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The Political Economy of Agricultural Development*

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In response to Dr. Antonio Posada's invitation to participate in this Congress, with his suggestions that I comment on such aspects of agricultural development as agrarian reform, government policy and administration, and the role of agriculture within the framework of the new international economic order, it seems more appropriate to present these remarks under a title of the political economy of agricultural development rather than the economics of agricultural development. The distinction is simple but significant. Economics of agriculture has in common practice, at least in the United States, come to refer to analyses of the operations of an economy of agriculture and to the processes of transforming resources into useful commodities. This is the domain of technology, input and output, costs and returns, etc. In this conceptualization, the basic theoretical propositions formulate the implications of freedom of choice in a market context. The phrase political economy, as I use it here, is intended to refer to the structure of an economy and to the social and political matrix within which economizing activities occur. In short, while the theory of economics refers to the consequences and outcomes of freedom of choice, a theory of

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political economy refers to the conditions of freedom which make significant choices possible.

The acceptance of the concept of political economy as the basic theoretical term of reference has some advantages for the consideration of the aspects of agricultural development emphasized in Dr. Posada's letter of invitation. In principle, at least, the emphasis in political economy upon the structure, or political matrix, of an economy enables us to analyze economic organizations as systems of working rules, making possible the identification of basic similarities and differences between economic systems which result from differing ideologies. Within such a formulation it becomes possible to consider the problems of agrarian reform and land tenure systems as integral parts of the system, not simply as interferences in production organization. Of greater importance, in my view, the inclusion of the criteria for systems of economy as an integral part of the theoretical analysis also accepts as an analytical problem the reconstruction and control of economic systems. By contrast, the more conventional operational analysis in economics of interrelations within a universe of commodities is deemed to have been validated by successful prediction of outcomes. These two criteria of validity, control and prediction, are complementary and not contradictory. I would argue, however, that systematic inquiry which is instrumental to reconstruction and control is a more fundamental achievement than successful prediction of outcomes, particularly for agricultural development policies. This follows from the recognition that the basic social function of intelligence is the continual reconstruction of human situations. The central task of such reconstructions in free societies is to assure to participants that organizational policies will provide sufficient fields for responsible conduct, so that they may live as self-willed persons.

I.

Professional Recognition of the Significance of Agricultural Development

The development of agriculture is now recognized to present major issues in international economic policy consequent to several major happenings. World populations are growing at higher rates than anticipated, particularly in what we call the less developed countries. Sheer numbers raise the spectre of impending shortages of food on a global scale. After one or two proclaimed decades of world economic development, there are now wide apprehensions regarding the limits to growth. Deep poverty persists, especially in the rural areas where most of the poorest of the world's poor live. The seemingly endless migration of the rural poor threatens to engulf the cities in which they take refuge. All of this and more has brought a new awareness to the members of the economic professions of the importance of agriculture in national economic life.

In the first years of "development planning" after World War II, development was virtually equated to industrialization. Why this should have been is an intriguing question, but one we shall not long dwell upon here. Some of the urban industrial bias in economic thinking can be attributed to the fact that, taking the world as a whole, most of the people who entered graduate schools were city boys with little sympathetic understanding of the problems of agriculture, let alone of the peasant people. Also, systematic thinking about development problems and the theoretical matrix of development analysis was initially in macroeconomics, as evidenced by the Harrod-Domar growth equations or the theories of international trade and finance. Marxian analysis placed great faith in development by industrial technology and organization and assumed that agriculture was just another

industry not different in kind from any other. Agricultural economics as a field of professional specialization has developed as a part of the process of modernization of commercial agriculture in the United States and other industrialized countries. This bequeathed to the craft parochial views of its field of professional responsibility. Given all this, the current recognition of agricultural development as a worldwide problem for economic policy is testimony to the significance of the revolution of rising expectations of the human family and the political influence of the poorer nations in the United Nations organizations and elsewhere.

