

**LATIN AMERICAN
USOMs SEMINAR
ON
AGRARIAN
REFORM**

**Feb. 21 - 24, 1961
Santiago, Chile**

**DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
COMMUNICATIONS RESOURCES DIVISION**

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LATIN AMERICAN USOMs SEMINAR ON

AGRARIAN REFORM

Report of
ICA Seminar Held in
Santiago, Chile
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Foreword

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Because so much of the world is rural, agricultural land reform deeply affects peace and security throughout the world.

Three-fourths of the world's population--and obviously a still higher proportion of the people of some countries--get their entire livelihood from the land. This dependence on agriculture for their living means that their hopes for a better life are tied directly to their land problems.

Yet the agricultural institutions of many countries raise a barrier to higher output and higher levels of living--and the situation is most serious in regions now most critical in freedom's worldwide struggle for survival.

For that reason, land reform in its broadest meaning, including improvement of all social and economic relations among men engaged in agricultural production, is and must be a basic principle for which the United States stands in world affairs.

Our purpose is to serve the cause of democracy, and thus overcome the conditions which offer communism and other totalitarian forms of society their only chance to advance.

Our concern with land tenure problems elsewhere in the world reflects not only our opposition to communism and other totalitarian ways of life, but our positive belief in Democracy as a way of life recognizing inherent human rights, individual dignity, and brotherhood of the human family.

It reflects, too, our deep conviction that social justice must be the foundation for sound economic progress.

We favor, as a basic objective, efforts to improve agricultural economic and social institutions wherever possible, in order to lessen the causes of agrarian unrest and political instability, and as a key to increasing rural levels of living. We favor improving the position of the farmer on the land to the end that he may have greater security of tenure, an incentive to increase production and conserve resources (including the utilization of technological advances suitable to each economy), and an equitable share of the output from the land.

In short, land reform efforts today must be devoted to measures which will improve the individual lot of the farmer, both as a producer and as a citizen.

Land reform must begin to offer living and working opportunities which give to the tiller of the soil something to hope and work for--in most cases,

an end to personal poverty and insecurity. Improving methods of farming and increasing agricultural production are inextricably associated with agricultural economic and social institutions. Strong rural institutions are essential to substantial progress in providing adequate food, clothing and shelter.

We recognize, of course, that specific land reform measures will have to be evaluated in relationship to the conditions peculiar to each region and country.

But we recognize even more acutely that attainment of primary goals of human welfare throughout much of the world is dependent, in great part, upon immediate and positive steps to adjust exploitative tenure systems, inequitable taxes on farm land, unreasonably high rents, exorbitant interest rates, inefficient marketing systems, and other economic and social practices working hardship on rural people.

It has been heartening to note the increased awareness of the seriousness of these problems on the part of democratic governments, and increased willingness to tackle the complex task of providing constructive solutions.

It has been even more heartening to have the United States assert its moral influence and pledge its material assistance toward improving land tenure conditions and economic and social factors surrounding rural life throughout the world.

ICA's Latin American USOMs made a valuable contribution toward such objectives by a seminar in Santiago, Chile, February 21 to 24, 1961, to discuss the place of land policies and programs in the economic development of Latin American countries.

Out of it developed a strong consensus of the close relationship between rural well-being and general economic progress and political stability, recognition and identification of the present unsatisfactory arrangements that are a source of persistent discontent and unrest in too many areas, and specific guidelines for formulating and carrying out an effective and successful agrarian reform program.

It was evident, from the expressions of combined experience of the technicians participating, that economic assistance and technical aid programs of the United States cannot attain maximum effectiveness where land problems are acute, and where the small farmers, sharecroppers, tenants or land laborers have been held in the bonds of a system of land tenure that impedes justice and delays progress.

From our USOM food and agricultural officers and specialists in 17 Latin American countries came another strong conclusion:

The desire of rural people for improvement of the conditions under which they now work the land cannot be ignored, and must be substantially fulfilled if they are to be enlisted in building a strong free world.

They were agreed that no one single act or move could bring about land reform in its proper sense; rather, that all efforts toward agricultural

improvement, both by the host countries and outside advisors and technical assistants, should be evaluated in the light of and directed towards achieving the objectives of true agrarian reform.

It was encouraging to sense the widespread conviction that substantial progress could be made, and must be made without delay.

They are quite properly eager to make clear to our Latin American friends that the United States' stand on land reform is more than just a policy that we have suddenly decided to adopt; rather, it is an attitude that flows from our way of life.

Ideologically, democratic agrarian reform stems from Thomas Jefferson and Abraham Lincoln, from John Stuart Mill and William Gladstone, from Daniel Webster and Thomas Hart Benton--and not from Marx, Lenin, and Stalin. The latter advocate and exploit communistic land reform as the avowed means of giving land to the landless, while actually their purpose is to collectivize all productive resources.

In our country, it has always been held desirable that the man who tills the soil should own it. This ideal is part of the American heritage. It was already imbedded in American life and thought at the time of the American revolution. Thus the family farm is a foundation of rural American economic, social, and political institutions.

When labor and tenancy are necessary rungs on the ladder to land ownership, Americans have always believed that people working the soil should receive an equitable share of the production and should have a reasonable degree of security of continued occupancy.

There is nothing new about our adherence to the principles of economic and social justice in land tenure; it is as old as Democracy itself, a basic part of the fabric out of which our own Nation was created and has since grown and strengthened.

But new conditions have brought to our minds a new and growing realization of the fundamental importance that such principles must occupy in both our domestic and foreign policies. We have a new determination to place increasing emphasis upon programs to effectuate such policies as positive weapons of peace.

Out of the most fully accepted traditions of our past, out of our experiences throughout the world in the past two decades, and out of needs of the present for Democracy to assert constructive leadership toward social justice and economic progress, agricultural technicians of ICA in Latin America have moulded guidelines for themselves and for others that can mean a new beacon of hope--and new material assistance--to millions of peasants.

Washington, D. C.

April 3, 1961

LATIN AMERICAN USOMs*SEMINAR ON

AGRARIAN REFORM

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ORGANIZATION OF THE SEMINAR

The purpose of this seminar was to discuss the place of land policies and programs in the economic development of Latin American countries. The experiences and insights of all the participants were fully utilized. The first step was to identify basic issues and principles underlying land policies and programs to provide a framework for subsequent discussions. The second step was to analyze experiences and current situations in Latin America, the United States, and elsewhere as they throw light on the problems and possibilities of land problems in Latin America. The third step was to attempt an appraisal of: (a) existing physical, human and institutional resources of Latin American countries to carry out such land programs as may be desirable to meet the needs of those countries; (b) the nature and amount of external assistance needed from all sources; and (c) the nature and amount of assistance required specifically from ICA. The seminar produces a consensus and recommendations which are offered as future guidelines for USOMS' activities.

