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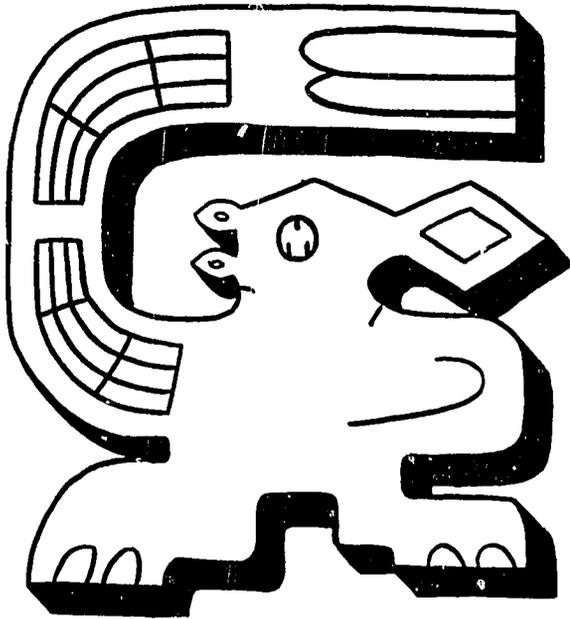
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Relevant Research Programs  
to be conducted  
in Developing Countries

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WE HAVE been asked to write under a title that is very broad and rather vague. To give our discussion focus, we will address ourselves to some questions on land reform and agricultural development in Chile. We believe, however, that our formulation of the issues and the research we suggest has application to other developing countries, especially in Latin America.

"Underdevelopment" is not only a matter of low per capita productivity, income, consumption, education, and capital investment. These are all symptoms of underdevelopment, but saying little about the social organization of a society, they scarcely define the issue. Since agricultural development takes place within a specific social-institutional context, the structure itself, of which land tenure is an important part, must be analyzed. In its most basic sense, land reform means a redistribution of economic and political power through a reordering of the rights to the use of resources. To institute and implement a land reform is a tough political task since it challenges the existing social-institutional structure.<sup>1</sup>

In addition to the internal structure, there is another aspect to the setting within which land reform must occur. Because of its size, wealth, power and commitments, the U.S. is a strategic part of the situation.

Research programs in developing countries should not be built solely on the assumption of U.S. experts working with nationals helping them research *their* problems. The issues under discussion, like land reform, are not all internal to the developing country.

Thus we present a series of hypotheses which constitute our estimation of why land reform and agricultural development are so difficult to achieve. We have not tested these hypotheses. But we offer them as important areas of investigation in economic development. Following our discussion of the social and institutional structure, we detail a number of specific research projects which seem relevant for agricultural economics.<sup>2</sup>

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<sup>0</sup> We wish to thank Marion Brown and Daniel Stewart, our colleagues at the Land Tenure Center-Chile, for their helpful comments. However, we alone assume full responsibility for all statements in this article.

<sup>1</sup> In certain aspects this issue, involving the social structure of a society, is analogous to the difficulty of passing and implementing civil rights legislation in the

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### The Setting

#### Internal structure

The president of one of the cooperatives established under an experimental land reform program in Chile is himself a former landless worker. In discussing the problems of his country's agriculture, he drew two circles, one above the other, with a series of horizontal lines in each. "This represents the way things are in Chile," he said. "There are two classes, and it is impossible to move from the lower to the upper. Before our cooperative, we might rise in this lower circle if we worked hard, but we could never break through the wall and become landowners. Under this new system, if we work hard, the land can be ours and the wall can crumble."

That the agricultural system is firmly committed to a two-class structure can scarcely be denied. It can be felt; it is visible. It is also well documented.<sup>3</sup>

But the situation is more complicated than this dichotomy would suggest.<sup>4</sup> For example, in Chile only about 30 percent of the population is agricultural; of this number the landowning upper class comprise but a small fraction. Why does the urban 70 percent not exert pressure and set policy with respect to these issues of land reform and agricultural development?