II.

The Drift into Rural Poverty

The mitigation of rural poverty is undoubtedly the most arresting challenge to agricultural development. Although the redress of poverty is and must be the primary responsibility of national governments, the world community has some obligation to be concerned about and assist in this endeavor. As a first step in understanding the nature of the problems of rural poverty we may consider how it came about that so many rural people are the "excluded" poor--persons not effectively included in any productive economy. One key to this understanding seems to be a sense of how agricultural development has impinged upon the antecedent system of subsistence agriculture. As a bench mark of analysis I find it helpful to recognize the fact, and I believe it to be a fact, that our ancestors everywhere devised subsistence-survival systems of agriculture which were remarkably similar. They were essentially land-labor forms of economy where labor was implemented by only the crudest of tools under guidance of the conventional wisdom of a people. Over centuries these subsistence agricultural economies

were gradually modified, although there are still hundreds of millions of people who depend on them for survival.

In much of the "Old World" of Europe and Asia, these subsistence economies were gradually improved through hard work, foresight, and the practices of husbandry to become productive peasant farms. Under the impact of colonial policies in Africa, the Western Hemisphere, and Australasia, virtually nothing was done to energize and improve these traditional economies. In Africa traditional agriculture was pushed aside sufficiently to permit the production of export crops, much of these in enclaves. In the United States and Canada the native people were pushed aside, with both their cultures and their economies withering away. In Latin America the native farmers were either crowded out as in the United States or assimilated to large-scale haciendas as laborers. Under the Marxian-inspired revolutions of this century, from Eastern Europe to the China Sea, agricultural development programs set out to destroy traditional agriculture through land reform, but with only partial success. By means of these revolutions private economic power was eliminated but remnants of the traditional small-scale individual agriculture persist as small satellite holdings around collective farms in Russia and Eastern Europe. As noted in a recent account from Hungary: "In the cooperative farms a production area of 0.58 hectares (approximately 1.5 acres), mainly arable land, serves as a household plot, where the members may produce anything."¹

1. István Fekete, "Development of Agricultural Enterprises and Management on the Basis of FAO Model Farms in Hungary," Paper presented to the International Seminar on Agrarian Reform, Institutional Innovation, and Rural Development, Madison, Wisconsin, July 1977.

In China national policy toward private ownership of homes and a small plot of land has varied since the Revolution. Dr. Sartaj Aziz has commented recently on the current status of such holdings: "In addition, commune members generally live in their own houses which are gradually being improved and rebuilt with assistance from the commune, and they own small private plots on which they grow vegetables or raise poultry and pigs." Regarding ownership of land, Dr. Sartiz observes further: "In China's socialist system four kinds of ownership can be distinguished: private, communal, cooperative and state. Private ownership is confined to small tools, private rural dwellings, some urban housing and very small plots of land but these can not be sold."²

The survival of private household economic units in rural China--the remnants of the earlier peasant economies--seems to have received less international attention than the communal aspects of rural economic organization with which the household units are associated. Since this survival may have major significance for agricultural development policies, particularly for the decent survival possibilities for the rural poor, a brief account of the shifts in national policy in China toward these household economic units may be helpful. According to a recent historical account published in 1974:

[In the early stage of agrarian reform] The organization of Primary Stage Agricultural Producers Cooperatives did not abolish private property in land, draught animals, and agricultural implements; of course these were transferred to the unified management of the cooperative, except that a small private plot was left with the peasant household according to its size and the quality of its land. Products from these plots could be sold privately. Initially the maximum allowed was 5 percent of acreage under cultivation in each locality but this was raised to 10 percent in 1957.