List of Participants

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A. RECOMMENDED GUIDELINES FOR USOMs ACTIVITIES
ON AGRARIAN REFORM.

I. Introduction.

This is the report of the seminar on Agrarian Reform held in Santiago, Chile, February 21-24. The Seminar used a broad concept of "Agrarian Reform", including changes in institutions (laws, administrative action, customs) with the objective of improving the level of living of farm families and the productivity of agriculture.

Agrarian reform should consist in peaceful evolutionary processes directed toward the development of rural societies comprised primarily of owner-operators of family size farms and of tenants who have the opportunity to become farm owners. Such an organization of agriculture holds most promise of providing the economic efficiency and capital formation necessary to agricultural improvement and general economic development. Satisfying as it does the deep aspirations of rural people for economic independence, personal security, equality of opportunity, and human dignity, it provides also the requisites for political and social stability.

A family-farm agriculture cannot develop or survive in an inadequate institutional environment. Improvements must be made in institutions that affect the access of farm families to property rights in land technology and management know-how; capital and credit, markets; non farm employment, community services; educational services; security in regard to health, old age, and unemployment; and participation in the privileges and responsibility of citizenship. Secure possession of land, through either ownership or lease, is basic to improvement of the welfare of the farm family, but without adequate access to other resources and services, possession of land alone will do little to improve the level of living of the farm family.

Agrarian reform is an essential element of sound economic development, but because of the great diversity of conditions in Latin American countries agrarian reform measures must be carefully meshed with general plans for development in each country.

As indicated in the Act of Bogotá there should be a review of the legal and institutional systems in various American countries as related to rural living and land use, housing and community facilities, research and educational systems and training facilities, public health, and mobilization of domestic resources. From this review, programs for improvements should be developed.

Some improvements require large amounts of capital; others require little, if any, new investment but may require skill in legal and economic fields and political action at various levels of government. Some measures can be achieved largely by external aid; others depend largely upon the use of governmental powers that do not depend upon external aid. In formulating programs of external assistance, the broad range of conditions necessary for successful agrarian reform programs should be recognized and external aid should be matched by appropriate internal action.

The following sections outline guidelines for formulating and carrying out an agrarian reform program.

II. Country Planning for Agricultural Development in Relation to Economic Development.

a. The Problem.

Agrarian reform in its broader aspects is of special concern to Latin America and the U.S. because of its great economic, social and political implications. This issue must be considered as an integral part of any agricultural program which, in turn, is a major segment of the country's economic program.

The success of U.S. support of agrarian reform in a given country will depend upon the consonance of U.S. and country objectives and the clear and detailed understanding of the mutuality of these objectives.

The most effective means of achieving basic understanding and effective operations is the development of economic planning process which will:

- (1) Insure fullest possible use of available human and material resources for economic growth and accompanying social progress;
- (2) Avoid duplication of effort through improved coordination;
- (3) Provide essential information when and as needed;
- (4) Establish specific priorities, goals and schedules;
- (5) Assign responsibilities and authority for planning and execution;
- (6) Achieve harmonious participation of national and international agencies and affected private interests;
- (7) Provide for an effective balance between economic, social and political sectors; and
- (8) Develop financial, political and popular support for proposed programs.

b. Country Responsibilities.

The primary responsibility for initiating and implementing agrarian reform programs resides with the country's government. Success will depend to a considerable extent upon that government's ability to correlate and integrate such programs with an overall plan for economic development.

The following aspects appear to have major importance in planning and executing economic development programs with particular reference to agrarian reform:

- (1) Creation and support of a national planning mechanism;
- (2) Development of research institutions, statistical centers and resource surveys to provide essential information;
- (3) Assurance that all essential information is channelled through the planning mechanism;

- (4) Formulation of economic policies in such fields as pricing, taxation and tariffs, which will encourage balanced economic development according to the needs of the country;
- (5) Stimulation of decentralized participation and responsibility in economic development programs;
- (6) Development of sound procedures for budget development and execution;
- (7) Acceptance of the fact that the fundamental role of credit in economic development is capital formation;
- (8) Selection and development of leaders and administrators in all strategic areas with development of an effective career service; and
- (9) Maintenance of sound fiscal policies conducive to monetary stability.

Fundamental to any development program is the improvement of human resources through education and social justice so that the individual may assume an effective role as a citizen.

c. Supporting USOM Activities.

The USOM should be prepared to reshape and broaden its assistance to the country in the development of essential institutions. Many Missions are being called on for increased programs in support of agrarian reform.

A fundamental contribution of the USOM will be the encouragement and support of host country efforts to achieve sound over-all economic planning as outlined above. To assist in this respect, the USOM economic and other supporting research staff should be strengthened, both to support the country's economic planning operation and to provide a sound basis for decisions regarding U.S. participation in proposed projects.

To be effective, the U.S. must improve the coordination of its various agencies in support of development planning and execution.

There is an urgent need for an expanded and more aggressive information program for diffusion of sound ideas and technical knowledge in relation to agrarian reform.

Additional technical assistance will be required to implement the proposed increase in economic aid and social development.

III. Needed Institutional Framework for Agrarian Reform

The seminars did not look at agrarian reform simply as a movement started by the Act of Bogotá nor to be implemented principally through U.S. funds appropriated to support the Act. We have looked upon it as a need and an activity that started a long time ago and will probably never end. We have considered agrarian reform as a process that deserves the attention of the very top leaders and cannot be relegated to the exclusive concern of a single subordinate body.

We recognized also that the role of various international and U.S. agencies has not been defined. We have therefore addressed ourselves to suggesting a general approach which emphasizes an appraisal of what needs to be done and what resources are available or lacking for doing it. We consider this a prerequisite to the effective performance of whatever role any agency - U.S. - international - host government - may eventually end up with. This inventory of resources must inevitably emphasize the human resource within institutions, - resource of philosophic attitude, technical and administrative skill and motivation. Furthermore, when we speak of institutions, - we mean not only agencies and organizations with names and recognized status, but the cultural, traditional relationships of people with needs and wants and attitudes. The failure to appraise existing resources would be truly disastrous in our view.

Equally important, we believe, is to develop and execute action programs that make use of the best of the institutional resource. This can be judged only in the country where action is to be taken and it is for that reason that we refrained from making recommendations regarding any specific institutional groupings.

Finally in refraining from proposing specific action by ICA, on institutional adjustments we recognized that this can be only determined by mutual agreement between ICA and each country involved and must reflect the views of both pertaining to the local situation.