There is a substantial "middle class" in the cities (according to occupations normally identified with a middle class: salaried and white collar workers, professionals, government workers, small-business entrepreneurs, etc.) but the people who comprise it do not seem to act as if they had a common, identified interest as a class. Nor do they identify

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U.S. Viewed in this context, U.S. citizens can better appreciate the nature of the political struggle.

<sup>3</sup>There is a growing body of literature dealing with research in developing countries. For example, *Agrarian Reform and Economic Growth in Developing Countries*, Farm Economics Division, ERS, USDA, Washington, D.C., March 1962, especially papers by K. H. Parsons, Philip Raup and Don Kanel; papers and discussions under the heading "Toward an International Dimension," *J. Farm Econ.*, Vol. 43, December 1961; Raymond Penn, "Public Interest in Private Property (Land)," *J. Land Econ.*, May 1961; Solon Barraclough, "Lo que implica una reforma agraria," Oscar Delgado (ed.), *Reformas Agrarias en America Latina*, Mexico, Fondo de Cultura Económica, 1964.

<sup>4</sup>George McCutchen McBride, *Chile: Land and Society*, American Geographical Society, Research Series No. 19, New York, 1936; K. H. Silvert, "An Essay on Social Structure," American Universities Field Staff, November 1956; T. Lynn Smith, "Values Held by People in Latin America Which Affect Technical Cooperation," *Rural Soc.*, Vol. 21, March 1956.

<sup>5</sup>Some complexities are elaborated in United Nations, *1963 Report on the World Social Situation*, Chap. 11, pp. 122-141.

with the interests of the rural or urban lower classes. The majority in this "middle class" seems to aspire to and identify with the upper class.

Several authors have noted this phenomenon, but offer no explanation for it. Pike points out that, "Frequently, middle groups have committed themselves more passionately than the upper class to preserving the gulf between those who guide and benefit from the course of natural development and those who are supposed to accept and suffer from it with resignation."<sup>5</sup> In an article quoting some Chilean scholars, Pike and Bray note: "Jorge Gustavo Silva observes: '. . . in whatever profession they enter, middle class elements seek to obscure their humble origins and to convert themselves, even at the risk of appearing ridiculous, into aristocrats and oligarchs' ("Nuestra evolución político-social," 1931, p. 100). Nearly every Chilean author, in fact, who has concerned himself with middle class-upper class relations has detected the same tendency."<sup>6</sup>

We can only hypothesize as to reasons for this apparent middle class-upper class alliance. Is this "middle class" made up of substantial numbers of people who have lost position and now attempt to rejoin, at least by emulation, the class from which an ancestor lost ground? A large group of immigrants entered Chilean society after class lines were rigidly drawn. A number of them are today among the nation's "middle class" entrepreneurs. Do they need business contact and association with the upper class and thus tend to identify with it? Or is it for reasons of self-interest and self-protection that the "middle class" identifies with the upper? Perhaps if political power moves too far into the hands of the lower classes, not only will the upper class lose much of its wealth and power, but the "middle class" too may be worse off. Current reports on Cuba seem to indicate that the "middle class" has lost economically and is not solid in its support of Castro.

Its social structure is, in our estimation, one of the most important characteristics of "underdevelopment" in Chile<sup>7</sup> as well as in many other Latin American countries. The cleavage between classes, and the power patterns which accompany it, is also the major bottleneck in achieving reform. Yet, with a rapidly growing population making new demands on an economy that is not growing fast enough to satisfy them, pressures

<sup>5</sup> Frederick B. Pike, *Chile and the United States 1880-1962*, University of Notre Dame Press, 1963, Introduction, pp. xxii-xxiii.

<sup>6</sup> Frederick B. Pike and Donald W. Bray, "A Vista of Catastrophe: the Future of United States-Chilean Relations," *Review of Politics*, Vol. 22, July 1960.