2. International Development Review 15, no. 4 (1973/4), p. 3.

Private property in land came to be abolished only after the emergence of Advanced Agricultural Production Cooperatives between 1956 and 1958. Henceforth land was collectivized without compensation and no rents were to be paid for the use of land; other resources were taken over by the collective, by paying mutually agreed prices. The private plots and private ownership of a limited number of pigs and poultry continued. In spite of some regional local variations the initial reforms in 1958 were radical: private plots and the private markets were abolished, sideline activities were suppressed, common kitchens and mess halls were established and a part of food was given free irrespective of work done. Such radical measures encountered opposition from peasants and official policies came to be moderated in the early 1960's. Both private plots and pigs and poultry rearing, domestic crafts, as well as rural markets were revived in 1960-61 and came to be accepted as an essential and supplementary part of socialist Agriculture.³

"Rural life in China is now organized around nearly 74,000 communes which are multi-purpose units for agricultural, industrial, commercial and military affairs. The Basic philosophy is that agricultural policy must aim at improving all aspects of rural life and as far as possible on the basis of self reliance and self government." Peasants own their own homes which are heritable by children: construction of homes can be privately undertaken. For all practical purposes permission to build new houses is rarely refused. Families, as indicated earlier, are allocated a "private" plot of land and although ownership is not vested in the family, the right to use is inheritable. They may also own a small number of pigs, poultry, and ducks and can take part in private sideline occupations (i.e., basket-making, knitting, sewing, etc.) to add to income earned from collective work. In many communes private sources of income contribute up to a quarter of the income of the household.⁴

3. R. P. Sinha, "Chinese Agriculture, Past Performance and Future Outlook," Journal of Agricultural Economics 25, no. 1 (1971), p. 41.

4. Ibid., p. 42.

The persistence of small-scale private household and garden economies in the face of strong ideological opposition, at least initially, stands as testimony to both the determination of peasant people to retain these small zones of economic and social independence and the value of the production of these small units to the national economy.⁵ The conclusion which these facts seem to warrant is that the abilities, wisdom, and initiatives which are nourished by such degrees of independence are a valuable national asset. They have proved to be substantial sources of food for urban populations-- despite the low esteem accorded such activities in collectivist ideology.

Perhaps the most general lesson to be learned from this vast experience is that the public or social purposes of agriculture change with successive stages of agricultural development. As cities developed it became necessary that the use of land serve to provide food and fiber to urban people as well as export crops for foreign exchange. The need to extract a surplus from agriculture for export easily becomes the dominant purpose in the public policy for agricultural development, to the utter neglect of the survival needs of the people on the land. The production of an exportable surplus was quite obviously the dominant public purpose in the development of colonial agriculture. Ironically, in country after country it is no less so in an era of independent states, and the food economy has been left to the traditional ways of farming. Thus one lesson to be learned from this experience is that the economy of agriculture becomes affected with

5. By a recent account: "The Soviet Union permits collective farmers to cultivate small private plots in their spare time and sell the produce for their own profit. These plots account for a mere 4% of the land under cultivation in the USSR, yet by value, they produce a fourth of the country's food." Time, 14 July 1975, p. 41.

wider public purposes in an interdependent economy than in more self-sufficient modes of survival.

The system of land tenure for agricultural land has a parallel history. Originally the customary systems of tenure were very similar to those now found in Africa. The rules for the use occupancy of land in primitive systems were designed to serve the purpose of group survival, of those who use and occupy the land. To such ends those who cleared, occupied, and used the land characteristically acquired usufructuary rights only (i.e., hereditary rights to use the land) which ran as long as the land was constructively used. Such rights are not salable; in fact, in many cultures the very thought of alienation does a dishonor to one's ancestors. The sovereign or root right of ownership of the land was held by the authoritative head of the group who also held the power to allocate land use rights to members of the group. The use of the land was reserved exclusively for the members of the landholding group--family, clan, or community--although strangers may have been accommodated temporarily. These two kinds of ownership rights in land reflected the two general principles by which property in the rightful use and occupancy of land was established. The acquisition of usufructuary rights by cultivating persons followed the principles of property enunciated by John Locke: a person makes property in land his own by "mixing his labor with the soil" and appropriating it from "a state of nature." The sovereign ownership rights in land held by the authoritative head derive from a different principle: ownership by right of conquest. Where these two principles function in an indigenous society, the Lockean principle of acquisition of right of use and occupancy operates within the principle of sovereign ownership by right of conquest. Both

kinds of rights are made secure by the sanctions imposed by the authoritative head of the group.