The several basic steps involved in developing an effective institutional approach for planning and carrying our programs of agrarian reform are as follows:

a. Planning

Where a national planning agency exists we recommend that it undertake the responsibility of planning, or at least of supervising the planning for agrarian reform. In countries where a national planning agency does not exist we recommend that a planning group for agrarian reform be established and that it be so formed as to represent the broad public interest, including the "campesino" leadership, public and private agricultural interests, education, health and social welfare interests, and public and private financial institutions.

b. Appraisal of Institutional Resources.

We recommend that the planning body inventory the institutional resources available for implementation of agrarian reform and for assuming their appropriate roles; that it recommend such legislative or executive action as may be desirable to overcome inadequacies and equip each institution with the philosophic, technical, financial, administrative and physical facilities for assuming its respective role.

c. Program Execution.

We recommend that the planning body propose the executive framework for carrying out agrarian reform activities, defining the role of each of the participating institutions and agencies, proposing the creation of new institutions and agencies as may be appropriate, proposing the extent and limits of authority and responsibility of each and the manner by which the executing agency will obtain and expend funds.

There are a number of ways, or combinations of ways, by which the executing agency can exercise its action responsibilities. Some of these are:

- (1) Assign certain responsibilities to existing institutional resources on a contract or reimbursement basis, such as agricultural extension, research, credit, marketing, public works, surveying and mapping, health, education, and various other services.
- (2) Contracting specific segments of the operation of public or private agencies.
- (3) Temporary borrowing of individuals from other institutions to carry out responsibilities as staff members of the executing agency.
- (4) Hiring of staff for the executing agency for performing the action program.

d. Evaluation.

We recommend that the planning body establish or propose criteria and means for evaluating the agrarian reform operations and for publishing the results of such evaluations.

IV. Land Colonization

a. Definition of the Problem

There are many areas in Latin America countries where the unwise use of human and land resources is an obstacle to orderly evolution of rural people toward their own socio-economic independence and to the growth of their contribution to the national well-being. This arrested development is causing political and social unrest and economic instability. To the countries involved, one solution to this problem appears to be through the colonization of new land. Through such settlement of new lands it is hoped to meet the aspirations of the rural people to own their own land and generally, through establishment of economic family-farm units, to give these rural people the opportunity to make their own decisions within a framework of human dignity and democratic processes.

The objective sought in the settlement programs is not merely the development of new lands, but broadening the economic base for capital formation and to bring about political stability through orderly and democratic means.

In some countries, spontaneous settlement as for example, following the opening of a road through suitable agricultural land, can play a part in resettlement. This should be encouraged and suitably guided by the government, but much more than spontaneous settlement will usually be needed.

b. Needed Activities of the Program

To accomplish successful colonization many broad as well as detailed problems must be considered. A National Agrarian policy must be formulated by the local government. The necessary supporting institutions must be effectively established or co-ordinated with the agrarian reform. When this is done the first problem becomes one of selection of areas for resettlement projects.

Where lands are already available, factors to be considered in the establishment of priorities for the development of projects should include:

- (1) Accessibility
- (2) Proximity of over-populated areas.
- (3) Relationship to entry roads and other pre-developments.
- (4) Suitability of the area for the proposed settlers.
- (5) Agricultural potential as shown by land classification, field studies, and economic evaluation.
- (6) Possibility for natural expansion following the initial colonization:

After a project area has been selected the first need is for detailed agronomic and engineering surveys to locate proposed roads, community centers and to delineate parcels of a size that will provide the desired standard of living for the settlers. Access roads adequate to accommodate traffic to and from the community.

In heavily forested areas enough land should be cleared to enable the settler to plant crops needed for subsistence in the first year, or sufficient grub-stake should be provided for the same period.

An administrative center headed by a representative of the government and supported by a technical staff must be established. The government representative will administer the project and correlate the services of supporting institutions. He must be carefully selected, trained and given the back-stopping and authority needed to do the job.

The following services are indispensable to the successful development of the colony.

- (1) Drinking water and sanitary facilities.
- (2) Health services.
- (3) Schools.
- (4) Means of communication.
- (5) Technical assistance in agriculture and veterinary science.
- (6) Credit facilities.

(7) Marketing outlets.

(8) Commissary or other shopping centers.

These services may be provided by the government as a contribution to the program, through self-help efforts, or in some cases by private commercial interests.

Criteria for the selection of settlers to receive title to the farm tracts should be established.

c. ICA part in the Program.

Colonization must be the responsibility of the host Government. However few countries in Latin America have enough administrative or technical ability or financial resources to carry out a large scale successful program. Undoubtedly these countries will be requesting assistance from various sources, including ICA.

ICA help could, depending on the individual country needs and desires, take any of the traditional forms, such as full time or short time advisors, loans or grants, training of nationals, procurement of commodities, etc.

Although colonization is primarily concerned with agricultural problems, it goes much beyond this and the active participation of other USOM divisions will be essential. Therefore the co-ordination and over-all administration of these various activities should be lodged in the USOM director's office. The Agriculture Division should be charged with the responsibility of supplying such technical assistance, training of nationals and other help as required to meet the agricultural needs of the colonization program. Undoubtedly the existing staff and budget of the Agricultural Divisions will be inadequate to meet these additional responsibilities and additional financing will be necessary.

Full advantage should be taken of the provisions of P.L.480 in colonization programs. This law could provide for grubstaking the settlers during the early years of the colony, thus saving high land clearing costs. In addition, it could help in such work as road building, house construction, development of administrative center facilities, land and water improvement, etc.

ICA/W should initiate a series of meetings with other international agencies including various development banks and the United Nations for the purpose of discussing and delineating fields of activities in order to avoid conflicts and duplication of effort in field operations. Specific directives resulting from these discussions should be provided to the field.

V. Redistribution and Consolidation of Privately Owned Lands.

a. Definition.

This section deals with the division or consolidation of holdings into separate farms to be operated as independent units. In most instances the process involves the transfer of ownerships or other changes in the system of land tenure.

b. Situations Conducive to Redistribution of Land.

While it is recognized that a comprehensive land reform program involves far more than the breaking up of large estates, it is nevertheless true that such redistribution of land is the phase of the program on which most attention is focused. There are many situations conducive to redistribution of land resources. In general, such redistribution is considered part of an inevitable readjustment of the social-economic order which has its origin in the change from a feudalistic economy of the colonial days to modern market economy.

