one large estate owner divided his land with his tenants, giving them the same share of land they had formerly received of crops. The owner guaranteed the water rights on the irrigated land so long as this land was not sold or leased. The owner got as his share the land adjacent to the highway, clear of all claims by the tenants. The transfer proved highly advantageous to all concerned, and the owner was proceeding with similar transfers on properties distant from Tehran, before land reform began. A very few other adjustments of this sort were said to have occurred.

The Crown Land and State Domains land sales already mentioned were significant tenure adjustments favorable to tenants. Their overall significance, however, lay more in the principle they illustrated than in their scale, the combined lands involved being only between 5% and 10% of the total farm lands of Iran. Except for these and the very exceptional land division cases just mentioned, nearly all changes occurring in the immediate pre-reform decade were unfavorable to tenants.

## II. Pre-Reform Period

### C. Land Resource Information

#### 1. Land Availability

In pre-reform years, Iranians commonly thought of their country as having an abundance of potential new agricultural land. This view was far from realistic. The annual crop areas already in use marked the practical limit of land use in any one year with existing water supplies and water-use

practices. Trust was placed in deep wells to tap water resources not theretofore exploited, and indeed not a few successful wells had been installed. Pumping costs, however, limited the use of many of these wells to high-priced specialty crops rather than general cropping.<sup>(24)</sup> Meantime, other wells had demonstrated that many areas of good land were underlain with salt water. Still other wells threw as much land out of production as they brought in, by taking water away from ghanats.

A common argument by opponents of land reform was that the government should finance new land developments on which to settle the tenant farmers of Iran. That this approach was quite unworkable, even had funds<sup>been</sup> available, is indicated by the following figures on land availability and use cited by Dehbod (12), in 1963, at which time no significant change from the pre-reform situation had occurred:

"Of the 164,000,000 hectares total area of Iran, 22,500,000 ha. are used for agriculture and other purposes as follows:

Annual cultivation	6,400,000 hectares
Artificial pastures	130,000 "
Orchards, woodlots and gardens	325,000 "
Fallow	4,800,000 "
Natural pasture	6,745,000 "
Available for easy development	4,100,000 "

Considering that the fallow lands lie adjacent to the annual cultivated area, where presumably all available water resources already have been brought into use, only the area classed as "available for easy

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(24) Osgood, O. T. "The Economics Of Water In Development Of Irrigated Agriculture In Iran"  
FAO Mission to Iran Tehran c 1961 Mimeo p.1

(12) Dehbod, Abolghassem "Land Ownership And Use Conditions In Iran"  
CENTO Symposium On Land Development, Tehran, 1963. P. 59

development" can be counted firmly as potential new cropland, save for the possibilities of wells on the fallow lands.

The remaining unutilized cultivable lands of Iran can only be developed at high unit cost. I have estimated elsewhere (28) that water resource limitations, salt problems and other limiting factors probably will hold further irrigation development to not more than 1,200,000 hectares within the foreseeable future. This would be about 150% of the present fully irrigated area. Dryfarm land area, on the other hand, must be expected to decline as the economy advances, because some 15 percent or more of such lands now in cultivation are only marginally productive and not capable of economic improvement. (28, p. 17). These lands must be expected to fall out of production as better employment opportunities for their present subsistence users arise elsewhere in the economy.

In terms of a land reform program, therefore, the lands already in cultivation were the only area realistically available for distribution.

## II. Pre-Reform Period

### C. Land Resource Information

#### 2. Classification

The land classification information available before land reform was of a general nature only. Illustrative of this, the Plan Organization in 1961 revised the official estimate of total irrigated land to 2.3 million hectares, from an estimate of 2.5 million hectares used the year before; the estimate of grazing areas was revised from 42 to 25 million hectares. (25)

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(28) Platt, Kenneth B. Land Development And Use Problems In Iran  
Unpublished manuscript prepared in 1963 p. 49

(25) Plan Organization, Government of Iran: Second Draft, Third Plan  
Frame, Agricultural Section, January 1, 1961. p. 4

A national soil survey begun in 1952 had been completed to reconnaissance level on 1,528,000 hectares at the end of 1960 (31), or about 13.5% of the cultivated land. Detailed studies had been completed on only 17,750 hectares. These surveys were of little, if any, use in executing the land reform program.

Notwithstanding the dearth of documented technical information, there was a generally adequate working knowledge of the relative productivities of lands in different producing areas, and of particular localities within the areas, based on tax records, rental rates, land sale values, crop specialization, and established reputation. Locality by locality, such other value factors as susceptibility to drouth, reliability of irrigation water supplies, soil salinity or drainage problems, etc., also were well known.

This overall knowledge was sufficient to enable the Land Reform Organization to establish differential land value ratings by area when expropriation was carried out and, later, to establish differential ceilings for hectarage of land authorized to be retained by landlords in the different areas.

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(31) Information for Soils Department, Irrigation Bongah, Ministry of Agriculture, Tehran, to author March 1961.

II. Pre-Reform Period  
C. Land Resource Information  
3. Identification And Titling

The cadastral information available in Iran before land distribution was sketchy, incomplete and uncoordinated. Existing surveys were of varying competence, but their chief shortcoming was that each was an independent unit survey, there being no national system of officially located and authorized geographic reference points to which they could be tied. Reference points actually used were local landmarks, often of ambiguous location or identity. Overlaps and omissions of area on supposedly adjoining surveys were common. A government survey started in 1926 was never finished (20, p. 183).

The seriousness of the defects of this unconformed system was reflected in a 1959 request of the Ministry of Justice for AID Mission assistance in performing a reliable and systematic national cadastral survey, when the Minister stated that 50% of the time of the entire staff of the Ministry was taken up with land title litigation (29)

The existing surveys showed the outlines and approximate total area of each registered ownership, but not the internal subdivisions. The approach used to circumvent this deficiency in identifying the individual plots allotted to tenant farmers in the land distribution is discussed in III-D-5.

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(29) Platt, Kenneth B. "Some Policy Problems In Iranian Land Reform - A Functional Appraisal" AID/Iran Staff Paper Tehran, 6/65 p. 13

## II. Pre-Reform Period

### D. Rural Production And Productivity

In the decade before land reform, Iran shifted from an export to a deficit position in production of wheat, its principal food crop. Yields of all crops were extremely low, reflecting not only the primitive and inefficient tillage practices, but also poor seed, low fertilizer use, lack of weed, pest and disease control, mismanaged irrigation, and field losses sustained in harvesting. The national average wheat yield for the 1943-1947 period was 13.3 bushels per acre, including irrigated lands (17). Christjanson in 1960 noted wheat yields "in the neighborhood of 10 bushels per acre under irrigation." (10) Sugarbeet yields averaging only 6 metric tons per acre for the whole producing area of one sugar mill were reported to the author in 1959 and 1960. A generally low state of soil fertility prevailed, due to the practice of removing from the fields all crop residues and all cattle and horse manures to use for fuel.

It was commonly said in the drouth-fringe areas of the western and southern provinces that farmers could expect to lose their wheat seed one year out of five, barely get it back one year, and obtain yields of 3 to 5 times their seed in the other three years. Lambton (20, p. 277) reports a seeding rate of about 330 lb. per acre on irrigated land in a village of central Iran, with a return of 7 to 1. This reference also gives a detailed list of yield-to-seed ratios from 49 locations, of which 16 are as low as

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(17) Hadary, Gideon, and Karim Sai Handbook Of Agricultural Statistics Of Iran American Embassy, Tehran, January 1949 p.10

4 or 5 to 1 and only 6 are above 20 to 1, on irrigated land. (20, p. 364-5) Comparable figures in U.S. practice are seeding rates of 45 to 75 lb. per acre and yields of from 20-100 to 1 on dryfarm land, and 75-150 to 1 under irrigation.

West in 1958 reported index figures of total agricultural production showing an average annual growth rate of 1.6% over the 20-year period 1935-39 through 1956. (35, p. 7) FAO Production Yearbook Volume 22, or 1968, presents index numbers of food production reflecting an annual increase of nearly 4.0% for the 1952-61 period.

## II. Pre-Reform Period

### E. Rural Population, Employment And Unemployment

The population of Iran still is predomantly rural and agricultural, but the balance has been shifting rapidly toward the urban side over the past three decades. The following table summarizes representative figures:

Year	Rural-Urban Population Balances In Iran				
	Total Production (thousands)	Rural Population (thousands)	Per Cent	Urban Population (thousands)	Per Cent
1940 (25, p. 3)	16,550	12,885	77.7	3,695	22.3
1960 (18)	22,256	14,600	65.6	7,656	34.4
1967 (18)	24,590	15,000	61.0	9,590	39.0

a/ Centers of over 6,000 population

Labor force distribution between agricultural and non-agricultural showed a lower preponderance on the agricultural side, but about the same rate of shift. The figures for labor distribution are:

(18) Khatibi, Nostratollah "An Analysis Of Iranian Agricultural Production, 1960-66" CENTO Conference On National And Regional Agricultural Development Policy Istanbul, 9/67

Year	Iranian Labor Force Distribution			
	Agricultural		Non-Agricultural	
	Number (thousands)	Percent	Number (thousands)	Percent
1956 (19)	3,324	53.8	1,762	46.2
1956 (18, p. 64)		56.0		44.0
1966 (18, p. 64)		47.6		52.4

In the late 1950s underemployment in Iranian agriculture was commonly estimated at around 50%, on the premise that half the total agricultural population could be removed without reducing agricultural production and without requiring offsetting inputs of labor-saving equipment or of production-raising elements such as fertilizer and improved seed (28, p. 11). Actually, much of this underemployment was seasonal, and there were other seasons when nearly all available labor was employed, though the off-season periods of idleness were not less severe because of this.

## II. Pre-Reform Period

### F. Income Distribution

Estimates of farm income in Iran before 1962 are based on much presumptive evidence and not a little sheer guesswork, notwithstanding the agricultural census of 1960. Consequently the estimates cover a wide range. Christjanson (11) mentioned "an estimated per capita farm income of about \$100 per year, - -". Dr. Arsanjani stated: (6)

"The Iranian peasant does not make, on the average, more than \$100 a year. It is by no means the value of the peasant's work which amounts to \$100. What he earns may be three to four times that sum, but the landowner, peddler, and broker exploit him and leave but very little for him. . ."

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(19) "Labor Conditions In Iran" Labor Digest, No. 32 3/63

(6) Arsanjani, Dr. Hassan "Implementation Of Iran's Land Reform Program" Tehran, March 1962 p. 11

Gittinger, (16) after two years of close study of the agricultural economy of Iran estimated that: "On the average each cultivator's family earns a gross annual income of around \$250, or roughly a per capita income of \$50- -." This figure checks closely with a later one of about \$65 per capita which was current in Iran in 1964-65, in the author's observation.

Most farm income was from crops, with livestock keeping other than for draft and burden being discouraged by landlords. The customary land rent was a crop share. Shares were based in a general way on the five elements of production: Land, water, seed, draft power and labor. In theory each of these elements received an equal share, but in practice there were wide variations, for which the reader is referred to Lambton's detailed coverage. (20, pp. 306-29) In most areas the landlord furnished at least the land and the water, for which he got 40% of the crop. Quite often he also furnished the seed or the draft power, and thus took another share. Where the tenant was able to supply only his labor, his share was only 20% of the crop. On dryfarm land the landlord commonly received only 20%, and sometimes as little as 10% of the crop.