In areas ruled by the external authority of colonial rule, as was characteristic of much of Asia and most of Africa at the beginning of this century, a dual system of ownership usually developed. Especially when agricultural land was suitable for European settlement and was so used, a modern type of fee-simple ownership was created by which the immigrant settlers held land under European type of property arrangements--under sanction of external authority. These legally sanctioned forms of landholding were in effect islands of state-sanctioned property rights surrounded by a sea of customary tenures, with which the state may have had no connection whatever. Come national independence in our time and these alien systems of ownership simply vanished and land reverted to use and occupancy under customary rules, unless the newly created independent state moved fast enough to acquire the area as public domain or an orderly transition of government was achieved, as in Kenya. In such instances, these units of alien ownership become prime targets for land reform.

When the modernization of agriculture was undertaken, as with the introduction of cocoa as a cash crop in western Africa, the trees were planted in areas interstitial to the land used by the community for subsistence crops.⁶ This meant, in effect, that it was the members of the stronger families, the historically dominant families in the community with claims to the larger areas of unused land, who had the opportunity to plant cocoa,

6. This system of farming is referred to by H. L. Myint as a "peasant-export economy," The Economics of the Developing Countries (Praeger, 1964), Chapter 3, pp. 38-52; and by Manning Nash as an "adjunct export economy," Primitive and Peasant Economic Systems (Chandler, 1966), p. 82.

frequently arranging with "strangers" to establish cocoa plantings on some sort of shared basis.

Since land in these areas is held under customary (tribal) tenure arrangements and is neither salable nor subject to mortgage, legally sanctioned property rights have developed in the trees, which can serve as collateral for a bailor-bailee type of loan. Neither the form of the legally sanctioned tenure system nor the appropriate kind of system of modern farming, communal or individualistic, has yet been worked out for this region. But the holdings of land by many of the families are being cut down by inheritance to such small sizes as to contribute to the inducements for out-migration.

Where the territory was not only conquered but also settled, or partially settled as was the case generally in North America, Australasia, and in parts of Latin America, the same set of principles of property worked out a bit differently. Where the native people were few enough, or weak enough, and could be pushed aside, a predominating European system of ownership was installed, with the traditional tenure systems reduced to mere remnants. Where the native peoples were too numerous or too strong, as in the mountainous regions of several Latin American countries, dual systems of tenure resulted (part European and part traditional) usually with some provision for the conversion of customary property rights into legally, or state, sanctioned property rights in land. In this dual system those persons who held land within the orbit of European institutions had legally sanctioned titles to landed property which were registerable, negotiable, and could be used as collateral for credit. Customary tenure rights were recognized and secure only within the memories of the elders of the community and usually lacked legal titles. Dissatisfaction with the inferior

status of the poor within these dualistic systems has been the driving force behind much of the land reform undertaken in this century.

Another lesson which the experience with agricultural development teaches us is that a modernizing transformation of agriculture is more easily achieved when markets are developed through urbanization for the indigenous customary crops, as happened in Japan and Western Europe. This contrasts with the experience of tropical Africa, for example, and the "hot" countries in general, where agricultural modernization has centered on the production of exotic crops for export.

Where feudalism developed, as in Europe, it was swept away by revolutions like those of the seventeenth and eighteenth centuries in Europe, epitomized by the French Revolution, or by the Marxian-inspired revolutions of this century in those parts of Europe which staved off the earlier revolutions.

III.