Specific situations conducive to land redistribution are the following:

- (1) In countries where there is an appreciable amount of idle land and extensive population pressure, it is logical to place such land in the hands of land-hungry people who are willing to work it. This may be accomplished by expropriation, taxation or other means. Obviously nothing is gained by dividing idle lands which are inaccessible or which have little or no agricultural potentials.
- (2) A similar situation exists where lands are farmed inefficiently because of undercapitalization or because of poor management. Instances of this kind are found in every Latin American country and in some countries such lands represent the major part of land owned privately or publicly. The point is being stressed that in modern society ownership of land implies a responsibility to the public.
- (3) Land redistribution may be considered where large tracts of land are owned publicly, be it by the Government or by public institutions such as municipalities, welfare organizations, churches, universities, etc. Usually these lands have been acquired by gift or purchase and are held exclusively as a source of income. As a rule these lands are leased to tenants. They are under-capitalized and their productivity is low.
- (4) Government action to bring about division or consolidation of land may be considered in all such cases where the farm units are either too large or too small to represent economic units. In countries where there is no pressure on the land the adjustment is controlled by such factors as available capital, managerial talents and technical knowledge. In Latin America, government intervention is required to correct at least the most obvious disproportions in the size of holdings.
- (5) Absentee ownership has been called the curse of Latin American agriculture. Usually the absentee owner is interested only in deriving a steady income from the land and is unwilling to make the capital investments necessary to achieve a high degree of productivity. Moreover labor relations on such farms are often

undesirable. In extreme cases owners live in foreign countries and rarely, if ever, visit their estates.

- (6). In many countries tenant farming per se is not considered undesirable. In fact under certain conditions the tenant is economically in a stronger position than if he were the owner of the property. On the other hand, tenant farming has often led to abuses which in many instances border on serfdom. This is true especially under the widely prevailing "colono system", where the colono is given a small parcel to work for himself and in return is required to work a specified number of days on the hacienda for a nominal wage.

Many countries are recognizing the defects of this system and are making provisions to establish the colonos as independent owners on the hacienda.

c. Objectives.

Considerations that lead to land redistribution have the common objective of bringing about an improvement in the rural social structure. They may or may not lead to an increase in overall productivity of the land. Objectives must be attained through sound economic principles.

- (1) Advantages associated with private ownership are most frequently cited as arguments in favor of land redistribution. The desire to own the land they work is strong among the rural people who regard the piece of land they own as a symbol of security. It is also recognized that private ownership of the land promotes a healthy social structure and leads to development of responsibility and citizenship. Finally, ownership creates the incentive to work hard for a better future.
- (2) In overpopulated countries the population pressure may be relieved to some extent because small units rely heavily on hand labor, thus creating additional employment.
- (3) Land redistribution frequently leads to increased capitalization. This is true especially if land division involves a shift from tenant farming to ownership.
- (4) Political considerations frequently play an important role. Land reform is in everybody's mind and public opinion is forcing the governments to take positive action, if for no other reason than to forestall political unrest. As a result, many governments are taking measures to correct some of the most serious defects of the tenure system.

It should not be overlooked that in some instances the social objectives associated with land division may be in conflict with the economic objectives of the country. Many observers express the fact that large scale division of land into family-size units may cause agricultural production to decrease. In some cases, also, a high degree of efficiency can be achieved only on large units which make full use of mechanization and technical direction by highly qualified personnel. On the other hand, many situations exist where increased productivity should result from a well designed

land redistribution program. In any event, governments will have to weigh carefully the social consequences of land division against the effect on the economy of the country.

- d. Criteria for a successful program.
- (1) Land redistribution per se has no merit. A realistic assessment of specific projects must indicate definite advantages to be achieved. This requires a detailed analysis of the political, social and economic implications.
 - (2) Farm families to be settled must have the personal qualifications that are required for success; these include responsibility and a willingness to accept help and to help themselves.
 - (3) The holdings to be settled must be economic units and sizes must be determined by giving due consideration to the land classification, cropping pattern and related factors. Nothing is gained by establishing peasants as subsistence farmers. The holding should be large enough to provide a decent standard of living and to allow for capital formation.
 - (4) Settlers must have access by road and be in reach of existing markets.
 - (5) A prime requisite is the availability of technical guidance which will permit the farmer to follow practices and make investments designed to increase the productivity of the unit most effectively. Guidance is also needed to develop responsibility and citizenship.
 - (6) Credit must be made available to make it possible for the farmer to establish himself and to develop and capitalize the farm unit.
 - (7) Flexibility is needed in the rules and regulations governing the project. Provisions must be made for periodic appraisal of the project with participation of the settlers themselves and which should lead to necessary modification of the settlement plan.
 - (8) A realistic approach is needed to decide on the size of the project and the facilities the settler is to receive in order to keep the project within the financial means of the country, considering also the limitations in the technical services available.
 - (9) As a general guideline, the project should be planned in such a way as to benefit the largest number of people with the funds available for the project. Expensive model projects that can not be expanded or duplicated elsewhere should be avoided. On the other hand under-financing may lead to failure.
 - (10) Governments should examine carefully the consequences connected with plans to expropriate, or to appropriate without adequate compensation, land that is owned privately or by public institutions. It is equally necessary that governments consider the possible repercussions of inaction.

- (11) Essential community services in settlement areas should be provided unless they are already established. Such services should be provided by agencies others than those in charge of the settlement project, and be based to the maximum extent possible upon self-help.

e. USOM Participation.

The role of USOMs should be:

- (1) To take positive steps to counsel and assist host governments to identify problems and needs for land redistribution and to make situation analyses.
- (2) To encourage host governments to make decisions and take appropriate actions.
- (3) To program adequate backstopping in order to insure that such activity results in economic development and political and social stability.
- (4) To coordinate program activity in the field with U.S. and country objectives.

VI. Opportunities for Agrarian Reform for Farms Already Established.

The already established farms in any country greatly outnumber the farms that will be colonized and cannot be overlooked in a program of agrarian reform. Investments in these established farms will yield a much quicker return and thus will increase the ability of the country to pay for the agrarian reform program. Existing programs in extension, research, credit, transportation, marketing, and community services must be continued and, in many cases, expanded. Underdevelopment of farms is due largely to lack of capital or technical knowledge or both. The Committee believes there is a real opportunity, as well as an obligation to help all farmers in need of technical and financial assistance. These farmers may be found in varying numbers in established communities, where they already have some public facilities, such as schools, roads, churches, hospitals, etc. Their rehabilitation, therefore, should be less expensive and the likelihood of success should be greater than where families are moved into a new environment on new farms under programs of unknown potentialities for the new occupants. We believe that these programs can be largely grouped into the following pattern:

a. The Family-Sized Owner-Operated Farms.