<sup>7</sup> We wish to make clear that these comments are not made for the purpose of criticizing Chilean society. The present generation of Chileans did no more create their problem of class structures than did the present U.S. generation create the problem of racial discrimination. Both are inheritances of the past, and the problem is how to evolve a new structure by peaceful and progressive means.

for reform continue to mount. Either the system will be altered by "relatively" orderly means (which will necessarily involve compulsion, some loss of property, and quite possibly some disorder), or the system will be changed by mass violence, a course which may yet become the only alternative.<sup>8</sup>

Land reform is, in the first instance, a political issue. As Doreen Warriner has suggested, in its initial stage land reform is not a question for experts who would "advise it into existence."<sup>9</sup> It is with respect to the political decisions that we must briefly focus on U.S. policy.

### U.S. policy

The Charter of Punta del Este is convincing: U.S. policy within the Alliance for Progress is to pressure for reforms which are to be implemented by democratic means. We do not doubt that this document represents official U.S. policy today. And it would be a mistake to maintain that nothing in the line of reform has been accomplished under the Alliance. Some Latin American countries have enacted and many are considering new legislation on land and tax reform. But as part of the overall setting within which land reform must be viewed, we wish again to present several hypotheses.

The U.S. finds it extremely difficult to maintain a consistent and clearly defined position on reforms.<sup>10</sup> Because of its stand against communism, the U.S. shares an element of common interest with the right.<sup>11</sup> The groups on the right tend to be anticommunist and antisocialist and thus in agreement with certain U.S. policy objectives. But they are also anti-reform since their own economic interests are at stake. This places them in opposition to the U.S. pressures for reform.

On the other hand, in Chile as well as in some other Latin American countries, there are strong popular, leftist movements. Should these groups gain power, they will attempt to carry out programs of far reaching reforms, including industrial reform and the nationalization of certain basic industries. Their motives for nationalization appear to be rooted in eco-

<sup>8</sup> See Thomas F. Carroll, "Land Reform As an Explosive Force in Latin America," Center for Advanced Study in the Behavioral Sciences, Stanford, California, July-August 1963; and Edmundo Flores, "La reforma agraria y la Alianza para el Progreso," *El Trimestre Económico*, México, Vol. 30, Octubre-Diciembre de 1963, pp. 588-600.

<sup>9</sup> Doreen Warriner, *Land Reform and Development in the Middle East: A Study of Egypt, Syria and Iraq*, Oxford University Press for the Royal Institute of International Affairs, 1957, p. 9.

<sup>10</sup> See Claudio Véliz, "Obstacles to Reform in Latin America," *The World Today*, January 1963.

<sup>11</sup> On these points, see the analysis by Simon Hanson, "The Alliance for Progress: The Second Year," *Inter-American Economic Affairs*, Vol. 17, Winter 1963.

nomics as well as in a growing sense of nationalism.<sup>12</sup> Internally owned industry may provide more capital for economic development.

As a further aspect of our hypotheses, while leftist regimes appear to be in harmony with the U.S. policy position on reform, their conception may include expropriation of at least some of the assets now owned by U.S. private investors. This, as well as the left's communist alignments, the U.S. opposes. Furthermore, the U.S. finds it difficult to support a regime on the left because of its policy toward Cuba. There seems to be little question that the Cuban developments have greatly restricted the alternative responses which U.S. policy makers consider politically feasible.

There is a growing middle ground in some countries under whose direction reforms may be carried out. Its success will depend on the side of the political spectrum from which it must draw support in order to govern. Probable association with the left to institute reforms raises the same issues discussed above.

Thus U.S. policy appears to be torn between two basic objectives: reform on the one hand, and anticommunism, antisocialism, and protection of private investors on the other. Several points which merit careful study can be formulated. It may be that U.S. companies operating overseas carry undue weight in the U.S. Congress. The system of countervailing pressure groups as an instrument in defining internal public interest does not seem to function effectively in the case of companies operating abroad. On the matter of communist influence, the question seems to be whether popular movements are sufficiently nationalistic to maintain their neutrality and whether U.S. responses will affect their ability to do so. The overriding danger is that this apparent conflict within U.S. policy objectives will lead to additional Cubas or result in even more military takeovers.