England: Property Out of the Customary Rules by the Common Law Method

The experience of England stands out as a distinct and different achievement in the way institutional innovations were used to support economic development. Although there was much bloodshed in revolutions on this isle, they achieved something of a unique transition to a modernization which honored willing participation through a gradualism achieved by institutional innovations which induced and rewarded such participation. This is an outstanding example of how pervasive inequality and a heavy concentration of power within an authoritarian regime were gradually modified to create a situation where people came to have effective citizenship and significant degrees of freedom in a market economy within a constitutional

monarchy. The English experience deserves special comment since it shows the possibilities of gradualism through institutional innovation in support of national economic development. The lesson seems even more significant now than a few decades ago. Much of the world is now governed by authoritarian regimes, in which both citizenship and ownership of property are at best a matter of privilege rather than of right. A truly satisfactory national development must somehow overcome the demeaning effects of authoritarianism.

In the England of the sixteenth century, the monarchy ruled by absolute power. But the seeds had already been planted for the growth of procedures which eventually led to the differentiation of power in ways which stimulated a surge of creative economic growth. The breakthrough, as we say today, came when the King conceded to the lords who were his tenants that their domains were inheritable (not mere concessionable privileges) and that taxes and miscellaneous feudal dues would be levied through Parliament rather than arbitrarily at the pleasure of the Crown.⁷ This had the effect of placing strict limits on the use of arbitrary power. The acceptance by the Crown of rules which placed limits upon the arbitrary exercise of power and authority converted the tenants into de facto owners and eventually changed England into a constitutional monarchy. This followed the acceptance by the Crown of the rules of Parliament as being superior to the will of the monarch. These limitations were accepted by the Crown out of a struggle between the Crown and the lords which lasted over centuries,

7. This epoch has been analyzed profoundly by John R. Commons in Legal Foundations of Capitalism, especially Chapter VI, "The Rent Bargain--Feudalism and Use Value" (University of Wisconsin Press, 1957), pp. 214-24. Here we attempt only a brief interpretative sketch.

from the Magna Carta of 1215 to the Act of Settlement of 1700. The Crown accepted the limitations because the support and willing participation of the lords was required, initially to provide troops which were necessary to preserve the throne.

The procedures by which this was achieved became generalized as due process through the rules evolved for the functioning of Parliament and the common law method of rule-making through the courts. By this latter process, customary rules for resolving disputes between landlords and tenants and later of commerce became, respectively, the common law of real property and of commerce.

Substantively, the working rules which effectively limited the arbitrary exercise of power by the Crown created, in John R. Commons' dramatic phrases, "an indefinite residuum," "an orbit where the will is free." This indefinite residuum eventually provided wide zones for discretionary conduct by landowners and other entrepreneurs acting on their own volition.

Through a long process by which the obligations of lesser tenants and yeoman farmers were also protected against arbitrary exactions by those with superior power, the entrepreneurs in agriculture were able to occupy and exploit, and to some degree reap the benefits of, the opportunities created in farming in England by the new technology, improved transportation, worldwide navigation systems, the growth of populations, and urbanization. This creation of zones of secure opportunity on the land became the basis for private property in land, just as the correlative achievements of civil rights created an effective citizenship by assuring to persons an effective sharing in the powers of sovereignty.

Every detail of this picture was not pretty. But this process of limiting arbitrary exactions by the Crown, thereby creating an orbit where the

will was free to occupy opportunities, led to the differentiation of the rent of land from taxes on the land. The retained powers of taxation of land, along with the powers of eminent domain, and what we in the United States call the police power, provided procedures whereby, in the Anglo-American tradition, the public interest in privately owned land can be asserted and protected.

It is one of the hallmarks of our time, as authoritarian regimes have replaced the feeble starts in democracy over much of the world, that the distinction between rent and taxes is erased and both citizenship and ownership of property in land are reduced to privileges rather than rights. The experience of England here sketched conceivably may provide clues for the expansion of freedom in many lands. It is, I would argue, one of the fundamental principles of development that willing participation is more productive than commanded or coerced participation.