If a farmer needs financial assistance it may be due to circumstances over which he has no control. It is likely, however, that he needs adequate credit on reasonable terms. His case is likely to be chronic and not so simple, which will require a visit from a qualified technician who will develop with him a farm management plan and a farm and home budget, providing for a repayment schedule in keeping with the type of farming and his ability to repay. We recommend provision of sufficient credit for a sufficient number of years at a reasonable rate of interest

to meet adequately the credit needs of all farmers. We recommend starting in selected areas where chances of success are best. The assistance should include credit for production, for the purchase of land, for development of land and for membership and financing of cooperatives, and so forth.

b. The Family-Sized Tenant Operated Farm.

We believe that with the coming of an agrarian reform there will also be a respective change in the thinking and attitude of land owners toward worthy tenants. It would seem that a start should be made where by the land owner and the tenant could sit down at a table as "man to man" to work out and agree upon an equitable lease for a term of years sufficiently long that will permit the tenant to make basic improvements to the land and, at least, minor repairs to buildings, for which he will receive sufficient remuneration so that he can afford to borrow money to do the same. An understanding and sympathetic technician should be present to guide these discussions and decisions.

c. Large Farms.

Many large farms are only partly or inadequately developed, and others are operated entirely by laborers. We recommend that assistance be given to tenant farmers and farm laborers to encourage land owners to lease portions of their land in economic units, and that equitable leases may be developed similar to those described in b above and on a similar basis.

Minimum provision of landlord-tenant contracts should be provided by law such as compensations for unexhausted improvement, conservation arrangements, renewal and cancellations of contracts, rental rates, etc. These provisions would be designed to give nearly equal bargaining power to tenants and owners as they negotiate lease agreements.

Subdivision of large ownerships into family-farm units with equitable leases so designed as to encourage capital investment might satisfy many of the objectives of agrarian reform. Agrarian reform laws might include provisions to exempt such ownerships from land redistribution provisions.

d. Farms with less than an economic unit.

It may be possible for a farmer with a subsistence unit to enlarge his operations to an acceptable size by the purchase or lease of another parcel of land which may join his holding or be close enough to be farmed as a unit and entitle him to the same consideration for loans, farm plans and supervision as the existing economic units. Land purchases for farm enlargement should be based on productive earning capacity of the farm. The purchaser should not expect to pay less and the seller should not expect to receive more.

Farmers with less than economic units and with no opportunity for enlargement, should be given consideration as candidates for small loans for subsistence purposes where the repayment would be possible from sales of farm produce or from off-farm income. In some instances grants might be considered.

These loans and grants would be made without farm plans or supervision, other than incidental advice from the extension agent, and would not be designated as a supervised credit loan. These subsistence farmers should be considered among the first applicants for colonization.

Credit for construction of houses for farm workers or tenants is available in some countries through Public Law. In the past, little of this money has been used because the land owner is required to give a mortgage on his land in order to receive a loan for this purpose. This type of credit for farm housing should be utilized where it will result in increased employment in agriculture.

Credits should be made available also to groups of farmers and to local agricultural industries wherever this is an efficient means of giving aid to individual farmers. This would include cooperatives and associations that would handle farm supplies and equipment and to meet other needs of farmers and would, in some cases, perform marketing and processing functions for farm products.

e. What ICA Should Do.

- (1) Strengthen existing services, including enlargement of local budgets.
 - (a) For expanded training, including training of additional personnel. Training programs should be largely on a local basis and on-the-job. This should include training of new personnel, as well as further training of present personnel.
 - (b) For provision of adequate facilities and equipment.
- (2) Establish or expand mechanisms to carry out the following programs.
 - (a) Agricultural Credit.
 - (b) Community Development.
 - (c) Road Building.
 - (d) Agricultural Industries.

To the extent that it is economically feasible these industries will be cooperatively oriented.

- (e) Agricultural Research, oriented toward agricultural development.

B. PANEL DISCUSSIONS.

I. Report of the Panel on Settlement of Public Lands.

Harry A. Steele
W. Clinton Bourne
James L. Haynes

Wayne Miles
Victor J. Prasisto
E.C. Reichard.

There is a vast amount of unused land in Latin America which now may be more usable because of improvements in technology relating to health, production of livestock, crops and grasses, soil and water management, and transportation. These possibilities have not been carefully appraised because of the lack of surveys and data. There will be many problems of selecting areas for development and of fitting these areas into the social and economic complex of the country. There will be many problems of determining the benefits from these projects and of relating the costs to those who benefit.

a. Reconnaissance Surveys and Classification of Public Lands to Determine Feasibility of Land Development and Settlement.

Soil survey, land classification and related studies constitute the foundation on which the planning and action phases of colonization programs must be built. In initiating such programs the organizers will do well to start surveys at least currently with planning phases and as far as possible in advance of actual operations. Failure to do this may result in costly errors. Soil surveys and the accompanying land classifications are integral parts of successful programs. It must be recognized that laboratory studies, agronomic research, and often other types of surveys and studies, are necessary adjuncts. In the case of remote virgin areas, pilot farms may need to be developed and operated for a time before a comprehensive set of alternative uses can be predicted.

The primary responsibility of government in the aid of this imminent process of land-use readjustment is that of providing the necessary institutional services. It is not too much to expect that a people will adjust to the land under a system of free enterprise if given adequate educational, extension, credit and research institutions coupled with health and other community services and sufficient market and transportation facilities. Soil survey and land classifications are particularly needed for those programs involving the subdivision of land into farm units. Without them it would be virtually impossible to fit balanced farm units to the land which are capable of producing the gross product deemed necessary by the master plan. The Soil Survey is the medium through which those concerned with agricultural economic and social development implement their plans.

b. Selecting Areas for Resettlement and Development--
What Factors Should be Considered.

General Considerations

a. The use for resettlement of agricultural resources which are physically capable of producing little beyond subsistence needs of the settlers may buy time in emergency situations of mass starvation or social unrest. However, the quality of such resources places an automatic limit to socio-economic progress of the settler which is beyond his control to remedy.

- b. Agricultural resources of a quality and quantity capable of generating net improvement capital are necessary if the settler is to have opportunity to control his own socio-economic destiny through his own efforts.
 - c. In general, the mere existence of a need for resettlement indicates that the new area of occupation will have to be used intensively to meet this need.
- (2) Criteria for Selection of New Agricultural Areas Capable of Supporting Socio-economic Growth and Development of the Settlers.
- a. Crop and feed producing capabilities. This key information concerning the geographic area of areas considered for occupation. In order, these are:
 - (1) Reconnaissance soil survey. This is best accomplished by aerial stereo-photos, scale 1:40,000 which will be used by a ground crew to fill in necessary information in a generalized survey.
 - (2) On the most favorable soils indicated on the reconnaissance survey, a more detailed land use capability type of survey, aided by aerial maps 1: 10: 000 or 1: 5:000.
 - (3) Establishment of soil and crop management experiments on representative sites of soils selected for settlement. These experiments should proceed in advance of actual occupation and continue during and after occupation.