For most perishables, a value share in cash was required. In some areas the tenants got as much as 3/4 of wheat and barley crops where they furnished both seed and draft power. In rice production tenants commonly

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(16) Gittinger, J. Price Planning For Agricultural Development: The Iranian Experience

got from  $\frac{1}{2}$  to  $\frac{2}{3}$  of the crop if payment was by shares; in the Caspian area assured water supplies enabled fixed rents of either cash or kind to be set.

In addition to the crop shares or values paid for the landowner's production inputs, the tenant also commonly was obliged to deliver these shares to the village granaries. In many localities landlords required a quota of contributed labor from tenants, and in Sistan a heavy labor levy was made to maintain the public canals. Where tenants kept livestock, annual dues of fixed quantities of products might be levied. Various annual or special occasions such as the New Year, a marriage or a birth in the landlord's family, etc., called for substantial gifts from tenants.

The distribution of land income between landlord and tenant in pre-reform times was not necessarily distorted in favor of the owner, but the combined sum of rents, credit costs, special levies, etc., when applied to the meager gross income of the tenant from his small and obsolete operations, simply did not afford him an acceptable economic margin above subsistence. The small added income eked out from incidental handicrafts such as rug weaving, wood carving, etc., which also were at subsistence levels of return, did not materially affect this position.

## II. Pre-Reform Period

### G. Supplementary Services And Supplies

#### 1. Information

Agricultural research and extension, other than veterinary and related biological research, had only rudimentary beginnings in Iran prior

to their promotion under the AID Mission program which began in 1951. The Iranian Agricultural Extension Service was launched in 1953 with 10 provincial supervisors, 10 provincial extension specialists, and 120 local agents. (23) By 1961 the Service had grown to a total staff having more than 600 agents in contact with farmers.

Up to that time there were still many problems in making the Service effective, including a severe shortage of transportation at field level. Much additional training of agents, especially in practical information directly useful to farmers, was needed. The philosophy of extending a service to rural people instead of ordering or condescending to them had only very weak roots. The agent-farmer ratio of roughly 1 to 5,000 was so wide that only a small fraction of the farm technology information need was being met.

The Iranian Extension Service had also an inherent handicap in the generally urban-oriented background of its staff. The entire enrollment of the agricultural college was drawn from urban centers. The practical agricultural training included in the college curriculum was both too little and too late to materially change the urban outlook of the student, particularly because actual feet-in-the-dirt farming was viewed in the Iranian culture as the most menial of occupations. The Extension agents drawn from the college, therefore, were unable to "speak the language" of

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(23) Nichols, Andrew J., "Development Of The Agricultural Extension Service", AID/Iran Mission Staff Paper 5/57

the farmer, and were likely to be scoffed at and embarrassed in their work. Not surprisingly in these circumstances, many focused their efforts more on getting transferred to an urban post than on helping peasant farmers learn how to use new production methods.

There was in this situation a strong pressure for the extension agents to work primarily with or through landlords. The predominance of tenancy and the predominant holding of the better lands by large owners added to this pressure. Main emphasis was on contacts with village groups, with maximum use of audiovisual materials to offset the 85% illiteracy rate. Most villages also had central radio reception which was used to advantage. Printed materials were mostly poster-type displays. Newspaper distribution was not applicable.

It is a tribute to the leadership of the agency, and to the new spirit with which the staff were untiringly imbued, to note that despite all handicaps a substantial number of capable and dedicated extension agents emerged.

Veterinary and biological research at the Razi Institute was well established before the arrival of AID, and continued to be performed at a high level of competence. Plant science research connected with the Agricultural College had produced few significant findings before AID arrival. With AID assistance, research was expanded in plant breeding, seed improvement, variety testing, disease control, fertilizer response, irrigation methods, etc.

The AID/Iran program financed training in the U.S. for 256 Ministry of Agriculture and Agricultural College staff members in the fields of agricultural research and extension and agricultural cooperatives, in the decade of its operations before land reform. In addition, an advisory team from Utah State University was maintained in residence at the College for some 8 years. Through these assistance inputs a large proportion of the personnel of both the Ministry, the College, and the Agricultural Bank, as well as most graduates of the College over this period, had the benefit of at least an exposure to new findings and methods in agriculture.

II. Pre-Reform Period

G. Supplementary Services And Supplies

2. Credit

The Agricultural Bank of Iran had its beginnings in 1930, and in 1953 was established as a separate institution, with authorized capital of 1,500 million rials. (1) A government revaluation of its monetary reserves in 1958 provided an additional 3,500 million rials for the Bank, giving it total assets in 1960 of about \$65,000,000 equivalent.

The Bank's responsibilities included loans to agricultural cooperatives at 3% interest for relending to members at 6% interest. Direct loans drew 6% interest, plus an additional 3% penalty charge on overdue loans. By 1961 there were 711 co-operatives with an aggregate membership of 293,140 and share capital of 151 million rials (\$1,987,000). (18, p. 66)

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(1) Ahari, Hossein, and V. Webster Johnson The Agricultural Bank Of Iran In An Expanding Economy Kayhan Press, Tehran 6/61 p. 25

In 1961 the authorized capital of the Bank was doubled to 10 billion rials (\$131.6 million), of which 48% had been paid in (32). At that time it was noted that:

"Although, according to estimates, 45% of total national income comes from agriculture - - - nevertheless not more than 6 to 10% of institutional credits are allocated to agriculture. - - Non-institutional credit sources are supplying 90% of the credit of agriculture. Private moneylenders, the major short-term source, charge interest rates of 120% to 150%."

Other agricultural credit sources mentioned in this report were landlords - "some good, some ruinous;" rural cooperative shareholder funds (minor); government agencies like the tobacco, cotton and sugarbeet bongahs;\* and the Agricultural Machinery Development Department. The last-named source subsidized farm machinery imports, and up to March 1961 was reported to have brought in 5,841 tractors, 938 combines, and 10,040 sets of other equipment. The 1960 loan status of the Bank was reported as:

Size Of Loan	No. Of Loans	Per Cent	Amount Loaned (thousands Rials)	Per Cent Of Total
Under 100,000 Rls (\$1316)	33,245	94	803,916	62 (49.6) <u>a/</u>
Under 200,000 "			1,363,396 <u>a/</u>	78
200,000 & over "			356,342 <u>a/</u>	22 <u>a/</u>
Total loans			1,619,730	100

a/ Computed by author

While the above table is incomplete and internally inconsistent, it does show that somewhat less than 6% of the borrowers received 22% of the total funds reported loaned.

(32) "The Agricultural Credit System Of Iran" Mimeographed report, undated and unidentified, but evidently issued in 1962.

\* A bongah is a semi-autonomous government agency, generally authorized to generate and expend its own funds, not depending on annual appropriations.

In a report analysing the Bank's operations in 1961, Wilkey (36) commented on the small-loan program:

"So our present status is that the Bank has learned how to loan and collect with the rank and file Iranian farmer approximately that small amount which has ordinarily been provided (at high cost) by the village moneylender - -."

As of June 1961 there were 95 branch offices (1, p. 26) of the Bank covering all provincial capitals and most county-equivalent centers. Bank service to small borrowers was improved in 1959 with institution of a supervised credit program through the cooperatives with emphasis on in-kind loans of fertilizers, seed, etc., for which the Bank fielded a staff of 80 supervisors with jeeps. (1, p. 52) In 1960, 70% of the 156,984 loans made were to co-operatives. (1, p. 33)

The foregoing review indicates that a) only a small fraction of farmers' credit needs were being met by institutional sources in the pre-reform period, b) the Agricultural Bank small loan program had proved the feasibility of institutional loans for subsistence needs but contributed very little to agricultural production, and c) the cost of credit at non-institutional sources was so high as to preclude borrowing more than token amounts for production purposes. In short, the credit system functioned to only a very small degree to increase agricultural production, and such contribution as it made was almost entirely through large landowners.

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(36) Wilkey, John J. "Contribution Of The Agricultural Bank To Land Distribution" AID/Iran Mission staff paper, Tehran, 3/61

## II. Pre-Reform Period

### G. Supplementary Services And Supplies

#### 3. Supplies

A system of seed multiplication and livestock increase stations was established in the 1950s under the Ministry of Agriculture to get improved genetic stocks into use by farmers as rapidly as possible. Unfortunately, an Iranian budgetary requirement that each such station support itself, put pressure on the stations to demand premium prices, and thus greatly restricted the general distribution of the improved stocks.

Commercial fertilizers came into use in significant quantities only shortly before land reform. Arsanjani (6, p. 11) remarked in 1962: "Up to five years ago the amount of chemical fertilizers used was 20 tons per year; now it is 30,000 tons."

Pesticides had been introduced in significant quantity only recently also, under stimulus of the AID program. Manufacture of pesticides in Iran, mostly arsenicals, was started in 1930 but stood at only 123 tons in 1947. (17, p. 95)

Farm machinery imports went through several unsuccessful starts in the post-WW II period as dealerships in various American and European lines foundered on the rocks of the quick-return demands of Iranian investors, because they were not floated on enough depth of financing and manufacturer-commitment. Within Iran these failures resulted in an equal number of "orphaned" equipment lines for which repair parts no longer could be obtained.

To overcome these difficulties the Agricultural Machinery Development Department was set up. In the case of fertilizers and pesticides, a Chemical Bongah was created. Both these agencies dealt almost exclusively with large landowners, having no facilities for handling the financing and distribution needs of small users.

A relatively few of the Agricultural Bank cooperatives began about 1961 to distribute small amounts of fertilizers, insecticides, improved seeds and other supplies as in-kind loans.

## II. Pre-Reform Period

### G. Supplementary Services And Supplies

#### 4. Infrastructure

The land reform of Iran was a nation-wide program; the infrastructure elements relating to it, therefore, were nation-wide.

Although Reza Shah built a network of roads from Tehran to each of the provincial capitals and to various other principal centers, these roads remained slow routes, by modern standards, until they began to be asphalted in the early 1960s. A great many villages were accessible only by pack trails or cart roads.

Concerning conditions up to 1953, Lambton has written: (20, p. 380)

"Inadequate communications and costly means of transport greatly add to [the peasant's] costs of production and make it more difficult for him to do anything but sell his goods at the nearest market at whatever price is offered. . ."

The railway system began with a branch line out of Yerevan in Russian Azarbaijan to Tabriz in northwestern Iran, completed in 1916. The present main system was begun in 1927, completed from the Persian Gulf through Tehran to the Caspian by 1941, and from Tehran to Tabriz and Meshed by 1954. (37, p. 11) While serving well for movement of imports and exports, and for internal movement of large aggregates of products to urban centers, this system had little utility for the individual Iranian farmer.

The large number of ghanats constructed from ancient down to modern times (II-A) represented the principal irrigation resource development of Iran up to the time of reform. Despite the fact that streamflow diversions now serve a larger area than do ghanats, the far more difficult and costly ghanat development must stand as much the greater water resource development contribution in the pre-reform period. In terms of total irrigation development up to 1954, "Ghanats supply from 1/3 to 1/2 of the total irrigated area of Iran," according to an FAO study reported at that time.(2) The costs of further ghanat construction by then had risen to where such development had almost ceased. Rising costs of maintenance of existing ghanats, along with the growing disinclination of landlords to put their money into capital improvements of land had led to deterioration of many ghanats, and one of the most difficult problems faced in undertaking land reform was that of how these water systems were to be maintained after land distribution.