Whether or not reforms are carried out is directly related to this setting.

#### Suggested Research Projects

Although research without the policy decisions cannot by itself change the situation, it can offer needed intellectual guidance. Even after the basic political decisions are made, all the knotty problems of implementing a reform remain. We suggest that agricultural economics research focus on institutional questions of economic and social organization:

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<sup>12</sup> See Hans O. Schmitt, "Post-Colonial Politics: A Suggested Interpretation of the Indonesian Experience, 1950-1958," *Australian J. Politics and History*, Vol. 9, November 1963.

the basic policy issues related to changing the existing tenure structure and implementing new arrangements.

These investigations can be classified in three basic categories: (1) research into existing tenure and marketing arrangements; (2) research into experimental ventures that cast light on alternative proposals for change; and (3) based on insights obtained in (1) and (2), the invention and planning of *new* means for implementing change.

We make no distinction in the projects that follow with respect to this classification. Some of our research suggestions may actually fall within two or all three of these categories.

(1) One of the first requirements in beginning a research program is to get an understanding of the present agricultural system in the countryside. Although we cannot describe the complex agricultural system in Chile in detail, we wish to present it in broad overview and enumerate some of the problems of changing it.

In Chile the traditional tenure system is still pretty much intact. This structure consists of a small number of very large farms, a large number of very small ones, and an increasing number of landless workers. While the *minifundio* problem is important in terms of numbers of people involved, the wealth, power, agricultural productive potential, and thus the target of reform, is the large farm, the *latifundio*.

These farms are frequently operated as single units with centralized management, buildings, and facilities. The resident workers live in houses usually grouped along margins of the farm or internal roads. Outside labor is employed as needed from neighboring minifundio or from the growing number of landless laborers. The average level of living of these workers is not much above bare subsistence, including cash wages and perquisites in kind.

Family farming with its supporting institutions is frequently suggested as an alternative to the present structure. But the costs of implementing this kind of reform are extremely high. Present buildings and facilities serving the large farm represent large investments that cannot easily be utilized when the farm is split up. Furthermore, substantial new investments are required to establish family farms. For example, in the first 18 months since the founding of the Corporación de la Reforma Agraria in November 1962, 1,111 units were established. Merely constructing individual farm infrastructure cost over \$2,000 per settler.

In the central zone, Chile's major agricultural region, irrigation systems are designed and fitted to the large farm's fields and rotations. Redesigning such a system to fit the needs of small farms is costly. Modifying the irrigation system on one farm we studied cost nearly \$21,000 to settle 79 families, an average cost of about \$265, probably over 40 percent of the colonist's yearly net income.

Another problem, given the lack of alternative employment opportunities, is the tendency of these parcels to become havens for extended families. Even though an actual title division is prohibited by law, there is nothing to prevent a *de facto* minifundio problem as each heir settles on a portion of the parcel.

Thus far we have mentioned primarily the physical costs of change. Much more complicated are the human relationships built into the existing system—the rights, duties, securities, and status positions. These institutionalized human relationships are indeed the object of—and are changed by—reform.

The current rigid class structure in agriculture manifests itself in an exaggerated paternalism which leaves laborers ill-prepared for independent decision making. As we study former laborers who received parcels 15 or more years ago, we find them following extensive land use patterns, scarcely using fertilizer, and at times even using their former *patrón's* labor system: hiring their own *inquilinos* instead of utilizing family labor fully.

Producer cooperatives could make it possible to maintain and operate the large farm as a unit. But they offer their own set of problems. One small cooperative we studied has been boycotted by some member campesinos who say they do not understand its organization. Several other coops are in trouble because members have lost faith in the integrity of their elected officials. Since members of newly formed cooperatives have little practical experience in decision making and a low level of formal education, technical help is essential. But the technician has at times been regarded as simply a replacement for the *patrón*. An image of the *patrón*, and the class consciousness it implies, is deeply imbedded in the tradition of agricultural workers in Latin America.