The following items of information are required from the survey and research; rainfall pattern, depth of soil to impermeable horizon; suitability for cultivation, soil salinity, soil drainage and flooding characteristics, soil texture, presence of pests of a nature which will limit production of specific agricultural products, choice of agricultural products possible in regions, costs of necessary technical development, suitability of the soil to support a permanent agriculture; soil fertilizing status and necessary methods of management, sources of water for livestock and home.

- b. Health Problems, where they exist, have served as an obstacle to occupation of new areas. In Peru and Mexico, this has been an obstacle to moving people from mountains to low lands. In Brasil, it has been an obstacle in moving people from dry to humid areas in the past. (Brasil now has trained personnel and know-how to control those tropical diseases which have heretofore obstructed occupation of the humid tropics). The following are major considerations of health items: climatic adaptation of the settlers to the new area; water supply; insect pests; regional diseases, dietary problems and eating habits.

c. Physical Characteristics.

The aerial surveys used in the soil reconnaissance survey will be used in evaluating physical problems of communications and certain community services. However, research will be needed to resolve such problems as to desired population density. Principal contribution of the area with respect to physical establishment of the socio-economic structure are: communications, density of population; spacial relationships of productive areas; market; administration and community centers; schools; water supply; electricity sources, etc.

d. Over-all Costs of Settlement or Development.

This consideration should determine whether the nature of the settlement area will permit the establishment of a self-liquidating operation and whether the occupation will be an asset or liability to the national economy.

3. Settlement of Public Lands.

Should it be voluntary (i.e. spontaneous) under guidance or developed as organized projects.

- a. Actually, settlement takes place by both methods and several variations of each.
- b. In Colombia, one finds as many opinions of how to do the job as there are leaders who think about it.
- c. Colombia and other countries have vast reserves of public domain; thus there exists a logical need to plan, organize and direct its use.
- d. The tendency is to plan and organize projects that are too big and too complex- thus inviting failure.
- e. Spontaneous settlement is taking place continuously in Latin America on a large scale. Thus the need is to make this as orderly and fruitful as possible.

4. Land Classification.

- a. We should differentiate between the reconnaissance survey for project location and detailed or semi-detailed survey for land subdivision; determination of areas suitable for specific crops; irrigation development, drainage or other specific treatments.
- b. It is fallacy to go too far without the more detailed survey. Subdivision into farm units, crop recommendations, irrigation development, etc., require a specific knowledge of the soil in a particular field.

- c. Some expect a perfect soil survey with 10 inches to one mile scale, etc. These people eventually throw up their hands and say a detailed survey is impossible.

A compromise was suggested including maximum use of air photos and photo interpretation; scale at 3 inches or 4 inches to a mile. For example, the Israel Land Classification Survey mapped soil characteristics rather than soil series and types so that sub-professionals could do most of the field work. We may set a goal of 200 to 1000 hectares a man day depending on a detail needed with accuracy adequate for farm planning and a map readily interpreted by an agricultural graduate who is not a soils man.

5. Possibilities of Water Development.

Often too much water (wet land-flooding) or too little, (too dry for crops, lack of stock water or domestic water) are the limiting factors in colonizing and developing new lands. Water development, irrigation, drainage, flood control should in many cases go hand in hand with colonization. A representative of the Colombian Land Reform Agency after visiting Mexico said that the land reform in Mexico was generally a failure until combined with irrigation development.

We suggested that Colombia adopt the system of limiting land holdings in public irrigation projects to family size farms. The U.S. Bureau of Reclamation, 160 acre limitation under one ownership is a good case to cite.

6. Land Clearing.

Land Clearing often present cover of trees, shrubs or even useless grass limits effective use. This limitation must often be corrected as a step toward effective colonization.

7. Appraisal of Expected Returns.

Examples of failure of land development and colonization schemes are readily available. The African Peanut scheme is a large and costly example. Such failures come from over-optimistic evaluation of prospective returns and failure to make adequate basic surveys and evaluations of the adaptation of possible crops. The economic study of cost/benefit ratios is a very basic need in project evaluation. All too often political or selfish individual interests are allowed to unduly influence project planning. Our aim should be to stress sound, technically-based evaluation of alternate proposals.

8. Size of Farm.

Those responsible for colonization must carefully think over the goals. All too often someone comes up with the magic size figure- 160 acres in the Homestead Act for example- and farms are divided on this basis. In some areas in Iowa, this might mean farm production of 8,000 bushels of corn land, in Eastern New Mexico pasture for four beef cows.

We usually find the Economic Unit concept better even though hard to define. An economic unit for range beef cattle is far different from one for producing irrigated onions and garlic. An economic unit for an ox power agriculture is far less than that for a tractor powered farm. There is much room for sound technical judgement in determining farm size in a colonization scheme. There are such serious problems here in Latin America in "minifundia" that, in general, we should discourage emphasis on subsistence or part time units. The "Family Farm" should be an Economic Unit.

9. Cadastral Surveys- Land Titles.

One of our principal objectives in land reform should be to give well defined and sound land titles as expeditiously as possible.

Most of us are familiar with the square mile type of survey in much of the U.S. These surveys were very important to our homesteading and to the giving of well-defined land titles. When we try to transplant this type of survey to Latin America, we run into trouble. Laying out such a grid in a jungle area for example is physically impractical. I believe we need to develop some new concepts. We have, or can get aerial photos. Ground control methods to determine the true scale of the photos have become rapid and inexpensive.

I have heard of a suggestion to get up an overlay grid on aerial photos to be used as a basis for locating farm boundaries. It seems to me that we may sometimes come to metes and bounds surveys with the boundaries outlined on aerial photos.

10 Financing.

The question of financing is all important. Many colonization schemes, just like businesses, fail due to under-capitalization. Most of the governments lack the financial resources to purchase large estates which could be used for colonization schemes. This lack of capital results in government efforts to make the settlers pay for the land in a relatively short time at the same time the settlers are clearing the land and are without much income, resulting in failure. Usually the settlers become delinquent in their payments, discouraged and finally abandon the land.

The sale price of land varies tremendously from one country to another, and from one region to another in the same country. Even

though the initial cost of the land may appear to be low, the amount of labor (the only capital investment the settlers have) required to clear the land for production is extremely high. There is some question as to whether clearing costs would be much less by using heavy equipment in clearing. Nevertheless, clearing can be considered as part of the price of the land.