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(2) Alizadeh, Hassan, P. Seewald and A. J. Baker, Traditional Practices of Groundwater Supply For Irrigation In Iran, FAO, Tehran, November 1954, p. 4

II. Pre-Reform Period

G. Supplementary Services And Supplies

5. Crop Procurement And Marketing

Crop marketing in pre-reform Iran was unfavorable to the small farmer in every aspect. The difficulties of transportation noted in the preceding section could be elaborated at length. A great share of the total saleable farm produce started to market on the back of a donkey or camel and arrived in severely damaged condition, particularly fruits and garden produce marketed in summer.

Even where trucks had access, animal packing still was widely used for much non-perishable stuff. Truck rates, generally by load rather than by unit weight, were prohibitive for bulky items. The truck rate system also usually forced the small producer to sell to a local merchant who could aggregate enough produce to make up a truckload.

In Tehran, the market for fresh produce of all kinds was under tight control of a combine of powerful dealers, who did not hesitate to use violence against anyone not otherwise intimidated into selling through them. This group had representatives in outlying source points, where they pressured producers and local dealers to sell them at prices much farther below the Tehran market than transportation costs would justify.

The operations of the combine were facilitated by a government practice until after 1960 of collecting portal taxes on all goods moving into urban areas. The tax stations gave the combine an easy way to observe and identify each load of produce, note its origin and value, and follow it

to point of delivery if so desired. Official attempts to break this control had little effect. While the public markets, including some directly sponsored by the Shah, could offer better prices to producers, they could not protect them from reprisals.

Non-perishable items, though not so vulnerable to such tactics, were sold in a buyers' market for the most part. Even in years of short crops and high prices, the pervasive indebtedness of small farmers forced most of them to sell immediately upon harvest, when prices were lowest, if the crop was not already obligated by an advance at a still lower price. There was no general grain market such as operates in Western nations to establish a known central market price level. Rather, dealers' grain stocks were held in a multitude of small aggregations each operated as a monopoly holding, and each transaction in these stocks was an individual bargaining session. Illustrative of this process, in 1963 a team of Iranian government buyers required nearly 5 months to buy 6,000 tons of wheat for an A.I.D. exchange program, and often dealt for as little as 5 bags of wheat at a time.

The government operated a wheat procurement program to maintain a certain minimum stock for urban bread supplies, and for this purpose the supply agency was authorized to pay a specified price. The amounts of wheat bought and held in stock by this agency were kept secret to avoid revealing possible shortages that might lead to hoarding. Releases to millers at the authorized price were made whenever commercial dealer's

prices threatened to raise the price of bread unduly. The net effect of these operations was more to put a ceiling on commercial wheat prices than to put a floor under farm prices. In any case, the procurement agency ordinarily handled not more than 10% of the commercialized crop.

Marketing cooperatives were only beginning to be tried before reform, and had not been very successful. An exceptional one in the /varamin area near Tehran did very well for some years, but was destroyed from within by embezzlement. (21)

## II. Pre-Reform Period

### H. Peasant Associations And Power

#### 1. Co-ops And Other Associations

Besides the cooperatives already noted, mention may be made of these organized by the Shah's Development Bank in connection with distribution of the Crown Lands. As of June 1962 there were 156 of these cooperatives, 30 of which were reported to have received almost no funding. (30) Because it was unable to fund its co-operatives properly, the Development Bank at that time was trying to get the Agricultural Bank to take them over.

The history of agricultural co-operatives in Iran up to the time of land reform had been, on the whole, a discouraging one. Miss Lambton has summed up the Iranian experience to 1960. Noting that despite many obstacles some good work had been done, she concluded that: (21, p. 48)

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(21) Lambton, Ann K. S. The Persian Land Reform, 1962-1966  
Clarendon Press, Oxford, 1969 p. 47

(30) Platt, Kenneth B. "The Iranian Land Reform Program From June 30, 1961 To May 25, 1962" AID/Iran Mission staff paper. Tehran, 6/62 p. 22

"- - in the absence of a reform in tenure, the co-operative movement failed to make an impact on the countryside at large."

It is plain from the foregoing that the farmers' co-operatives were not strong enough to exert significant economic bargaining power before land reform, but most of the essentials that would have to be added for success in the future had been learned. There were no other farmers' organizations in Iran.

## II. Pre-Reform Period

### H. Peasant Associations And Power

#### 2. Political Power

As just noted, Iranian farmers in the pre-reform period were not strongly enough organized to exert noticeable political power. Being in the main illiterate, isolated by geography into scores of unamalgamated communities, suppressed and leaderless, they were too concerned with everyday survival problems to have time for much political thought. History perhaps overridingly impressed upon them that their present condition was the allotted fate of their class, time without end.

## III. Land Reform Program

### A. Legislation

The present Iranian land reform law began to take definite shape in the last half of 1959. In September of that year the Minister of Agriculture asked that the A.I.U. Mission prepare to assist on a confidential basis. The original Land Reform Law was passed by the Parliament in May 1960 was greatly watered down from the form prepared in the Ministry. It

limited land ownership to 400 hectares of irrigated land or 800 hectares of dryfarm land for any one individual, but allowed so many exceptions to these limits as to be almost meaningless. Although from the outset it was apparent that this law could not be effective even if enforced, the landlords used their influence to prevent its activation.

With the overthrow of the Eqbal administration in the spring of 1961 and the appointment of Dr. Hassan Arsanjani as Minister of Agriculture, concern for effective land reform action was revived. Within days after taking office Dr. Arsanjani called a conference of all principal Ministry staff officers to prepare recommended revision of the Land Reform Law, but their product likewise was considered unworkable, and no attempt was made to get it officially approved.

A more drastic revision was undertaken with the Ministry early in November 1961, following issuance of a special decree by the Shah instructing the Prime Minister to change the existing law as necessary to make it practical. This revision was completed in December, and took "a bold and practical new approach to the land reform needs of Iran," with the following key features:

- 1) Adoption of a one-village unit as the limit of land ownership, with elimination of most exceptions;
- 2) Inclusion of landlord-tenant regulations;
- 3) Inclusion of endowed lands under the Law;
- 4) The land distribution system was changed for one of calculated economic units to one of giving each recipient the land being farmed by him as a tenant at the time distribution was made effective for his area;

5) Membership in a co-operative was made a condition of eligibility to receive land;

6) The landlord advisory council system was abandoned, leaving the government the sole agency responsible for determination of policy and regulations under the law; and

7) The provision for joint responsibility of several ministries in carrying out the law was dropped, leaving the Ministry of Agriculture solely responsible.

In course of application the Law was clarified in many details by small modifications and the development of specific regulations. In a January 1963 amendment the ownership limit of one village was reduced to a specified hectarage which varied around the country in keeping with general levels of land productivity, as follows:

Rice land in Gilan and Mazandaran	20 ha. (49 acres)
Land in the environs of Tehran, Varamin, Demavand, Rey, Shemiran and Karaj	30 ha. (74 "
Land in the environs of the provincial capitals, except Kerman, Sanandaj and Zahidan	50 ha. (123.5 "
Land in the govencrates of Gorgan, Gonbad, the Moghan Steppe, and land other than rice land in Gilan and Mazandaran	40 ha. (98.8 "
Land in Khuzestan, Baluchistan and Sistan	150 ha. (370.6 "
Land in any other region	100 ha. (247 "

This new provision gave landlords three options applicable to their retainable lands:

1. Written 30-year leases payable in cash, based on average returns over the preceding three years, and subject to revision every five years;

2. Division of the land with the peasants in the same ratio as the customary crop sharing; and

3. Sale to tenants by mutual agreement.

When the activating regulations for this amendment were issued in July 1964, two more options had been added:

4. Formation of an "agricultural unit" by the landowner and tenants, to be operated jointly; and
5. Purchase by the landowner of the tenants' rights.

The reader is referred to Chapters 3 and 9 of Lambton's The Persian Land Reform, 1962-1966, (21) for a more detailed presentation of this legislation.

In December 1967 a third major legislative measure was passed, providing for the formation of Agricultural Joint Stock Companies, or corporation farms, to be operated by small-farmer groups under government supervision and with government financing. This legislation provided that such corporations might be formed wherever 51% of the landowners in a given area voted in favor of them. Once formed, the corporation was to operate for a trial period of 5 years, during which all farmers in the designated area would be required to participate. The law was intended primarily for irrigated lands, and the initial focus, at least, was to be on lands under government water development projects.

The most recent development, which came in October 1968, was an amendment ordering the conversion of all 30-year lease agreements to sales of the land to the leaseholder. The purchase price is specified as the equivalent of 12 years' rent. If peasant purchasers default, the government will reimburse the landlord with industrial notes, which may be used as credit to establish small industries, to invest in government projects, or buy fallow or undeveloped land.

### III. Land Reform Program

#### B. Institutional Arrangements

To carry the land reform legislation into effect, a Land Reform Organization was created in the Ministry of Agriculture. This organization was given the necessary authority to survey and requisition lands, to make the initial 10% cash payment to landlords, to distribute the lands to tenant users, and to form cooperative organizations of the recipients as required by the law. Beginning with a core of about 40 (30, p.11), as land distribution work expanded, men and equipment were assigned from other activities of the Ministry to keep pace with the demand. For direction of the co-operative program, men were brought from the Agricultural Bank.

To draft the necessary regulations, settle questions of interpretation, set administrative policy for the Land Reform Organization, and to deal with administrative as distinct from operational problems, Article 7 of the Law provided for a Council for Land Reform. Besides the Minister of Agriculture as chairman, the Council included the Director of the LRO with the rank of an Under-secretary and four other high-ranking officers of the Ministry. Article 7 also gave the LRO Director the authority to set up a system of provincial offices to carry out the work of the Organization at that level.

The Land Reform Law provided for creation of a system of agrarian courts to assure proper observance of the articles covering landlord-tenant relations on lands not distributed. It specified the minimum rights

and obligations of both parties, with recognition of existing customary rights and relations as having force until ordered otherwise. The prospect was that, through the early years of the program at least, these courts would have special importance because the landlord-tenant relationship would continue to be dominant.

The designation of the Ministry of Agriculture as the only ministry responsible for carrying out the Land Reform Law had the effect of giving the reform program Cabinet-level support, although this support was far from unanimous (see Part III-H). Beyond this, however, the fact that the Law had come into effective being through direct instruction of the Shah to the Prime Minister assured the program of backing from the highest sources of power and authority.

### III. Land Reform Program

#### C. Program Objectives

As already seen, the land reform was part of a more general reform aimed at speeding up the social modernization and economic development of Iran. A carefully evolved concomitant, from the viewpoint of the Shah, was to shift the political support base for the Monarchy from the small traditional ruling classes to a broad spectrum of peasants, workers and other lower echelon elements of the population.

Speaking on the occasion of the first land distribution under the new law, the Shah sounded a more humanitarian note in stating the objectives of the reform: (6, pp. 5-7)

"As you may remember, I told the people who had come to meet me in Tehran following my return from a tour of Azarbaijan in 1946 that it was no glory for me to reign over a people who are poor and probably hungry. The strength of an order or a regime is dependent on the strength and power of the society. In a country where 75 percent of its inhabitants dwell in rural areas, surely the bulk of the monarch's responsibilities should be towards them. Therefore, the land reform law is designed to meet two major purposes:

"One is to establish social justice so that the 75 percent of the rural population of this country can enjoy decent living standards and be free to handle their own affairs. They should own the land that they are tilling, - - - -

"The other objective sought by the land reform law is to increase the nation's agricultural output. When a farmer works on the land which belongs to him, he will work several times harder and this will naturally tend to increase production...."