Especially in the formative stage before institutionalized procedures for settling disputes and creating incentives are established, cooperatives are vulnerable to attack from outside sources and dissension within. Defining and institutionalizing rights, privileges, duties and obligations in order to create incentives coupled with reasonable stability is fundamental. We may gain insight from research on successful production cooperatives in other parts of the world. But even such experience can hardly be transferred without basic modifications to fit it to another country's unique conditions.

Complicated and bothersome as these facts are, a policy intent on changing the system cannot start with a clean slate. People with their specific skills, or lack of them, physical resources with peculiar capacities, obstacles and locations, attitudes and beliefs generated by unique historical antecedents—all these make up the situation to be dealt with. New arrangements with potential for replacing the old and growing into

a viable new system can be deduced neither from a theoretical economic model nor from a foreign system such as that of family farms or collectives. The present situation must be utilized in painfully reconstructing the future. Goals with respect to a new economic organization in agriculture must emerge from the analysis and a thorough familiarity and understanding of circumstances as they actually exist.

(2) Analogous to analyzing the present production system and problems of changing it are studies of marketing structures and organization. Where land is concentrated in large operating units, effective intermediary agencies in the factor and service markets fail to develop because of the virtual self-sufficiency and volume requirements of large farms. Self-sufficiency is also encouraged by the tendency of large operators to carry inventories and supplies beyond their short term needs as a hedge against ever-threatening inflation. The small producer, purchasing inputs and hiring services on a small scale, is at a disadvantage.

Large operations provide incentives for specialization and division of labor within the farm and permit self-sufficiency in such matters as machinery repair, irrigation construction, and drainage. Large volume makes possible direct contact with importers and exporters, wholesalers, banks, and industrial enterprises in the city. The small producer, on the other hand, may be forced to grow products prevailing on the large farms for which marketing channels have been developed. On both the input and output sides of the market, therefore, the small producer is in a weak position.

Any basic change in resource ownership and control at the producing firm level may require new marketing firms and procedures. In addition to an understanding of present marketing relationships, research must provide insight into possible modifications.

(3) The former projects were of a broad nature, aimed at understanding how the present production and marketing system works and some problems of change. In both cases need for insight into workable modifications was mentioned. Thus, of high priority is a study of institutional change that has occurred and is occurring. Such changes can serve as "laboratories" and seem to be available for study in every country. In Chile, for example, some private landowners are experimenting with new systems of worker participation and profit sharing plans. In Chile, and to a lesser extent in Brazil, Ecuador and Perú, the Catholic Church has been promoting limited projects of land reform. Government efforts at land reform and agricultural development also offer fields for study and evaluation.

Studying isolated cases helps identify causes of success and failure. Furthermore, such understanding can serve as the base for additional

synthesis and projection of modifications. For example, in one project we have studied the rather complex changes introduced on farms which have modified the traditional tenure structure to include a profit sharing plan. In addition, we projected the evolution of the scheme to several more stages. We do not know whether all the stages we outlined are workable, but at least the ideas can enter into the current debate, and some of them may be tried.

(4) The term *sindicatos* is heard with increasing frequency in discussions of Latin American agricultural problems. Campesino labor movements seem to be underway in many countries. An understanding of this phenomenon is essential to the reform planner. Does the movement promise to articulate and defend the legitimate interests of the campesinos, or does it promise only anarchy? Will *sindicatos* become a viable and positive force in shaping reform, or merely add to the clamor for unspecified change? Might these new rural organizations become vehicles for the diffusion of new ideas? Comparative analysis among countries will be useful.

(5) Another important research area in irregular rainfall areas is a study of the distribution of water rights. Any program of land reform which alters land tenure patterns must encompass a redistribution of water rights. To redistribute the land but leave the water in the hands of the former landowners is to accomplish little.

Both the provisions of the present law and the "law in action" must be studied. In matters of irrigation, especially in Chile, there is a great void at present of the physical data required for an economic evaluation. Primary data obtained through interviews is the only source of information for making such an analysis.