In some cases full consideration is not given to the time and cost of clearing land when setting land prices and purchase terms, resulting in serious financial problems for the settlers.

11 Technical and Financial Aid after Settlement.

In one country for example, 144 colonization projects were started. Most of these can be considered as failures and none of them can be really considered to be successful. If the failure of these projects can be attributed to any one cause, that cause would be the lack of technical and financial aid after settlement. If the settlers have to pay for the land in too short a time, they usually fail. Without technical assistance in improved methods and management, the colonists cannot attain adequate production.

12 Pre-development.

The costs of constructing roads, houses, surveys, and other pre-development activities is so high that little is normally done. The only hope is to start some place where some development has taken place.

Often it is not a question of spontaneous or planned movement of people into colonization areas. For example the colonization area set aside in Bolivia as a Pilot colonization project is being over-run by people seeking land for homesteading. There is some 50 kilometers of road to build yet to reach the west end of the colonization area, but there are hundreds of families who came from various mountain areas of Bolivia and who are following the newly cleared right-of-way. They are energetic but landless people who intend to get a piece of land of their own rules or no rules.

Present policy is to accommodate them as rapidly as possible, especially since the government of Bolivia has neither laws nor law enforcement instrument to move them once they have decided to squat. They may become eventually the best settlers. It is hoped to gain time and subdivide this area of 13,500 hectares of good land into 15 to 30-hectare homesteads, which under planned agricultural development, will become not subsistence units, but commercially important tropical crop farms in 5 to 7 years.

Problem of Land-Division in Bolivia is twofold - Land Reform of Bolivia had been implemented - since 1953. Colonos, share-croppers and squatters have taken up lands as their own which formerly they leased, worked on shares or squatted.

Only about one third of them secured titles to these properties, the other two-thirds will have to take turns until the ancient instrumentality of law will reach them. This division of land has released some congestion, nevertheless the density of population is too great in highlands - here these lands are of low productivity. So the problem of land division of the existant tillable lands has been solved with the stroke of a pen. The clean-up job will take years to complete. Many kinds of help and assistance are needed in this sector of land reform implementation.

The Piedmont area of the Andes on the Amazon watershed side can, and eventually will take thousands of families and provide them with tillable land and homes.

The problem of settling these families is a highly complex one. First of all, moving of highlanders into the tropics presents a difficult problem. So far in the whole Andean area, regardless of political divisions, this has not been too successful. However, timely provisions for health, education and sanitation will overcome some of the barriers existing now.

These numerous areas of good tillable tropical lands can be harnessed for the good of mankind if properly guided and supported by public opinion during the early stages of their development.

In summary it was pointed out that there had been an expansion of agencies with funds available for colonization and that ICA faced a real challenge in furnishing technical assistance to this stepped up activity.

II. Panel Discussion Dealing with Settlement on Private Lands,
Land Distribution, and Recombination Activities.

C. D. Curry
J. O. Kling
Hans Platenius

C. E. Spalding
E. J. Long

a. Land Distribution.

The topic was introduced by raising the question as to whether or not there exists a necessity for programs involving transfer of land ownership in Latin America. The group discussion which followed established clear consensus that the issue is vital in most countries. There are, however, differences in the urgency of the problems and in local situations and circumstances; procedures must be adapted to the specific requirements of individual countries.

The most important task is that of developing approaches and methods that will actually result in the desired objectives. It is especially important that programs evolved be positive, pointed toward genuine improvement of existing situations, and yet enlist broadly based support of divergent interest groups in the country. Land distribution will be successful only if it brings about both higher productivity and a more equitable distribution of income and opportunities throughout rural society.

Land distribution which involves the breaking up of large estates does not necessarily make more land available for cultivation. It does so only to the extent that after such redistribution the land is farmed more effectively than before. This is most likely in cases where the estate lands involved were not being farmed or were farmed inefficiently.

Examples from various countries were cited to show that the reluctance of land owners to subdivision can be overcome. Many are already recognizing the need for substantial changes in present ownership patterns. This fact should be used as a resource in land reform efforts. Land taxation may prove to be a powerful tool to bring about a change in land owners' attitude toward holding idle or semi-idle lands. However, owners may prefer direct transfer to ownership to such taxation policies. In some countries, once a program of land distribution was started, it made rapid progress.

The key to success in a land distribution program is the development of: (1) equitable policies of compensation for land purchase; (2) administrative and judicial procedures to assure the proper application of these policies; (3) equitable repayment schedules for land purchasers, carefully geared to the earning capacities of the farms. Where these policies have been followed, satisfactory progress has been made. In fact in some instances, landowners have lent their support to land reform legislation.

A satisfactory procedure to arrive at an equitable price of the land to be transferred was developed in the Philippines. This was done by taking into consideration: (1) the market value; (2) the assessed value; (3) a value based on the productivity of the land. Similarly effective procedures have been followed in India and other countries.

The cost involved in land distribution depends largely on the procedure followed. In most cases the Government will have to assume at least the cost of administration of the program and assist in financing the transfer of property.

The former owner can be paid at least partly in government bonds. To protect the bondholder against inflation, the value of the land may be expressed in terms of the price of the principal crop grown in the region or by other value protection devices.

b. Land Consolidation.

Consolidation of land is an especially important issue where fragmentation has reduced holdings to uneconomic size. Basically, fragmentation is the result of population pressure on the land and in the long run can be corrected only through creating opportunities elsewhere, either by opening up new land or by absorbing part of the population in non-agricultural activities. Two kinds of fragmentation may be distinguished: (1) the sub-division of an area into smaller and smaller farms; (2) the sub-division of a given holding into many parcels. The latter, which is largely a result of inheritance customs or laws, has a direct effect upon efficiency in any area where labor is in the least scarce or costly. However, in labor surplus communities, where such fragmentation is often most advanced, often little relationship can be found between fragmentation and efficiency. But as population pressures are reduced, the consequences of fragmentation in impeding farm management adjustments become increasingly serious. The cost of consolidation of parcels is extremely high. Therefore, in all land reform programs, care should be taken to establish policies which will minimize the danger of future fragmentation. In some past projects, plots have been so small that sooner or later they will create a problem of fragmentation.

c. Development of Existing Farms through Credit Programs.

Adequate credit facilities are considered an essential part of any resettlement program. In fact, an effective credit program will reach not only the new settler, but is an instrument to raise agricultural production in general. It may take the form of subsistence (grubstake) advances for the new colonist; production credit secured by a chattel mortgage or long term credit for capital improvement.