A broader program was outlined by the Shah in January 1963 as including:

1. Abolition of the existing landlord-tenant regime;
2. Sale of government enterprises to the landlords in exchange for their lands;
3. Creation of a literacy crops to carry basic education to the rural masses;
4. Nationalization of forest lands;
5. Profit sharing for workers in privately owned factories; and
6. Reform of the electoral law.

So far as Dr. Arsanjani was concerned the land reform was intended to break the power of the landlord class and bring social justice and economic betterment to the tenants on their lands. He visualized it as doing away with crop-share tenancy and with the traditional landlord-tenant relationship, which he viewed as the primary obstacle to the welfare of the

small-farmer class. Once in position to reap the full fruits of his labor and enterprise through land ownership, the tenant farmer would be greatly benefited, Arsanjani believed. (6, p. 12)

There were only vague advance measures of the amount of land that would be affected by the one-village ownership limitation. The expropriation surveys revealed a much smaller extent of very large estates than had been commonly supposed to exist. The final outcome as reflected in officially reported figures was a transfer of ownership to about 1/5 of the tenants of Iran.

No specific objective in production increases was stated. From a farm management standpoint there was no reason to expect production to fall, since land ownership distribution disturbed the use pattern of the land holdings very little.

There was no expectation that land reform could be used to increase employment in agriculture, at least in the short run. Experience in the distribution of the Crown Lands had shown that it was a mistake to divide out the available lands to all village families dependent upon agriculture, as this made the ownerships too small. There were both many landless laborers and not a few of a special class called gavbands who furnished plowing service to tenants who owned no draft animals. Where there was no idle land in a village that could be allotted to such persons, they were sometimes left out of the distribution.

The land reform co-operatives were expected to provide better services of credit and production supplies than had been obtained under landlords. Likewise, it was expected that these societies would give the small farmers an effective voice in the planning and execution of community programs for agricultural improvement, for maintenance and management of water resources, for more advantageous marketing of farm products, etc. This participation in turn was expected to upgrade the farmer's position within the village by reducing or ending his dependence on the moneylenders and his disadvantage in dealing with local merchants.

### III. Land Reform Program

#### D. Program Implementation And Enforcement

##### 1. Redistribution Of Land Ownership

Initially the land reform program was aimed at breaking up the big private estates. One owner had boasted in the Majlis that he owned a bigger area than Switzerland. Such owners held virtual powers of life and death over their tenants. The first aim was to dissolve this personal power position based on excessive land holdings.

At the same time, the economic and social undesirability of the very large aggregate of lands endowed for support of religious shrines or for benefit of private beneficiaries was recognized. The endowments themselves were in perpetuity, so posed special problems for distribution. These were solved first by authorizing commitment of endowed lands to essentially permanent tenure under 99-year leases. Later, recourse was

had to an interpretation of the law permitting exchange of such properties for more valuable properties elsewhere. The agricultural lands were then resold to tenant farmers in the same manner as were private lands.

The large aggregate of State Domain lands was under distribution before the 1962 Land Reform Law was passed, (II-B), and completion of this distribution was expedited under administration of the Land Reform Organization.

The land units adopted represent a unique and practical solution to the usually thorny problem of defining economic units of agricultural land. Each tenant was simply made the owner of the land he was using. There was a long-established custom among landlords of allotting their lands in plow-land units, i.e., the amount of land that could be farmed with one pair of oxen. These units tended to be of fairly uniform size because of the tenant-rotation practice (II-B-1), with allowance for larger units of poorer lands, and vice versa. Farmers too poor to have acquired a pair of oxen might own one ox or a pair of donkeys, and farm the amount of land fitted to this scale of draft power. Thus the distribution system gave to each man a unit of land generally fitted to his means and management capabilities, to the prevailing local culture, and the prevailing level of land productivity.

This distribution system involved almost no shifting of the rural population. Local adaptations were made as appropriate, with some villages being distributed to groups of tenants who then divided the land among

themselves (21, pp. 131-33), and with landless laborers and others occasionally being given land where the established units were large enough to allow some reduction, or where idle land could be distributed. There was, therefore, no material change in the total number of farmers, but a significant change in the number of land owners. The following figures supplied by Khatibi (18, p. 85) summarize the extent of this change up through 1966:

Number of villages purchased	14,834 *
Number of farm families made landowners	587,566
Value of lands - 8,879 million rials	(\$11,824,000)

\* Representing approximately 3,000 whole villages and the balance part villages, and probably less than 2,500 total ownerships (author's estimate).

### III. Land Reform Program

#### D. Program Implementation And Enforcement 2. Changes In Tenancy System

Article 20 of the 1962 law laid down the respective duties of landlords and tenants for the whole country, in considerable detail. These specifications in general confirmed the customary responsibilities rather than changing them, and their chief merit was in making these duties enforceable by law. Particular attention was given to responsibilities for maintenance of irrigation systems and provision of seeds, two of the most critical aspects of Iranian farming.

In Article 1 of the Additional Articles laid down in January 1963 the option given landlords to continue letting their retained lands under tenancy was conditioned on doing so under 30-year written lease agreements

with the tenants. The LRO was to draw up the conditions of tenancy. Fixed cash rents were required, but with the provision that these could be converted to in-kind payments by mutual agreement. The level of rent was to equal the average net income due the landlord over the last three years.

The most significant new aspect of the tenancy situation brought about by the land reform was that tenancy now was only one of 5 options under which peasant land use rights could be set up. (Part III-A) Each such option had special advantages for particular conditions of land use. By and large selections made were rational for the peasants in the circumstances affecting them.

In Gilan, where water supply was fully assured, long term leases were followed exclusively; in Kerman, where the opposite was true, group farming was selected 13 to 1 over the fixed price leases. Over the country as a whole the leasing option outweighed all others by more than 3 to 1, but it is significant that, up to 1966, some 277,208 individual farmers had agreed to other options than leasing. These and other figures, by provinces, are presented in detail by Lambton (21, p. 221), whose summary figures on tenancy evolution under reform, as obtained from the LRO, have been adapted as follows:

Distribution Of Tenure Options Used Under 2nd Stage Land Reform  
Through February 1966

<u>Type of Property And Form of Tenure</u>	<u>No. of Properties</u>	<u>Percentage of Total Properties</u>	<u>Number of Holders</u>	<u>Percentage in This Form Tenure</u>
<u>Endowed Lands</u> (99-yr. leases)	11,200	a/	105,735	a/
<u>Private Estates</u>				
30-year leases	129,648	72.9	885,372	76.1
Sale to tenants	2,405	1.3	25,877	2.2
Sale to owners	15,024	8.3	15,805	1.4
Land divided on crop-share basis	9,440	5.2	103,849	8.9
Owner-tenant group farming unit	21,959	12.3	132,677	11.4
Totals b/	189,676	100.0	1,265,315	100.0

a/ Not included because no other option than 99-year lease was available

b/ Computed by author

Reporting in September 1967, Khatibi (18, p. 85) gives the following related figures:

- 202,359 properties leased; 1,076,775 leaseholders (presumably including endowed lands)
- 3,220 landowners sold to tenants; 45,985 peasant buyers
- 4,392 properties tenant rights sold to owners; 14, 187 sellers
- 7,346 properties jointly operated (no figure on number of participating farmers)
- No figures on crop-share land division.

Full replacement of tenancy with ownership was the goal of Dr. Arsanjani at the outset of land reform. The "second stage" tenure adjustment phase to which the above figures apply represented a pullback from that goal, and various commentators have regarded this as a regression in the effectiveness of the reform. (34, p. 130; 21, p. 215) Now

that further legislation has been enacted to convert all leaseholds to ownerships, we must conclude that, if the government at large did not at first share Dr. Arsanjani's view, it has now come to share it.

III. Land Reform Program

D. Program Implementation And Enforcement

3. Colonization

There are no lands in Iran suitable for development under a colonization approach.

III. Land Reform Program

D. Program Implementation And Enforcement

4. Consolidation And Enclosure

A problem of consolidation of land use rights exists in large tribal areas, but the prospects are that this will be worked out within the tribal groups themselves, in response to evolving economic pressures, to a greater extent than by government action. Here the problems are those of consolidation in the sense of determining boundaries and fixing rights of possession and use. The examples of change in tenure structure mentioned in II-B-2 are illustrative. In the Moghan Steppe at the northernmost part of Iran, an area of perhaps 150,000 hectares was under rapid conversion to dryfarm small grain production in the first half of the 1960s. This area had been part of the traditional winter and early spring grazing grounds for more than a million head of sheep, goats, camels, donkeys and horses of the Shahsavan Tribe. Tribal custom had been to allot grazing use rights down to family areas of customary use, with each family

ultimately getting its proportionate share. In the grain growing development, however, the more powerful leaders were claiming much more than their customary areas, and the prospect was that these claims might prove irreversible under applicable Iranian land law.

The Shaksavan problem is compounded by the fact that the wheat culture does not provide forage resources sufficient to offset those lost by the plowing of these principal pasture lands. This already has forced earlier migrations to the intermediate and summer ranges, which are bound to be overgrazed. It is not seen how the present land reform legislation can ameliorate this problem. This and the problems of settling the Bakhtiari, Boyar Ahmadi, and other tribes of the Zagros Mountains of the south probably must await some future program of tenure stabilization.

Within the settled areas consolidation in the sense of assembling scattered parcels into solid ownership is needed. Lambton offers the following observations and suggestions: (21, p. 350)

"Allied to the questions of the minimum holding is the consolidation of individual peasant holdings. The land reform in the first instance wisely did as little as possible to upset the field layout of the village lands. The peasant holding normally consists of several plots of land situated in different parts of the village. The quality of the land and the availability of water usually vary greatly. Compulsory consolidation would have aroused opposition and hostility among the peasants. There are, however, exceptions. In a few villages consolidation, complete or limited, has been carried out since land reform, but such action is rare. Clearly consolidation must eventually come, but to force it on a reluctant peasantry where there is, in general, no shortage of labor would seem unwise. In due course, with the spread of mechanization, increased use of fertilizers, and better irrigation, the advantages of consolidation will become apparent. The demand for it among the peasants will then, in all probability, spread."

III. Land Reform Program

D. Program Implementation And Enforcement

5. Classification, Identification and Titling

The absence of usable cadastral surveys and reliable land titles in Iran has been mentioned in II-C-3. To overcome this deficiency, the Land Reform Organization followed the time-honored Iranian course of accepting the testimony of adjoining (or neighboring) landowners, along with such title documents as were available, in corroborating ownership claims. Where no title documents could be produced, or the title was unsettled, land distribution was held up until these matters could be cleared.

Within a given estate for which title was established, the need for cadastral surveys by which to distribute the land to tenants was circumvented by a) allotting to each eligible recipient the land then held by him as a tenant, and b) confirming his claim and the boundaries of its various parcels by the testimony of adjoining land users and of the village elders.

This approach to determination and identification of distribution allotments was one of the most important elements in the early success of the program. It permitted immediate delivery of land possession to the recipient, without time loss for performance of surveys; it involved the villagers themselves directly and immediately in a vital step of the reform process; and it avoided large costs at a time when funds were not available for surveys. Dr. Arsanjani, put the matter in these words:

(6, pp. 18-20)

"1. The villages of Iran are usually landlord estates where for hundreds of years the lands have been divided into equal plots according to local practices and relation to the volume of available water supplies.... These peasants are, thus, very well acquainted with the land.