(6) Price policy for agricultural products offers a fruitful area of investigation. In a country such as Chile, where the rate of inflation was nearly 50 percent last year, it is of interest to compare rates of change in farm prices and farm costs. The problem is that the only data available are those reflecting the government's fixed prices. Since these prices and costs are tied to the cost of living index, the series correlate closely. Yet farmers continue to complain about low prices.

An independent source of price data at the farm level is necessary. Research can contribute also to the general statistical data field. Frequently, it is only as researchers raise questions and demand data for testing specific hypotheses that government bureaus come to realize what statistics are needed. As research ideas and hypotheses are formulated, data gaps become evident. This applies not only to prices, but to such areas as irrigation, marketing, credit, etc.

(7) In virtually every developing country, the diffusion of technical

information is of central importance. Land reform implies a wider dispersion of the right and the responsibility to make decisions. The rural worker is little experienced in decision making and perhaps ill-prepared for the autonomy reform may bring. This does not mean that change should wait, but it implies that after reform, whatever the new arrangements, a large educational task will remain. Along with technical information is the need for supervised credit, and managerial assistance. In studying assistance programs we have found a bewildering profusion of public, semipublic and private agencies, frequently competing for scarce funds and technical personnel. Many agencies seem to be established and supported by foreign funds. In fact, the decision to create them is sometimes made by foreigners whose obvious good intentions cannot overcome their lack of information about the real needs and situation in the country. These programs are generally noncontroversial and widely accepted as being "good" for economic development. But by their very proliferation and competition, and the reluctance of new agencies to cooperate with already established institutions, they may neutralize many of their possible benefits.

Without a further listing of projects, we suggest that research focus on institutional questions of economic and social organization and that it be grounded in data from actual cases. The institutional structure is interrelated at all levels. Thus a basic organizational change at the level of the farm firm, for example, may require changes equally basic at the level of marketing, credit policy, and technical information services. Providing guidance to governments in this difficult task is a major function of agricultural economics research.

### Conclusions

Institution building is a delicate and complicated job and, as Doreen Warriner has pointed out, land reform ". . . remains what Americans call interdisciplinary, and the English call borderline."<sup>13</sup>

Acquiring necessary understanding for synthesizing new arrangements is difficult for a foreigner on a one- or two-year assignment. This is the task of local professionals with an interest in reform and a good background in the workings of their economic-political-social system. A foreign expert can study parts of the problem, he can guide, encourage, teach, and cooperate. But in the final analysis, new social arrangements require a depth of understanding which few nonnatives can achieve.

Unfortunately, this type of research does not follow naturally from our economic training. Most economic research questions in the United

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<sup>13</sup> Doreen Warriner, *Land Reform and Economic Development*, National Bank of Egypt Fiftieth Anniversary Cotamemoration Lectures, Cairo, 1955, p. 4.

States are formulated as frictions and maladjustments within a given institutional structure. But in developing countries *the structure itself* must often be drastically changed. It would be worth the effort to study productive potential in a physical input-output sense irrespective of structure in order to determine the possibilities. But merely studying resource allocation and efficiency within the present structure is not sufficient.

Of even greater importance is the difficulty facing foreign students educated in "U.S. economics."<sup>14</sup> Returning to their country some of them are, of course, able to retain their perspective on the real situation. Others, recognizing that their U.S. training does not serve adequately in formulating meaningful researchable questions under these conditions, treat all problems from an ideological point of view. Some have been impressed with the "pure science" of economics and engage in esoteric studies that have little relation to the pressing problems of "political economy" their countries face. Still others do effective research at the farm management level without making contact with the policy questions of structural reorganization. Thus there is a great need--indeed a responsibility--for agricultural economists to search for more effective ways to combine research with training of foreign students.

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<sup>14</sup> See Philip M. Raup, "The Role of Research in Agrarian Reform," *Agrarian Reform and Economic Growth in Developing Countries*, *op. cit.*