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What Next?

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WHAT
NEXT?



by William C. Thiesenhusen

There is plenty of evidence that simply giving peasants access to land will raise their income levels.¹ The size of the increase depends on their prior situation -- whether they were tenants, landless labourers, resident farm workers, etc. Benefits are usually substantial because those who qualify for land in a "reform" will have had only a few use rights or will have been completely landless before the distribution. Then governments are faced with the question, "What next?" That question is likely to be forced upon them by the land recipients who know that land access is a necessary but not a sufficient condition for them to progress to a somewhat higher sustainable subsistence level.

In general, those in power are not prone to act much further than land distribution if that is the demand of the moment; simple benevolence is not a characteristic of governments. When land is distributed, peasants are often mollified -- if only temporarily -- and the pragmatists in office go on to something else.

Sheer political necessity

I argue here that, while too little post-reform attention from the government may have detrimental effects on new landholders, too much may be just as deleterious; and, governments must follow clearly defined priorities in granting post-reform assis-

tance that works to raise the production of settlers, leaving amenities to be financed by their later incomes.

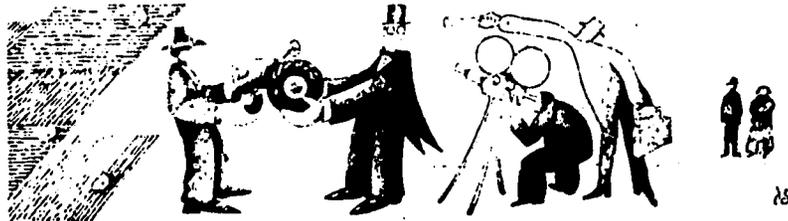
In the Americas, the recent history of agrarian reform is that it usually slows or stops when grass-roots pressure subsides and that few productive inputs are made available to beneficiaries.² There is much evidence that in Mexico the *ejidatarios* established primarily in the Central Plateau were largely neglected once they had their own plots and, after Cardenas (indeed, until the last five years or so and maybe not even now depending on whose reports and statistics one reads and believes), capital moved into frontier areas, more particularly into the north where it largely benefited private entrepreneurs. More recently, Amazonia has shown us that it is easier, somehow, and the immediate payoffs seem greater, when a completely open area can be settled: there are no vested interests to be wrestled with and physical engineering problems, while complex, are still simpler to cope with than human ones. The process is so much tidier when people can be brought in only as they are needed. Likewise, in Bolivia when the high plateau was "reformed" and people were given farmsteads after the revolution of 1952, demands of the rural union movement were diffused and the new agricultural development funds found their way to more unsettled areas and commercial use in the lowlands.

The act of land distribution, or reform *per se*, thus is often an act of sheer political necessity. The result is that recipients enjoy increased incomes for a time, but these cease to rise for want of inputs other than land. Beneficiaries may remain a relatively privileged class (when compared to the landless, at least). Of course, another possibility is that their incomes may erode because inflation eats into their buying power. Most realistically, they probably still remain better off than their landless neighbours because they are

able to grow many of the consumption goods they previously had to buy or wrest from unwilling patrons.

The usual tendency of a government, then, is to grant land and forget about the new landholding beneficiaries, leaving them pretty much to their own devices to progress or lag behind as pawns in the hands of fate. What I am implying is that, in most cases of land reform in currently developing countries, beneficiaries unfortunately appear quite expendable from the standpoint of national policymakers, or as an irritant to be neutralized -- not as a resource to be tapped in the process of agricultural development. To the extent that they make progress at all, they do it on their own or because of the faith placed in their abilities by a rare few in influential or powerful places.

Lest these views seem utterly Machiavellian, a word should be added about small farmer plans that have cropped up in abundance over the past decades: Comilla in Bangladesh, Plan Puebla and its successors in Mexico, Instituto de Desarrollo Agropecuario (INDAP) and Industria Azucarera Nacional S.A. (IANSA) in Chile, Centro de Capacitación e Investigación Aplicada en Reforma Agraria (CIARA) in Venezuela -- there are many more. Some of these have evolved into something quite different today, but at their inception, their founders, proponents and administrators claimed their principal aim to be assisting small-scale farmers and beneficiaries of reform. Many have today run into severe problems despite these apparently sincere intentions -- and for a variety of reasons. I believe that foremost among them is the real difficulty of establishing programmes to serve the rural poor in a society in



which the vast majority are economically disenfranchised and real power is held by the privileged minority.