"2. In the enforcement of Land Reform, it has been my view that the farming order must not be disturbed and the peasant must continue to work on the same land that he has previously been working on....

"3. According to experience with Crown Lands cadastral surveys, the cost of survey on agricultural lands in Iran will be 400 Rials per hectare, and for 18 million hectares would amount to 7,200 million rials or \$100 million. There is no source in Iran which could provide this sum for us. Besides,---compared to the 250 thousand hectares of Crown Lands which took 10 years to be surveyed, no matter how well equipped our surveys might be, it would take at least 30 years to complete them.

"4. Thus, application of local practices has saved us \$100 million of money and 30 years of time..."

There are serious limitations of this approach for the long-term consolidation of land reform, which are discussed in Part V, below.

III. Land Reform Program  
E. Financial Aspects  
1. Valuation Procedures

The valuation procedure applied to expropriated land was tied to the level of taxes paid by the owner before the Land Reform Law was passed. Other factors included kind of crops raised, crop-sharing ratio, whether the land was irrigated or dryfarm, distance from main highways and principal markets, etc. These combined factors resulted in areas coefficients above and below 100 which were applied with the tax rate to determine the land price.

In principle the procedure was relatively simple, practical and unbiased. In practice it proved highly flexible in dealing with recalcitrant landlords and encouraging cooperative ones. Overall it yielded prices far below fair market value. For example, the reported price of 84 million rials paid for the first 40 villages distributed at Maragheh, one of the better areas of Iran, reflected estimated per acre prices ranging from \$8 to \$13 for dryfarm land and \$40 to \$53 for irrigated land. These prices were about 1/3 to 1/5 the level reflected in State Domain land distribution sales. (30, p. 19)

What alternative valuation approaches may have been considered is not known to this writer. The uphill battle required to get land reform approved at all in the face of strong landlord opposition and an uncertain balance of support within the government, would seem to preclude any serious consideration of possible outright confiscation, which would have crystallized the opposition and almost certainly have toppled the government.

Almost certainly considered was the fact that a substantial share of the fair market value of most landlord lands rightly belonged to the tenants, as capitalization of returns reflecting large increments of underpaid labor and other exploitation.

III. Land Reform Program  
E. Financial Aspects  
2. Program Financing  
a. Landowner Compensation

The Land Reform Law provided for cash payment to owners of 1/10 (later 1/15) of the determined land value upon its expropriation, and the balance in 9 equal annual installments (later 14) in non-negotiable state bonds bearing 6% interest on the outstanding balance. There were numerous early efforts by landowners to hold out for better terms. These efforts were successfully countered by Dr. Arsanjani in a rapid-fire publicity campaign in which the protesters were brusquely handled and made to appear as opponents to agricultural modernization and national progress.

No protection against inflation was given on the compensation bonds. In principle the landowners were protected against non-payment in that they were paid directly by the government rather than by the peasant land buyers. The government based its issuance of the bonds upon peasant land payments received by the Agricultural Bank, with the provision that the Central Bank was to advance the difference necessary to keep payments to landowners up to date if peasant payments fell behind. In practice peasant payments did fall substantially behind, and Central Bank action to fund the difference was slow. Landowners therefore were subject to at least part of the lag in peasant payments.

The compensation bonds were applicable for payment of taxes and purchase of new lands for development, but principal government effort was

made to attract them into purchase of shares in a Government Factories Corporation. Up through 1965, at least, this effort was almost totally fruitless, largely because the corporation properties were much overvalued, and the corporation itself unmanageable within the capabilities of the landowners.

III. Land Reform Program  
E. Financial Aspects  
2. Program Financing  
b. Peasant Repayment

The full cost of the expropriation purchase price of lands, plus a 10% administrative charge, were passed on to the peasant purchasers. The manner of distribution did not involve any settlement costs. No crop purchase program was undertaken, as no change in the cropping system and no pioneering of new crops were involved. No specific provision concerning taxes was made in the reform law, and no mention of taxes appears in the literature. It is presumed that the same land and/or product taxes formerly paid by landlords are continued by the peasants.

The payment of land costs for the peasants by the government, subject to recovery from later peasant land payments, may be regarded as a credit arrangement. In some cases the tenants were able to buy the land outright. Lags in land payments up to 1966 were due more to shortage of officials to make the collections than to peasant inability or reluctance to pay, Lambton found. (21, p. 135) In nearly all cases the payments are less than the former rents. (21, p. 192)

III. Land Reform Program

E. Financial Aspects

2. Program Financing

c. Government Expenditures

The major costs of the land reform to the government were the cost of acquisition of the land and of administering the acquisition and distribution program. In the absence of cadastral surveys, administrative costs were relatively low, probably not more than one man day per distributed land allotment.

The cost of land acquisition was, in the end, the cost of carrying the acquisition expenditures from the time the land was paid for until the peasant land payments reimbursed these expenditures. This cost, namely 6% interest on outstanding acquisition debt, probably was not recovered in the 10% administrative charge to peasants, and it was not passed on to the peasants, whose purchases were interest-free. As of September 1967 the reported total acquisition cost was 8,879 million rials (\$116,824,000). (18, p. 85)

The uneven pace at which lands were distributed over the 1962-67 period makes it impossible to calculate the net carrying cost of this sum. Definitive figures on this point have not been published, but the summary figures furnished Lambton (21, p. 121) by the Land Reform Organization for the period up to 17 February 1966 show that payments at that time had liquidated 28.8% of the total acquisition cost. This presumably was partly because villages below a certain size were paid for in full at time of

acquisition and partly because of advance liquidation of compensation bonds at discount rates. If we apply this percentage to the above total acquisition cost it is seen that the balance subject to carrying costs is only some \$82,442,000.

The fact that these costs are distributed over a 10 to 15-year payoff period, and that a substantial portion of the total is met by transfer of shares in government properties already paid for with development funds before land reform started, greatly reduces the burden of the outlay. In terms of a national program, in a country now enjoying an inflow of essentially free oil revenues of more than \$1,000 million a year, we may conclude that these costs are not burdensome.

The prospective costs of acquiring the land under the 885,372 leaseholds outstanding at that time (III-D-2) would be about double this amount, since the above costs covered 431,743 distributed farm allotments. However, it appears the government costs in this transfer will be only administrative cost plus making good to landlords on tenant delinquencies in paying their annual installments.

### III. Land Reform Program

#### F. Supplementary Measures

A special effort was made to support the distributed villages with extra attention to extension and credit needs. To this end, an increasing number of extension agents were assigned to work in or with the LRO, to

the extent that much of the previous extension program came to a halt for the most of a year. The contribution these agents were able to make at village level is problematical, since up to that time most of them were new in the work, but they undoubtedly were beneficial in arousing farmers' interest in improved production practices, in helping them obtain better seeds, more fertilizers, etc.

The whole land reform effort was launched under such urgency that there was no time for advance programming, cost estimating, etc., for these support measures; therefore no comparisons between proposed and actual programs can be made.

III. Land Reform Program  
F. Supplementary Measures  
1. Information

While there was not time for upgrading the quality of extension services in the opening years of land reform, the existing extension staff was utilized in land reform support on a first-priority basis. In 1965, a new supplementary Extension Corps was created, utilizing young men in military service to expand the extension coverage. The effectiveness of this Corps has been rated as marginal by Lambton (21, p. 350). Ladejinsky at the end of 1966 noted that there were about 1,000 regular Extension Service agents for 45,000 to 50,000 villages, and commented that experience elsewhere had shown that a ratio of 1 agent per 100 farmers was the maximum for good service. It was also his appraisal that the Iranian Extension

Service needed more and better training, with less focus on philosophy and more on practical applications. (22)

Because of the thin coverage of extension agents, credit agents from the Agricultural Bank also were used to carry information to the distributed villages. Dr. V. Webster Johnson, former AID advisor to the Agricultural Bank of Iran, and long-time worker in agricultural development programs in many Asian and Latin American countries, has expressed the opinion that credit agents generally are more effective than extension agents in introducing improved production practices, because of their responsibility for supervising and assuring the best use of money loaned.\* There can be no doubt that credit agents have been a strong force on this front in Iran.

III. Land Reform Program  
F. Supplementary Measures  
2. Credit

The pre-reform credit situation has been noted in II-G-2. The mode and level of institutional credit provision immediately after land distribution fell into much the same pattern. However, a new emphasis was placed on making and supervising small production loans through the cooperatives, and a larger share of the total resources of the Agricultural Bank was allocated to this use. This was essential because former private sources sharply reduced their credits to the land recipients immediately after distribution.

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(22) Ladejinsky, Wolf, Report of 12/31/66 to Prime Minister Amir Abbas Hoveyda, Tehran.

\* Information to the author.

Concerning this development, Khatibi states: (18, p. 73)

"The Agricultural Bank over this period [1960-65] has improved its personnel, and expanded its network and activities to different parts of the country. The capital of the Agricultural Bank has been increased by 200 percent. Contrary to the period before 1960 when most of the credit was given to the large landlords who spent it on non-agricultural activities, since the implementation of the Land Reform Law an average of 85 percent of the loans have been used as short-term credit to enable the farmers to provide their farms with essential materials."

The following table shows the distribution of uses of agricultural credit extended by the Bank over the 1960-65 period, as presented by Khatibi:

<u>Type Of Credit Use</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>
Long-term credit	389	97	56	583	120	487
Medium-term credit	390	193	192	150	195	461
Short-term credit	970	940	1,133	2,594	3,816	4,531
Totals	1,749	1,230	1,381	3,327	4,131	5,479
Index to 1960:	100	90.3	79.0	190.2	236.2	313.3

Dr. Arsanjani particularly stressed that the peasants themselves must have a vested interest in their cooperatives, and all members were required to buy shares in the cooperatives upon joining. Share costs sometimes were set as low as 50 rials (65¢) and in extreme cases a member might be able initially to buy only one share, but generally the subscriptions were much larger. Whereas the 711 pre-reform cooperatives in 1960 had average capital of 515 rials (\$6.78) per member, the 6,066 cooperatives existing in 1965 had average capital of 769 rials, an increase of 49.3% in unit strength. (18, p. 66)

The enlarged number of cooperatives and the need for a special focus on distributed villages led to the creation in 1963 of a new administrative structure called the Central Organization for Rural Cooperation (CORC).

As described by Lambton (21, p. 297), this organization:

" . . . took over from the Land Reform Organization and the Agricultural Credit and Rural Development Bank the setting up and supervision of rural cooperative societies. It was an independent corporation set up by charter as an independent joint-stock company governed by the commercial code. Its functions were to give guidance to the rural cooperative societies and their federations, - - -; to expand the cooperative network in rural areas; to provide the societies and their federations with credit - - -; to encourage mechanization and better marketing; to provide farming implements and requisites; . . . ." etc.

The CORC took in the pre-reform cooperatives, and served tenant farmers in non-distributed villages as well as the distributed farms.

During the Iranian year 3/21/64-3/20/65 the CORC made loans of 1,049,342,807 rials to the federations and the societies, and the societies themselves loaned another 574,108,271 rials out of their own funds (21, pp. 327-8), for an overall average of \$37.30 equivalent per society member.

While this average loan level has been characterized earlier (II-G-2) as too low to have much impact on agricultural production, the loans had largely freed the peasants from dependence on local merchants and money-lenders, and thus enabled them to retain substantially larger net returns from their production than formerly. This margin, in turn, became available for purchase of more production inputs.