There are hundreds of millions of people in the world who lack secure economic opportunities of any kind. They are referred to here as excluded because of a lack of effective inclusion in functioning economic systems. Their exclusion is not wholly a consequence of deliberate policies to shut them out; rather, they are excluded because long-standing procedures for including them in an economy have broken down. In more elementary systems of agricultural economy, as in tropical Africa, everyone born into a landholding family has as a birth-right the privilege of returning to his ancestral village and claiming a rightful share of the village lands, sufficient to provide him and his family with a site for a home and a subsistence plot. With the growth in population and urbanization, this privilege becomes less and less valuable. Yet no substitute forms of minimum employment and subsistence survival have been devised. Also, with the withering

away of handicrafts in competition with factory-made goods (as in Indian villages), tens of millions of people have been left without secure economic opportunities; they have fallen back upon whatever kind of agricultural employments they can obtain to keep body and soul together.

IV.

Including the Excluded: Expanding Opportunities for the Rural Poor

If one were to try to summarize in a single phrase the essence of the most urgent development problems which we now confront, it might well be the general task of more adequately "including the excluded" peoples of the world into national systems of economy. This, it seems to me, is the deeper meaning of the current agitation for a new world economic order. This is also the essence, at least in conception, of the agrarian reform programs attempted in this century as a means to agricultural development.

The number of the "excluded" people is very high in many if not most of the countries of the Western world, to speak only of this hemisphere. In the United States they are found by the millions in our cities, lacking both the abilities and the opportunities for full employment. Here, as in most of the industrialized countries, the excluded poor congregate in cities because the modernization of agriculture has been achieved by labor-saving devices which make unskilled labor redundant. In this way the problems of rural poverty were shifted to the cities.

In the less developed countries, which are predominantly agricultural by occupation, the number of the "excluded" people is largely a consequence of the withering away of traditional subsistence agriculture, with the numbers augmented no doubt by the mechanization of agriculture. How all these people can be "included" in remunerative employment, and as self-respecting

members of the community, is a problem to which there can be no simple solution.

As one tries to achieve perspective on such great problems and issues, a reasonable inference is that we live in one of those turning points of history where the future will differ significantly from the past. For at least five centuries a growing world population has been able to enjoy rising levels of living by combining the exploitation of natural resources accumulated over aeons of time, within a growth matrix of science and technology. Many of the key resources are not only scarce but wholly inadequate to continue to support rising levels of material living for the ever-greater numbers of people. Thus, in the future we shall be forced to depend more on the creative ingenuity and efforts of man, through the enhancement of human abilities and the design of forms of association which elicit and reward willing participation, and through the more effective use of the creative powers of government. It is in this context, as I see it, that the achievements of a world economic order are to be understood.

The recent report of the Leontief committee to the United Nations on the Future of the World Economy summarized in a single paragraph the reconstruction necessary to achieve worldwide economic growth and thereby suggested the major dimensions of the problem of including the excluded:

To ensure accelerated development, two general conditions are necessary: first, far-reaching internal changes of a social, political, and institutional character in the developing countries; and second, significant changes in the world economic order. Accelerated development leading to a substantial reduction of the income gap between the developing and the developed countries can only be achieved through a combination of these conditions.⁸

8. Vasily Leontief, The Future of the World Economy, A United Nations Study (Oxford Press, 1977), p. 11.

Although this formulation provides criteria for the achievement of world economic growth, it falls short in the provision of criteria for an equitable sharing of the fruits of growth. The sharing need not be equal for all people, but what is essential is that there should be opportunities for all able-bodied persons to achieve at least a minimum level of real income by their own will and efforts. The problem of including the excluded is different for the industrialized countries of the West than for the developing countries. Even so, any attempt to estimate the prospective significance of agrarian reform for agricultural development in developing countries in the next few decades must take into account, somehow, the meaning of the requirements stated by this committee. This follows partly because the emerging world economic order will go far to determine the degree to which developing countries must rely upon agricultural development as the central engine of growth.