Another more fortuitous result of land redistribution is that even with post-reform government indifference, land reform beneficiaries act voluntarily and in some concerted manner in their own behalf. The new marketing channels that quickly appeared in Bolivia in the late 1950s to replace the ones dominated by the *latifundistas* are an example.³

Neatly fenced parcels

Later in the 1960s and early 1970s, there was another related phenomenon worth noting. In a few countries, the idea got around that no reform was complete unless it was "integral" or "comprehensive" (the nomenclature varied from country to country), and pushed to its extreme, that included granting neatly fenced parcels, a house, a tractor with an implement or two, a revamped irrigation system, and regular input delivery. That idea never gained much currency, acceptance or legitimacy because of the expense involved and the poor results obtained. In the first place, if a lot of money were spent on a few settlers, not much would be available for the remainder. In some cases, that is exactly what those in power wanted. Governments would often widely publicize in their semicontrolled press the cases of a few happy colonizers with farms of their own, who previously had nothing and had been raised by government largesse from utter destitution to bucolic splendour. This met an important political expedient. And, having spent so much to settle a few left the government larder with few funds to get to the real core of the problem -- the intransigence of the elite. This tactic worked best in countries where there was little organized demand to "do something" and

where the only pressure for liberal reform of a downtrodden peasantry came from city unions or liberal intellectuals, who were little inclined to check on what was really happening in the field and who might not have recognized a peasant had they seen one.

Where there was union pressure, the result was sometimes another variant on perversity. The government may have been forced into a more complete post-reform package than it could really afford, this being passed in the form of an intolerable debt burden to the shoulders of the new landowner.

In some countries, land-reform beneficiaries complain not because they get too few services from the government, but too many. The hitch, of course, is that they are expected to pay for them. But their yearly amortization costs are more than they can afford while eating and providing clothes for their families, too. When I interviewed a number of agrarian reform beneficiaries in Chile in 1970, all they said they really wanted were some seeds and fertilizer -- at least enough inputs to grow what they needed -- and a roof over their heads. The rest, they explained, could come later to be purchased with profits.⁴ Instead, they were frequently showered with cash advances, modest but nonetheless new homes, machinery, etc. I am over-drawing the picture, but the point is clear. In this case, too much may be as serious a policy error as too little. About the same time I was having these conversations with Chilean reform beneficiaries, I was overhearing policy-makers and administrators asking themselves with puzzled incomprehension why advances were not being repaid or why loans meant for production were frequently diverted to consumption. Peasants know that subsistence comes first, and beneficiaries usually found themselves confronting intolerable bills for interest and principal each year. Since they could not pay, and their neighbour-beneficiaries could not either, government deficits rose and the programme, mired

in unpaid bills, ground to a halt -- an unfit subject for any kind of future loan.

A cavalier attitude

Another problem occurs when a government sets out to do too much. While in most countries I know, peasants have a very responsible attitude toward repaying outstanding debts, in others a rather cavalier attitude toward monetary matters has been fostered. Long experience has shown the peasants of some countries that government agencies do not really expect to collect past-due accounts. So peasants reason, why not live on the credit that comes regularly, regarding it as a subsidy. Suffice it to say that this attitude seems to exist in only a few countries, usually those with more resources than most, and it has been nurtured by government mismanagement vis-à-vis the reform or small-farm sectors. I saw it in Venezuela in the late 1960s, and I am certain that country is not the only culprit.⁵ The lesson is that the usual ethic of prompt and responsible repayment of bills by peasants can be broken down by governments which give the impression that they do not care whether the former meet their financial obligations. For a time in the history of this whole effort, in some countries, bureaucrats were rewarded for disbursing credit but not supervising and collecting payments. This created the happy ambience of irresponsibility that few have any ideas about how to break when harder times dictate the imposition of more frugality. There is, I contend, no difference in the peasant attitude or psyche than in my own, should I find that the savings and loan company that holds my home mortgage told me that I could pay as infrequently as I pleased instead of on the 15th of every month.

There are, therefore, several notable historic cases of what happens after land distribution,

which may provide us with some future cautions and even guidelines. The first, in my opinion, a lesson in what not to do, is that a government in a post-reform period may elect to do nothing at all about reform beneficiaries, caving in completely to the still voracious appetites of the powerful who tenaciously appear in new sectors of the economy, and taking advantage of the new conservatism that the land-satisfied peasant may exhibit. It may be content to use agricultural development resources henceforth to develop a commercial sector of agriculture almost unrelated to the reform sector, preferably where population is sparse and resources are rich (or where modern engineering miracles can make them so). That strategy makes a lot of sense for a government that does not care for the problems of the majority of its people and poverty, needs export earnings in a hurry, does not mind a worsening income distribution, is insensitive to quiescent but possibly building grass-roots pressure, has a good bit of repressive capacity and few scruples, and can keep new political pressures down with a little land or promises of future distribution given out to the right groups at the right time.

The second lesson, also negative, is that governments do everything imaginable for a small group. That strategy occasionally gets a good press and gives liberals -- especially urban ones -- a warm feeling, but also more than occasionally puts peasants into deep debt (to the point where I have seen them abandon their new holding to flee from the bill collector).

Can we derive something positive from these lessons?

The answer to the question of what to do after land distribution is not a simple one, at least if you agree with me that it is inadequate to simply pass out a vacant strip of soil of varying quality or that it is impossibly extravagant, as well as

totally unrealistic, to provide each would-be recipient with a miniature country estate.

The "amenity" category

Given the varied realities of the situation existing in nearly every country that needs agrarian reform in the late 1970s, each nation is faced with a set of similar problems: given population pressures, there are too many farmers eligible for land, even if all of the arable land in the country were available for reform purposes (which it isn't); every possible bit of available land should be used for producing food and fibre that can be so used without perpetrating more environmental damage; in the interests of equality of opportunity, as many peasants should be granted land access as possible.