It is encouraging to note that the growth in numbers, membership and capital strength of the societies has continued. To quote Lambton's most recent observation: (21, p. 360)

"By the spring of 1968, 8,652 societies with a membership of 1,105,402 persons serving some 20,803 villages had been established. Their capital and reserves amounted to 1,453,453,433 rials (\$19,124,390). By the same date 81 federations with a membership of 6,158 societies and a total capital of 300,758,150 rials (\$3,957,340) had been set up. Not all of these societies or federations were in full operation. In the year 1967 - 68 loans amounting to 4,076,608,590 rials (\$53,639,590) were given to 670,425 persons. The average loan was thus 6,080 rials (\$80), whereas in the year 1966 - 67 it was 5,400 rials (\$71), and in 1965 - 66, 4,800 rials (\$63).

III. Land Reform Program  
F. Supplementary Measures  
3. Supplies

The CORC organization served as the main institutional apparatus obtaining and channeling farm supplies for the land reform villages, an important element in the increased production following land reform. The greater use of fertilizers, largely supplied through CORC, was observed as early as 1964 (12, p. 192) that fertilizer use was introduced for the first time in some distributed areas through CORC efforts, and that there was a noticeable increase in fertilizer use in the reform villages in general (p. 316). The total fertilizer consumption figures from the 1968 FAO Yearbook of Production, given below, show that from 1964 (July to June) to 1967-8 use of nitrogen rose 27.3%, phosphate 3.7%, and potash 8.8%.

Use Of Commercial Fertilizers In Iran  
(Metric tons net nutrient)

<u>Kind of Fertilizer</u>	<u>1963-64</u>	<u>1964-65</u>	<u>1965-66</u>	<u>1966-67</u>	<u>1967-68</u>
Nitrogen	12,700	15,500	24,000	30,000	46,000
P <sub>2</sub> O <sub>5</sub>	9,300	14,100	15,000	15,000	17,000
K <sub>2</sub>	2,300	1,700	2,000	2,000	2,500
Totals	24,300	31,300	41,000	47,000	65,500

The FAO Yearbooks do not include figures on use of insecticides in Iran, and no other source has been found.

III. Land Reform Program  
F. Supplementary Measures  
4. Infrastructure

The railroad and highway systems of Iran up to the present time have been built mainly for purposes of political administration, internal security, international trade, service to urban centers, and general economic development, with only incidental relation to agriculture. The concept of farm-to-market roads, for example, was not one that would grow naturally out of Iran's closely provincialized traditional agriculture where communities tended to be self-sufficient and most inter-area transport before 1930 still was by camel caravan. In this connection it is instructive to note Lambton's 1966 observation on the work of the CORC employees in the field: (21, p. 328)

" . . . . I met one assistant supervisor in Marivan who had 16 societies under his charge, and in no case was the village in which the society was situated served by roads . . . ."

The rapidly expanding asphalted highways of the post-reform period, already planned before land reform, doubtless have helped agriculture greatly by shortening the delivery time for farm products from outlying aggregation points to principal consumption points, and by reducing the damage enroute, but such a system reaching into local producing areas probably still is far in the future.

A program of planned new water storage and irrigation projects covering the most promising sites in Iran had been laid out and initiated before land reform. This program likewise has proceeded as planned, without direct relation to the land reform program, and so far as the record shows, no new public irrigation developments have been proposed as part of, or to particularly facilitate, land reform.

Under private initiative, partly as an outgrowth of land reform, a large number of new irrigation wells have been drilled. As pointed out in Part II-C-1, the drilling of deep wells before land reform had interfered seriously with ghanat flows in some areas, and the promise of large future usefulness of well development was by no means clear. Khatibi has reported that from 1962-63 through 1965-66 the Agricultural Bank financed the drilling of 7,058 wells of all depths (18, p. 74), but gave no figures on net new land area irrigated. His accompanying note that a Water Rights Bill of 1965-66 had limited the drilling of wells apparently reflects belated action to protect the prior rights of ghanat users.

Communications in Iran are, if anything, still less developed than the road system, except for the penetration of radio contact. The essentially one-way nature of radio communication limits it to public uses in Iran - mostly news and propaganda dissemination. A telephone network connects the provincial capitals and other major cities with Tehran, and serves security posts to a somewhat lower level. In 1965 a new micro-wave telephone relay system running from Turkey across Iran to connect through to New Delhi was nearing completion under CENTO funding, and presumably now is in operation. While agriculture benefits in a general way from all these, the benefits can only be related to land reform in rather incidental ways, much as improved literacy is related.

III. Land Reform Program

F. Supplementary Measures

5. Crop Procurement And Marketing

The activities of CORC in buying farmers' products from the village co-operatives at harvest time and holding them for resale later have been the main institutional support of farm prices. No figures on the volume of these operations are available. No price controls or special commodity buying programs have been undertaken as part of the reform program.

III. Land Reform Program

G. Mobilization of the Peasantry

1. Economic Aspects

As seen in II-G-2, a system of agricultural cooperatives was established in 1939 under the Agricultural Bank, and was pretty well grounded

by 1962, particularly in credit management. Other functions had been performed with only limited success. The co-op experience to that time had revealed some quirks of the Iranian peasant philosophy particularly relevant to operation of public credit institutions. Some of these were:

1) Low interest rates did not necessarily stimulate a sense of obligation for prompt repayment - instead, such loans were likely to be regarded as gifts, with repayment mostly a matter for the conscience. Anything so cheap as this plainly was neither highly prized nor greatly needed by the giver.

2) All agencies of government were by their very nature exploitive; therefore low interest government loans must have some ulterior motive, which the borrower was entitled to counter by evading repayment as long as possible.

3) Dissimulation was essential to survival in dealing with government representatives in whatever guise; therefore one might properly obtain a loan ostensibly to buy a cow but really to pay for a wedding.

When the cooperatives were greatly multiplied under land reform the administrators fortunately were well prepared to deal with such attitudes. The basic approach was to make the cooperative the peasants' own organization, with government participation played in as low a key as circumstances would permit. The point driven home was that it was their own money the peasants would be using. Government loans would be an assistance conditioned closely on prompt repayment.

Originally general purpose cooperatives were visualized with a wide range of lending, buying, supplying and marketing functions that would supplant the local merchants and moneylenders. For lack of sufficient funds and management ability, few such societies were operationally established. In due time nearly all reverted to the single purpose of extending credit, in which they operated effectively and with rapidly growing importance (III-F).

III. Land Reform Program  
G. Mobilization of the Peasantry  
2. Political Aspects

The co-operatives served two important political functions. First, they gave visible local substance to the reality of the land reform, and in so doing provided the farmer for the first time an alternative to the old power structure embodied in the village council, dominated by the coercive interests of the landlord and the long arm of the central government. A new sense of mattering was introduced, and with experience in handling the small but vital resources their joint sacrifices had amassed came a growing self-confidence new in the Iranian countryside.

Second, the co-operatives in total constituted a force in being which could be exploited to shape national policy, and which was / <sup>soon</sup> to be so used.

Internal leadership had not yet emerged, but this could be expected in due time. Meantime, such a leader as Ansanjani could manipulate this force with telling effect.

No peasant unions or political parties grew out of the land reform, and no overt pressure groups of other form flowed from it, but the fact of the peasant awakening was established as a factor in the political thought and positioning of the nation.

### III. Land Reform Program

#### H. Politics of Implementation

The long buildup of land reform interest and efforts culminating in the stalemated position of the ineffective and unenforced land reform law of 1960 has been reviewed in Part II-A, and the course followed in bringing out the effective 1962 revision of this law has been briefly described in Part III-A. The actual implementation of the law involved much more dramatic and rapidly moving clashes of these forces.

Warriner (34) has noted of the law that "It was geared to the realities of the Persian situation, and it was meant to work". She has then well asked: "How could such a law ever get passed?" Answering her own question she states:

"The Majlis was suspended at the time. The Shah, it appears approved it, to the extent that he favored weakening the power of the landlords on a divide-and-rule principle. Dr. Amini, the Prime Minister, gave it half-hearted support, perhaps influenced by American pressure. But the rest of the government was opposed to the law, and if they acquiesced must have done so in the belief that this reform would go the way of other reform measures in the past."

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(34) Warriner, Doreen Land Reform In Principle And Practice  
Clarendon Press - Oxford 1969 p. 116

This appraisal, while fairly setting the stage for what was to follow, does not do justice to the position of the Shah nor, quite possibly, to that of Dr. Amini. The Majlis did not just happen to be suspended at this time, nor did the revision of the law occur spontaneously - the Shah had ordered both. Far from pressing for this law, the American Embassy was observing a strictly hands-off public attitude, while privately doubting that the law would work, and turning away appeals for assistance in financing a large farm machinery loan to backstop it.

To set the stage more fully we should note that in the January 9, 1962 Cabinet approval action Ministers of Finance, Justice, Interior and War refused to sign. The Minister of Finance was particularly opposed to the law, and had to be dissuaded from resigning in protest. (30, p. 17) The law thus lacked the committed support of the four politically most critical ministries in the Government of Iran.

Notwithstanding the formidable obstacles implicit in this dissent, Dr. Arsanjani lost no time in getting operation of the law under way, and made speed of movement thereafter a major stratagem of his offensive. The Land Reform Organization was formed in the Ministry of Agriculture. Maragheh was immediately announced as a pilot area for land distribution and a survey team was dispatched to gather detailed facts for the distribution actions. Other teams were sent to indoctrinate the peasants on the formation, functions, and operations of co-operatives. Statutory notice was given landlords in this area owning more than one village to declare their holdings as required by the law.

Coincident with these actions, principally as a single-handed effort by Dr. Ansanjani, a publicity campaign was launched to assure landlord compliance. This campaign ranged from logical persuasion to bald intimidation and class discreditation. All signs of opposition were ruthlessly overridden. Meanwhile, approval of a 2-billion rial (\$26,315,000) land purchase fund was wrung from the reluctant Cabinet in mid-February. The staff of the Ministry of Agriculture was reassigned wholesale to land reform support activities. The staff of the Agricultural Bank, also under Ansanjani's effective control, was drawn on as needed for the cooperatives, and funds from the Bank were allocated for co-op credit use. When the Cabinet-approved land purchase fund was withheld several months, the funds of the Agricultural Bank were borrowed to fill the gap. The budget of the Ministry of Agriculture was commandeered to the cause almost as a matter of course.

Training groups of selected young men were recruited, indoctrinated, and emplaned to Israel in 25-man batches for intensive training in the principles and operations of cooperatives. No one was hired who was not willing to go out into the villages to work.

In the amazingly short space of 58 days the first 7 villages were ready for distribution on March 10, 1962. A widely heralded distribution ceremony was held at Maragheh, complete with foreign observers and crowned by the presence of the Shah to hand out the new land titles in person to

520 awed but rejoicing peasant farmers. On April 19 another 33 villages were distributed to 2,259 farmers, the Shah again officiating. By May, five new distribution areas had been announced, reaching out into three new provinces. By this time numerous landlords were volunteering their villages for distribution, and each such volunteer was given wide favorable publicity and utilized to set up a new distribution area. One such volunteer was Prime Minister Amini, who had been under public criticism for not setting an example in the course he had endorsed for others.