The first major agrarian reform effort of this century was the land reform program of Mexico. At the close of World War I, land reform programs which expanded the class of owner-cultivators followed the breaking up of both the Austro-Hungarian and the Ottoman Empires in Eastern Europe. Concurrently, the Communist-inspired revolution swept over Russia, soon to be followed by the confiscation of privately owned land and the eventual collectivization of agriculture. At the end of World War II, major land distribution programs were carried out under authority of the armies of occupation in both the defeated countries--Germany and Japan--intended largely as means for the strengthening of democratic regimes. With the dissolution of European empires in Asia and Africa, land reform programs were undertaken in scores of countries with some continuing to this day. The revolution of

rising expectations in Latin America also led to attempts at land reform in several countries, some of which are still active.

Although these agrarian reforms occurred largely as integral parts of major political changes, virtually all of them were undertaken in the name of redressing inequality and stimulating agricultural development. The achievements of these great waves of agrarian reform are not easily assessed and it will not be attempted here. We may note, however, that one of the central purposes of most reforms has been the reduction or elimination of private economic and political power based upon ownership of land. In Japan, Taiwan, and Korea, where reforms were comprehensive, the resulting system of small-scale, owner-cultivator agriculture has been both highly productive and technologically progressive. In Japan it gave strong support to democratic political processes. Where land reforms were carried out under Communist regimes the private economic and political power of landownership was also eliminated, but in accordance with the tenets of ideology, all power was gathered to an authoritarian center, including the power of economic decision-making; the latter is widely diffused in a democratic private enterprise system of political economy.

Thus the system of state and economy under Marxian inspiration is constructed basically of working rules sanctioned by the state which define specific performances for participants. By contrast, the state-sanctioned working rules which contribute to basic structure of systems of state and economy within the liberal tradition of the Western world give central emphasis to rules for individual performance which specify avoidance. This primary emphasis upon specific avoidances rather than specific performance by participants is the procedural basis for freedom, objective opportunities, and zones of private discretion. Any country which uses land reform programs

to strengthen an owner-cultivator system of farming has this long history of development in the liberal tradition to draw upon as a resource.

Most of the land reform programs of this century have had less definitive outcomes, partly because they were only partial reforms to begin with; partly because of the overwhelming resistance that was encountered; and partly, no doubt, because the reform impulse was weak to begin with, lacking a clear sense of direction. Even so, the fact remains that these agrarian reforms, mostly land reform efforts of this century, have been the major effort to achieve far-reaching internal "changes of a social, political and institutional character in the developing countries." But whatever may be judged to be the achievements of agrarian reforms in this century, they have provided an unprecedented social laboratory to try out different kinds of institutional innovations. For one thing, a wide variety of kinds of cooperative farming and group farming has been undertaken. Even if these group farming efforts do not succeed well, such arrangements may turn out to be a good vehicle for expanding industrial employments in rural areas.

However, the greater significance of these land reform efforts is to be found in the fact that they were generally intended to distribute land to individual farm families as their own. As I have tried to visualize the prospective role of agricultural development, including agrarian reform programs, in the reconstruction of the world economic order, it is this aspect of land reform programs that I would expect to be of greatest significance. I do not see how changes in the international structure of the world economic order will or can modify very much the basic national responsibility for the welfare of the citizens of each country.

I would acknowledge, to begin with, that my understanding of and perspectives upon the world economic order are limited. I expect, furthermore,

that there will be major alterations in the terms of trade through commodity agreements of various kinds. I presume that this struggle to restructure the world economic order will lead to much more nationalization of the ownership of basic physical resources. Also, there will no doubt be substantial adjustments in outstanding debts, as temporary measures.