If these premises are accepted, then land reform beneficiaries should, as a matter of priority, be provided with as many inputs and as much information as possible in order to make them into productive members of society, and, since resources are limited, all else -- however unfortunate that might seem -- should fall into the "amenity" category and await the future. The formula differs from country to country, of course, but in most this means that governments that have granted land in a reform or colonization project set up strict priority lists clearly delineating those things the reform agency can and cannot finance. In general, those items that make production of a crop in national scarcity and/or nutritional necessity possible can be financed. So are expenses attendant upon diffusing the necessary skills to use them. In some cases, governments have promoted organizations of land-reform beneficiaries so that technicians need only deal with elected officers who in turn deal with their peers. Whether this is possible, of course, depends on the cohesiveness, integrity and *esprit de corps* of the growers' associations and of the

post-reform tenure pattern adopted. It is probably easier to diffuse the technology of production where group farming is the common mode of post-reform tenure than where family farming is, simply because in group farming decisions are made centrally.⁶ Of course, an incorrect decision made centrally has wider repercussions than a faulty family-farm decision. The priority needs, then, seem quite simple: inputs and the technology to use them have to come after the land grant, assuming, of course, that irrigation facilities have accompanied the land in arid or semiarid regions.

Some attrition

This implies that some things are secondary, that they have a lower priority on everyone's agenda after granting land access. Houses and buildings (except those needed to keep harvested crops from vermin or from spoiling) are some of these. Most beneficiaries lived *somewhere* in the neighbourhood prior to the reform and, until incomes have increased on current account, they can continue to live there, however hardhearted that sounds. In Chile, however shabbily inadequate the former *inquilino* houses were, they should have been used after the reform (and often were). However convenient tractors and their implements may be, they use up foreign exchange, eat up too much scarce and costly petroleum products and replace abundant labour; usually, they should be avoided.

When peasants are granted land of their own either on an individual plot basis or in some sort of group farming scheme, there will be some attrition. Experience has taught us that some peasants will not choose to remain, for one reason or another. What planners must do, however, is to make certain that the institutional support structure has been readjusted in such a way that it does not continue to foster and serve only the *ancien régime* and be

unavailable to the new group of owners. One way to alleviate credit delinquency problems is to make certain that beneficiaries request the credit they need and that it is not forced upon them. Under the latifundio system, it was virtually impossible for small-scale farmers to obtain funds for the purchase of inputs; these were nearly all reserved for those with means, those who had plenty of land and were part of the elite and/or those who raised export crops. Under land reform, it is necessary to make it possible for new landowners to gain a foothold in the service system. This input delivery system must, as mentioned earlier, have as its primary purpose increasing production in the short run, but the policy formula will doubtless be different from one country to another. Among the delivery systems that must be given some attention are those having to do with farm credit, improved production inputs, marketing farm produce, technical assistance, formal and informal rural education, health and family planning, etc., infrastructure. But which comes first and which can wait until later depends on which is most needed for increasing production, income and savings in each country situation.

Decisions of most governments in the future vis-à-vis the peasantry will be even more difficult than implied here. Given the current pressures of a growing population on an increasingly sparse land base, what governments should do for the nonbeneficiary -- the peasant who did not get land in the reform -- also must enter the calculus of decision-makers in most developing countries. Because of halting progress toward land redistribution in most countries, there will still be scope for more land reform under existing law for many years into the future. But in countries like Mexico and Peru, this margin is nearly exhausted and millions of rural poor are still landless. Further subdivision of land rights may be one option, but it will probably be found to be politically unattractive. Other possibilities are development of agro-industries, re-

gional development schemes, and devising appropriate technology.

In the short run, these are expensive and will absorb more government resources than they generate. How governments will get ample revenue to cope with the nonbeneficiaries is still unresolved, but some redistribution of income from the rich to the poor is still an inevitable prerequisite, and that implies major shifts of political power.

¹See *Land Tenure Center, Agrarian Reform in Latin America: An Annotated Bibliography, University of Wisconsin Press, Land Economics Monograph No. 5, 1974; and Land Tenure Center, Land Tenure and Agrarian Reform in Africa and the Near East, G.K. Hall, 1976.*

²*Peter Dorner, ed., Land Reform in Latin America: Issues and Cases, University of Wisconsin Press, Land Economics Monograph No. 3, 1971.*

³*Ronald J. Clark, Land Reform and Peasant Participation on the Northern Highlands of Bolivia, Land Tenure Center Reprint No. 42, 1968.*

⁴*William C. Thiesenhusen, "Chile's Experiment in Agrarian Reform: Four Colonization Projects Revisited," American Journal of Agricultural Economics, 56, May 1974.*

⁵*William C. Thiesenhusen, et al., Leonard Ruiz Pineda: A Case Study of a Venezuelan Agrarian Reform Settlement, Inter-American Committee for Agricultural Development, Research Paper No. 7, December 1968.*

⁶*Peter Dorner, ed., Cooperative and Commune: Group Farming in the Economic Development of Agriculture, University of Wisconsin Press, 1977.*