The pace was never slackened. By March 1963, the Land Reform Organization could report that it had distributed 1,988 villages to 120,018 peasant farmers. This was about 2/3 of all whole villages owned above the 1-village ownership limit.

During this period the general public reaction had been favorable. The confidence of the peasants that the law really was intended to benefit them had been won. Landlord opposition in principle had been effectively stilled; all that remained to them were the unpopular grounds of personal interest.

Capitalizing on these gains, Dr. Arsanjani arranged for a Peasants' Congress in Tehran in January 1963, attended by nearly 4,000 delegates from all parts of Iran. The Congress served to give the peasants a national consciousness they had never before possessed, while giving the country a demonstration of how far land reform had brought them from faceless anonymity.

Utilizing it as a sounding board for popular support, the Shah announced a national referendum on the 6-point reform program mentioned in III-C, to be voted on later that month. The referendum returned overwhelming support.

Immediately following the Congress, the government announced two drastic changes in the Land Reform Law. The first reduced the ownership limit from one village to specified hectarage limits (III-A) and the second ordered tenancy as a mode of tenure replaced with wage arrangements on all lands not subject to distribution.

This announcement brought on the first broadly adverse reaction to the land reform program. Whereas the original law for distribution of large holdings had affected only about 2,000 owners, the revisions applied distribution to possibly more than 200,000 owners, and outlawed tenancy for all. Widespread protests forced postponement of the first requirement and softening of the second. They also brought about the replacement of Dr. Arsanjani by General Riahi a Minister of Agriculture.

But by this time the first and critical battle had been won. The power of the landlords over the peasant class had been broken, and with it their political strength from that base. Land reform had been carried far beyond the point of no return. The way had been opened for a new era in Iran.

We should note again how this battle was won. In Dr. Arsanjani's campaign the good landlords fell with the bad, the little with the big. His war was, rightly, with the institution of landlordism. Many individual

landlords did not merit the defamation heaped upon them. But for Arsanjani to have distinguished among them would have temporized his position and dissipated his force. Instead he lost no opportunity to attack and discredit, and he paid scant heed to the landlords' rights under the Land Reform Law. The landlords fought back only feebly in the ideological battle. Unprepared for the onslaught, at no time did they succeed in establishing a favorable case for themselves. When a land reform official was killed in a roadside banitry incident in September 1962, the killing was labeled a landlord plot and was used to villify the class still further.

Opposition forces did succeed in stirring up religious opinion to demonstrate against the law early in 1962, thus putting the Shah in the unfavorable position of exiling a popular leader. This precipitated a riot in Tehran in June 1962 which required military force to suppress. An uprising of tribesmen in a southern mountain province also required a 3-month military campaign to overcome, though land reform was only part of its cause. Lesser disturbances elsewhere around the country were handled by local gendarmerie forces.

Political opposition forces have further affected the progress of the land reform program since the first year's battles were won. In the long term it appears they have slowed the reform, but not stopped it. As we have seen, distribution of landholdings down to specified hectareage limits was delayed for two years, but now is essentially completed. The proposed

replacement of tenancy with wage arrangements was transmuted into a 5-option field for landlords, in which continued tenancy became the dominant choice, but in October 1968 all tenancies were ordered converted to sales of the land to the tenants.

With the process still continuing, it does not seem useful to analyse it further at this time.

#### IV. Effects Of The Land Reform

##### A. On Land Tenure

The land reform program as reported up to September 1967 (18, p. 85) had completed the distribution of 92.8% of the properties classed as distributable under the ownership limitations (1st Stage), and had eliminated cropsharing tenancies on 99.5% of the properties not subject to distribution (2nd Stage). No figures are available to show progress since October 1968 in converting the more than 885,000 30-year leases then existing to sales of the land they covered (3rd Stage). When this step is completed, only the roughly 133,000 tenants who elected to join with their landlords in group farming, will remain not in ownership possession of their lands.

These figures do not include laborers on mechanized farms and other areas operated with hired labor before reform, and therefore exempted from the ownership limitations and tenancy provisions. As of February 1966, there were also 105,735 tenants on endowed lands, a majority of whom probably will have to remain in tenant status. However, with 99-year leaseholds in hand, the approach to permanent possession is so close that the difference from outright ownership should not materially affect agricultural uses.

Thus it appears that the tenure situation in Iran is rapidly approaching a state of maximum practicable balance in favor of the peasant land tiller. Since the Land Reform Law prohibits resales of distributed lands until they have been fully paid for, except with LRO approval, there has been little opportunity for former owners to buy back these lands in a possible return to large holdings. This seems unlikely to happen anyway, as long as the reform movement continues in the direction of forcing landlords to sell to tenants.

Because of the absence of cadastral surveys, systematic figures on farm sizes before and after reform are not available. We know, however, that the breakdown of landlord properties into peasant ownerships had no significant effect on size of actual farm units. These sizes are highly variable, owing to the differences of producing capacity between irrigated and non-irrigated land, the variations in amount and quality of water for irrigation, and land quality variations under both dry and irrigated farming. The following examples listed by Lambton (21, Chapters 6-7-8) are illustrative:

Case No.	Area	Classification (author's)
1	Minimum 3.7 to 5.0 A Maximum 20 to 25 A.	Probably all irrigated " " dryfarm
2	Equal sizes 7.4 A.	" " irrigated
3	" " 1.1 A.) 5.7 A.)	Irrigated ) Dryfarm ) Combined unit
4	" " 6.2 A.	Irrigated
5	Minimum 0.5 A. Maximum 4.0 A	Irrigated Irrigated
6	Equal sizes 34.6A.	Dryfarm, half fallow
7	" " 49.4 A.	" " "
8	Minimum 2.5 to 7.4 A. Maximum 12.4 to 24.7 A	Irrigated Dryfarm, half fallow
9	Minimum 3.7 to 5.0 A. Maximum 19.8 to 24.7 A.	Irrigated Dryfarm, half fallow
10	Equal sizes 4.1 A	Irrigated

The change in tenure status now occurring under the 1967-8 legislation authorizing formation of farm corporations (III-A) is at least a temporary reversal of the original objective of establishing a strong and independent peasant class. In a farm corporation the individual farmer theoretically retains legal title to his land, but all the land of one or more villages is pooled for large scale farming operations. (4) Each farmer is given stock in the corporation in proportion to the value of his land. The land value used commonly has been the value at which the land was sold to the peasant after expropriation from the landlord. (3) The peasant farmer is employed by the corporation as a wage laborer, and in addition to his wages will receive stock share returns on the profits of the corporation, when profits become available.

The corporations so far formed are under strong government initiative and direction, with heavy initial government investment. When the corporation operation is fully established and sufficient experience has been gained by its members, and should native leadership emerge among them, self-management may follow. (21, p. 358)

The objective of the corporation is to make way for fully modern and efficient mechanized farming. As seen in III-D-4, there is a need for consolidation of peasant farmers' usually small and scattered land parcels into larger operating units, and the farm corporation approach is one way of achieving this. Concomitantly, there is need for much more efficient use

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(4) American Embassy, Tehran A-376 8/29/69  
(3) American Consulate, Khorramshahr A-001 1/9/70

of Iran's limited irrigation water resources than occurs under traditional methods, and the farm corporation can enable irrigation efficiencies impossible to achieve with the traditional field layouts. AID-assisted studies during the 1950s showed that with improved management the water then in use could serve up to 30% more land. By the best combination of these two avenues of improvement, it should be possible greatly to increase the overall productivity of the lands brought under corporation management.

In view of the basic objective of the corporations and the deep government involvement in their establishment, it seems implicit that a reversion of land use in the incorporated areas to its traditional pattern will not be permitted. The essence of the land and water use improvements under incorporation will be the rearrangement and leveling of lands, the relocation of irrigation canals and drains, the installation of service roads, etc., for most efficient use, with unavoidable obliteration of existing field layouts and ownership lines. A practicable readjustment basis for an eventual return to the advantages of individual ownership incentives might be the establishment of new farm units consolidating all of each farmer's original land ownerships into one or two parcels equal to the original in value, which he could then farm individually, but whether this will be done is speculative.

As of November 1969 the Undersecretary of Land Reform and Rural Corporation, the official centrally responsible for the farm corporations program, stated that not more than 100 corporations were envisaged for the

next five years. (5) It was not intended, he stated, to form corporations where farmers already are doing well by their own efforts. An official report of September 1969 stated that 15 had been formed up to July 1969.

(33) Elsewhere the government has stated:

"The ultimate intention is to set up such farm corporations throughout the country. This will accelerate farm mechanization and will release surplus manpower that can be used in industrial and agro-industrial centers being developed in several areas under optimum conditions." (14)

Reports of non-Iranian observers, as well as many Iranians, on the actual implementation of this program have generally run counter to the official declarations on key issues. Among these discrepancies, three basically important ones are:

1. Charges of coercion to form corporations are common, both among the farmers and among responsible Iranian officials knowledgeable of but not involved in the program. To silence their objections, peasants are told the Shah wants the corporations. One observer of long experience in the land reform field, after interviewing farmers in 8 villages included under three different farm corporations, stated he had found not one farmer who favored them, but only feelings of resentment, frustration and helplessness in their unsuccessful opposition.

2. The lands taken for corporation farms thus far have been among the best lands in Iran, with the best water supplies, and where the farmers already were doing well as individual owner-operations. (3)

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(14) "Farm Corporations In Iran", Iran Facts And Figures, No. 1, 1969, p. 9

(5) American Embassy, Tehran

(33) "Transformation of Iranian Villages", Iran Facts And Figures, No. 5, 9/69

3. Although the law provides for farmers to retain legal title to their land and to continue working on the pooled land area within the corporate structure, in at least some corporation areas only selected young men have been retained to work on the land, and the balance turned off to fend for themselves elsewhere. To make sure they would go, the existing villages were bulldozed away, and new village accommodations were built only for the retained workers and their families. The ousted families in many cases were in debt for more than they received for their land equities, so departed destitute. At least one American, one Yugoslav and one Iranian corporation were reported set up on this model, as agri-business ventures. (3)

#### IV. Effects Of The Land Reform

##### B. Effect of L.R. on Production And Productivity

All testimonies are unanimous that increased production and unit productivity have resulted from land reform in Iran. Khatabi, writing in 1967, reported an area increase of 400,000 hectares over the 1960-65 period. (18, p. 65) The distribution of the investment accounting for this increase indicates that 80% of it occurred after reform, mostly in 1964 and 1965. From 1961 to 1966 production of wheat rose from 2,869,119 tons to 3,963,723 tons, and per capita annual consumption, at roughly level imports, from 123 kg. to 144 kg.\* Rice production rose from 400,000 tons to 700,000 tons, per

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\* Wheat production in Iran is highly subject to weather conditions, and short-term figures have low significance - Author.

capita consumption from 17.6 kg. to 28 kg. Cotton production rose from 125,395 tons to 147, 133 tons, exports from 60,921 tons to 105,575 tons. Production of all pulses rose from 85,214 tons to 112,623 tons, per capita consumption from 3.36 kg. to 4.27 kg. Production of all fruits, nuts and olives rose 28% over the 1960-65 period; production of edible animal products, 12%.

The 1968 FAO Yearbook of Production, pp. 29-30, gives the following production index figures:

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
Total foods	119	127	128	135	130	138	143	155
Food per capita	101	105	103	105	99	102	103	108

An American Embassy report of August 1969 from Tehran found "definite improvement" in agriculture from the first two phases of land reform, with an average annual production increase of 3.4% over the 1965-69 period.