But when one takes the longer view, the ultimate reconstruction of the world economic order will surely depend more upon the effectiveness with which the economy of a country is organized than on anything else. Thus, it would seem reasonable that most developing countries should strive to provide their own basic food supply. If agricultural production is enhanced, this can support an internal market for some manufactures. But for the foreseeable future, recognizing the impact that the Japanese have made on world trade in manufactured goods, and anticipating ever stronger competition from other East Asian countries as their economies become organized to better release the energy of a people, it would seem that agriculture, supplemented by manufacturing mostly for internal consumption, must remain the predominant form of employment over much of the developing world. The thought here is that time may be bought, and utter chaos avoided, by programs which provide some minimum self-subsisting opportunities on the land. The world economic order surely cannot endure endless generations of absolute poverty. Perhaps this will turn out to be too conservative a view, but it would seem the part of wisdom for any country not to expect too much of the reconstruction of international economic relations.

The central idea of agrarian reform is that there is some equalizing redistribution of opportunities on the land. Any mention of land reform programs is likely to conjure up visions of massive confiscations of land. In the long run, I consider complete confiscation to be counter-productive.

Neither do I think it advisable to simply give developed land to farm people through reforms. Some kind of a middle course of paying a reasonable price for land taken and of charging recipients enough so that the payments can be met only by productive effort is likely to do more to give support to both investment and entrepreneurship.

One of the great shortcomings of land reform programs in this century, in my judgment, has been an excessive and even hateful determination to "right old wrongs." Far better, it would seem, would be to concentrate on the tasks of reconstruction, on the design of an economic system of agriculture which holds promise of providing a basis for future development. Considering the appalling dimensions of the deprivation of the rural poor, now excluded from any meaningful participation in national economies, I am driven to the conclusion that the longer future can be made more secure and promising by national programs which provide minimum, if only partially adequate, opportunities for decent survival on the land. Furthermore, we in the western hemisphere have not given sufficient attention to the possibilities of intensive cultivation of limited areas of land. We simply do not know the possibilities or opportunity costs of modernizing our presently subsistence forms of agriculture.

The greatest gains for a country which are possible from a distribution of opportunities on the land which would assure some basis for an economic survival are almost surely intangible. Even a small holding of land provides a domain, however limited, in which a cultivating family can act upon its own volition. Once a family has some land of its own, it has a new significance. Just having self-respect in itself supports the development of abilities, for there is a reciprocal interrelation between abilities and opportunities. Opportunities can be occupied only by persons who

have the requisite abilities. Thus a career is a set or succession of opportunities occupied over a lifetime. If the opportunities disappear through shifts in technology or markets, the career is ended; if the abilities are lacking, an opportunity can never be occupied in the first place. In fact, a person cannot develop abilities in farming, or in anything else, except as there are opportunities which evoke and nurture the exercise and growth of abilities. Stated differently, if persons are to make their maximum contribution to a society or an economy, they need to be in a position to make their own life better or worse by acts of their own, as John Stuart Mill observed more than a century ago: The Irish cottier was very poor because "almost alone amongst mankind [the cottier was] in this condition, that he can scarcely be either any better or worse off by any act of his own."⁹

If I have seemed to labor this point, it is only because of a conviction which I have developed through some years of concern for agricultural development that, as a profession, agricultural scientists, including economists, have become overly committed to a belief that it is possible to develop the agriculture of a country by increasing man's control over physical nature. This is essential and important, but scarcely half the story. Agricultural development is achieved by the wills, and persistent efforts and the energies of men. Freedom and willing participation are in themselves productive.

If I were to summarize or generalize the points I have tried to make in a sentence or two, it would be this: That the nation which can devise ways to include the excluded poor as rightful participants in both state

9. Principles of Political Economy (1848), p. 323.

and economy will be the stronger for it. Somehow everyone should have both economic citizenship and political citizenship. The great tragedy of the rural poor over much of the world is that they have neither.