Increased diversification was<sup>a</sup> marked effect of land distribution, with the new owners turning especially to fruits, vegetables and livestock, all formerly forbidden or discouraged by landlords (II-B-1). (21, pp. 71-72).

#### IV. Effects Of The Land Reform

##### C. Effect of L.R. On Rural Employment And Underemployment

Definitive figures on employment and underemployment in Iranian agriculture are lacking. A "conversation" figure of 50% was used in pre-reform years (II-E). The presumptive evidence suggests considerable improvement since initiation of land reform. Thus Khatibi's figure of 400,000 hectares

of new cultivated land area from 1960 to 1965 (III-B) represents about a 5% increase, whereas farm population increased only 2.7% from 1960 to 1967. Also according to Khatabi's figures, of the 1,533,000 population growth in the rural sector from 1960 to 1967, only 400,000 stayed there, while 1,133,000 migrated to cities. Again, the unanimous reports of increased production certainly must reflect a substantially increased labor input. Lambton's observation in one locality of "huge mounds of stone, which had been removed from the fields since land reform" (21, p. 176) is indicative.

#### IV. Effects Of The Land Reform

##### D. Effect of L. R. On Income Distribution

Quantitative measures of the shift of income in favor of Iranian farmers resulting from land reform are not available. It is generally agreed that those who received distributed lands under the first stage of the reform benefitted more than those who obtained 30-year leases or other forms of tenure security under the 2nd Stage. The 30-year leases, being based on the average rents of the last three years before leasing, did not often give the peasant a measurable reduction, but did protect him from later rent increases to sap his gains in production. With conversion of leases to ownerships under the 3rd Stage, now proceeding, this difference may be equalized. As to those who sold their land use rights to their landlords, or bought out the landlords' rights, so much depended on the terms agreed to that a detailed study of these arrangements would be required to find what the results have been. The minor

number who joined their landlords in unit-farm groups made definite gains in security which should have brought corollary gains in income.

As already mentioned, land payments on distributed lands were nearly always lower than the former rent payments. (18, p. 71) Numerous instances of lands being bought from landlords at far below their real value, often enabling peasants to pay for them in one year, are cited by Lambton. Unfortunately, there are no systematic figures to show the value of pre-reform cropshare rentals, against which to compare present calculable land payment costs. The following examples listed by Lambton (21, Chapters 6-7-8) are illustrative:

<u>Case No.</u>	<u>Rent Paid Before Reform (per farm)</u>	<u>Land Payment After Reform (per farm)</u>
1	4,000 rials	1,300 rials
2	15,000 "	10,000 "
3	2,000 "	1,100 "
4	3,000 " (est.)	800 "

Unquantified but direct measures of increased peasant income following land reform are seen in their increased spending. Lambton's observation (21, p. 192) is typical:

"By 1964 there was a noticeable rise in the general standard of living of the peasants in the north. They had, on the whole, better food, better clothes, and more household goods, such as lamps, than formerly. . . It was particularly marked in the improved diet of the peasants in the villages where land reform had been operative."

The reform also brought marked changes in the living conditions of peasants, with new house construction frequently occurring. (21, pp. 140 & 152) A further index of the improved income of farmers after reform

is that even as early as 1965 and 1966, advance selling of crops had greatly decreased in most parts of the country. Lambton testifies that: "Everywhere the peasants were conscious of the evils of foreselling, and anxious to prevent this." (21, p. 315) According to her observations it was one of the first points on which they acted to improve their financial positions.

#### IV. Effects Of The Land Reform

##### E. Effect of L. R. On Services And Supplies

There were 711 Agricultural Bank credit cooperatives, 156 Development Bank credit cooperatives, and 60 Development Bank multi-purpose cooperatives in Iran before 1962. Not all of these were operative. By the spring of 1968 there were 8,652 cooperatives under the consolidated administration of CORC, serving 1,105,402 families in 20,803 villages. (21, p. 360) Loans to 670,425 persons that year totaled \$53,640,000 equivalent. The 1967-8 loan repayment rate was 93.1% (31, p. 363)

An American Embassy report of August 1969 mentions 8,600 cooperatives in 23,697 villages, with 1,278,389 members and about \$19,000,000 total capital (35)

An early criticism that the cooperatives only provided credit, no longer is justified according to Lambton" (21, p. 364)

"An increasing number now have stores and sell a small quantity of consumer goods, such as cloth, soap, rice, pulses, and some household commodities. A large number of societies hold agencies from the National Iranian Oil Company for the sale of oil production in those villages in which the NIOC has no agent.

"In the year 1967-68 some 12,000 tons  $\sqrt{18.3\%}$  of the national total supply of fertilizers were sold through the federations and societies. In the same year 1,585,920 kg. of improved seed and 5,847,481 kg. of good quality local seeds were sold by the societies.

"In the field of marketing progress is by force of circumstances slow. Without some government supervision of markets and price control, it is unlikely that the federations will be able to undertake marketing on a large scale in the near future."

Some negative effects on both credit and other supplies resulted in the non-distributed villages, where landlords reduced their lending and their general support activities. The fixed rent system in this way operated to the disadvantage of the tenants, to the extent that they have not been able to benefit from co-op loans.

Tenant complaints are prevalent that landlords no longer maintain the ghanats, but how much of this can be laid to land reform is uncertain, as this duty already was being neglected before reform. Where lands have been distributed in full, and the peasants have come into possession of the ghanats as well as the lands, they have been generally better maintained than before (21, p. 363), and frequently have been improved. A more serious negative aspect than neglect of ghanat repairs by landlords has been their drilling wells in locations which tap the sources of the ghanat flows, thereby often taking much or all of the water.

Extension services apparently have not been increased in keeping with the needs of the great numbers of new small owners. In the early years of the reform the 600-man existing extension staff was heavily drawn upon to

man the tasks of land distribution (III-H) at the cost of its regular program, and the 1000-man extension force noted by Ladejinsky in 1966 (III-F) suggests a continuing lack of emphasis. Egypt, by contrast, had 10,000 extension workers in the field in 1970, serving about the same number of farmers Iran has, but concentrated in a small fraction of the geographic area which Iranian agents must cover.

#### IV. Effects Of The Land Reform

##### F. Effect of L. R. On Peasant Participation In Decisions

The village co-ops have brought the peasants actively into decision making at that level. Board members are much more involved than the rest, but it may be presumed that major decisions are not taken without bringing the full membership into the process. Some boards make a practice of having all co-op members sign all board actions, as a means of maintaining awareness and interest. As board members change, new men are brought into the center of the decision making activity.

No mention has been found of peasants advancing into the ranks of co-op federation management, but if this has not occurred we may assume it soon will.

Except for the politics of board elections, the cooperatives have not brought their members into political activity. The federations have operated as administrative and service organizations only, and have not been utilized for political purposes as they might have been had Dr. Arsanjani remained at the head of the land reform movement. There has been no repetition of the 1963 Peasants' Congress, or other large scale expression of peasant political power.

#### IV. Effects Of The Land Reform

##### G. Effect of L. R. On The Character Of Rural Society

The Iranian land reform has brought little structural change in rural society, but much change in the temper of it. Iranian society historically has been remarkably free of social barriers except as dictated by economic status of the moment. Caste is absent. Many men have risen from low to high estate, not least among them the father of the present Shah. Power has been, and is, the key to all levels and positions, with little regard for status of origin of the holder. Wealth usually bespoke the other forms of power. Village stratification followed these classic lines. Those smaller landlords whose lands were only partially distributed, to the extent that they were resident in the villages generally remained, but no longer with the degree of domination formerly wielded.

Most village groups were ethnically uniform; among such mixed groups as did exist, the reform did not change the relationships. Ethnical distributions are retained in marriage customs to a considerable degree, and many ethnical minorities face difficulty in rising to national power in political circles. To some extent the land reform was used to reduce the power of leaders of particular groups, namely, tribal groups which had been troublesome. In these groups the lower ranks perhaps have benefitted from a reduction in the arbitrary power of their leaders over all aspects of tribal life. Increased emphasis also has been put on settling the nomadic elements of these groups more fully.

The coming of the cooperatives, where they supplied common store goods freed the peasants to some degree from the superiority of the merchants; increased prosperity brought many to where they could at least obtain fair treatment from both merchants and moneylenders. Education has had a further equalizing effect in the social outlook.

In all, the peasant has gained the self respect and confidence with which to face his world on more even terms. He is no longer a nonentity.

#### IV. Effects Of The Land Reform

##### H. Broader Effects of L. R. On The Economy, Society and Polity

One of the fundamental arguments for land reform was the necessity of raising the incomes of the 75% of Iran's people then in rural areas, to furnish domestic outlets for industry and trade. Dr. Arsanjani pointed out that there were on hand in government textile mills alone, 30 million meters of unsold cloth. (6, p. 21), and that the peasants were half-naked.

These references to unsold cloth and naked peasants were no empty aphorisms. A common sight in rural Iran at that time was the peasant's European style suit-coat, bought in the 1920s on orders of Reza Shah, and grown more to patches than to original material in the 30-odd years since. The peasants certainly were ready for the new cloth. Millions of feet, many of them adult, were waiting for their first pair of shoes. And as Lambton has pointed out, (IV-D) every peasant household was ready for more of even the simplest necessities and minor luxuries. It needs no deep economic thought to see the significance to internal trade of giving each

of 3 million peasant families even as little as \$50 of spendable income above previous levels, knowing that virtually all would be spent in local communities.

Since land reform, several times this level of added income has accrued to great numbers of peasant farmers, and still greater numbers have benefited in lesser degree. No doubt part of the effect has been the creation of new urban jobs which have helped absorb the 1,133,000 rural migrants who flowed to the cities from 1960 to 1967, and the other hundreds of thousands who have followed them since. On the other side of the coin have been the tens of thousands of young men and women of urban origin whom the Literacy Corps, Health Corps and Extension Corps - all products of the reform - have carried for the first time into rural villages, there to gain insights into and sympathy for the condition of the majority of their countrymen never before known to them. Increasingly from now on, the urban migration will be of the better educated and more able village youth, who will carry rural understandings and attitudes with them into the political power mix of the growing working and middle classes.

This trend has not had time to mature into a significant political force as yet; it would be premature to say that it has influenced the balance of national political forces up to now. But when it does mature it will be a force on the side of continuing improvement of rural conditions, and of increased liberalism in government on the whole.

## V. Critique And Evaluation

The need for land reform in Iran was under open public debate or political pressure for more than 40 years before the reform came into being. In that time many people saw in it a wide range of desiderata, from simple social justice within the existing order, to abolition of all established political, social and economic institutions and the ushering in of a "people's" government complete with state ownership of land. Out of this background it was to be expected that land reform, when it came, would not happen alone or simply, or be fully accomplished in a short time. As seen today, it is in its 9th year of active prosecution, with prospects of much longer and further to go.

The purpose of the reform to break the power of the landlord class over the lives and fortunes of the peasant class has been largely accomplished. The dissolution of the big estates at the outset all but eliminated the most flagrant abuses of this relationship. Those individual exceptions which still remain are anachronisms which we may be sure will be swept away in the not too distant future.

The purpose on the political side to break the power of the landlord group has been only partly accomplished, but seems assured. The present gradual elimination of landlordism as a form of tenure, regardless of size of holding, by converting long-term leases to peasant ownerships, strikes at the institution itself, which both the Shah and Arsanjani saw as the root evil to be overcome. This process will require several more years to