Supervised credit should be recognized as a special type of credit which has primarily socio-economic goals. Its objective is to develop farms into more productive units and farm people into more effective participants in the national economy. Such credit cannot be expected entirely to pay its way, at least in the short run. Supervision and technical assistance are essential features of the program. Supervised credit is of little use unless it is adequate to cover the needs of the farmer. At the same time, it must be recognized that few countries have the financial resources to satisfy all the credit needs for housing, health, and agricultural development.

d. ICA's Role and Approach.

Terminating the discussion on land distribution, the question was introduced of what the attitude of the U.S. should be. There are about these alternatives: (1) to actively encourage governments to undertake land redistribution programs; (2) to assist with specific aspects of such programs only upon request of host governments for such help; (3) to refrain from participating whatever in such programs; and (4) to actively discourage host governments from undertaking such activities.

General agreement of the group was expressed that the U.S. agencies involved should take a positive attitude toward agrarian reform. Measures should be examined to assure that they meet the objectives of the country involved. The criterion is whether or not agrarian reform will improve the standard of rural living and at the same time be conducive to capital formation. Also it must contribute to the economic and political stability of the country.

III. Improvement of Land Tenure Arrangements

B. H. Mayfield.	L. H. Rhodes
R. E. Gray	F. H. Dahl
L. E. Barber	R. J. Penn

The subject is both significant and broad including all those things affecting the land occupier and the land owner, where new settlement or land distribution is not involved.

Important items for consideration include the following:

(1) The nature and availability of credit; who furnishes the capital; what kind of credit instruments are used; the nature and extent of technical assistance and supervision; who enforces the contract and what is the interest rate? (2) The system of taxation; is there a land tax; a tax on marketing or a tax on international trade; who makes the levy and who collects the tax? (3) Planning, programming, financing, and maintaining such public services as schools, roads, and water development. (4) Regulations relating to compensation of unused improvements or fixing maximum or minimum rents or redistributions on land transfer. (5) Methods of settling disputes between the landowner and the tenants. What courts or arbitration devices are available to settle disputes? (6) The problem of squatters. Do they develop any legal rights, preemption rights or priority rights to purchase?

These important factors affecting land lord-tenant relations are matters of internal organization and must be handled by the nationals in each country to an even greater extent than other activities in which ICA is involved. However, these factors may be major limiting factors to the success of any programs needing external assistance.

The countries of Latin America do not have much experience on such issues as compensation for unused improvements or arbitration boards.

a. Problems Caused by Squatters.

The most important issue involved in the squatter problem is the lack of title security that develops. The squatters do not have title and hence cannot get credit on land. But the large land owners also find their land titles insecure.

The magnitude of this problem is illustrated by the situation in Paraguay.

Approximately 50% of all farmers in Paraguay are listed as squatters, having no legal title to the land they farm. It is obvious that this group which is at a bare subsistence level, is reluctant to make improvements on land which they occupy, but do not own, and which they cannot sell, or use as security for loans. The Government of Paraguay has recognized this problem and has enacted a number of laws which, on the surface, appear to offer a certain amount of protection and support for the squatters. These laws make it possible for a squatter to acquire title after 20 years of occupation. In actual practice, however, they have not greatly benefited the squatter because he does not stay on one piece of land for 20 years. But the title security of the land owners has been further weakened. Since 10% of any large farm is subject to colonization, squatters usually select the best 10% of the land upon which to settle. Title security is further weakened by the fact that there are

few if any accurate cadastral surveys, and land boundaries are not well defined. Many, in fact most, tracts of land have conflicting claims and overlapping boundaries. The Government of Paraguay can confiscate land for colonization but procedures for payment are not adequate. To illustrate this point, a road is now being built which will open up a very large area in the Chaco. The Government is now debating whether to simply confiscate a strip of 20 Kms. wide on either side of the road or to tax land owners the full amount of the increased value of the property, since it has become accessible.

It is practically impossible to use land as a loan guarantee. Prices of land are a fraction of what they should be and owners are investing any surplus cash in city real estate or getting it out of the country, if they can. Urgently needed investments or improvements on the farms are left undone.

Governments should plan ahead of development to handle the squatter problem. Squatters in Costa Rica have selected the best lands and probably should be helped to develop their land. In Peru, about 80% of the settlers are squatters on government land in the jungle. This is more successful as a settlement program than some organized projects. In Costa Rica, 30 squatters organized a cooperative to operate a coffee processing plant and a sawmill.

b. Communal Property Rights.

In many Latin American countries the original pattern of communal property rights still exist. The right to use land is informal and enforced by the custom of the community. Conflict may and often does develop when a more formal system of property is introduced with definite boundaries for each property tract.

For example, in Ecuador there are about 70,000 colonos who do not have secure rights to the land they use. They use both crop and pasture land without agreement with the owner. And they often increase the extent of land so used if their neighbors in the community do not object.

c. Taxation as It Affects Property Rights.

There is no land tax in Nicaragua. But the government is proposing to collect fees on the basis of specified rates per hectare of each crop and pasture land. Taxation can be used to effect changes in tenure.

In Honduras there is a 30% tax on inheritance, but a man can arrange to have a friend act as the appraiser and defeat the intent of the law. Some countries, such as Peru, allow owners to determine assessed value of their land, but land may be purchased for resettlement at the assessed value. All countries in Latin America collect taxes at the national level, but land taxes are generally low. There is need for some local responsibility for taxation. Mexico, Brazil, and Argentina have more local responsibility for taxation. However, in those areas where much of the land is owned by people who send their children to private schools, the land owners are not interested in local taxation for improvement of schools.

Central governments get considerable revenue by export taxes which discourage agricultural development. Brazil has two rates of exchange and makes a profit thereby on purchases of agricultural products. Half of this profit is spent on the coffee stockpile program and remainder on industrial development.

Rural property taxes might be a logical source of funds to implement community development programs. Land taxes probably would increase intensity of

land use. A uniform and effective tax probably should be the goal for the present. The U.S. Government has an interest in uniform taxes effectively collected in the host country.

d. Improvement in Alternatives.

The essence of improvement in the welfare of the family on the land is to improve the alternatives available to improve the families' bargaining power.

The alternatives may be in the form of settlement in new areas or in the subdivision of large holdings. Also, they may include industrialization as a source of employment. Programs and developments in Chile are used here as an example to indicate some of the problems and possibilities of these various alternatives.

About 30% of the population of Chile is in rural areas and the number of them is about stable, although the over-all population growth is about 2.7% per year. Chile has about 12 hectares of arable land per rural family, although about 75% of the land is in farms having more than 100 hectares of arable land in each. There are about 400,000 rural families, most of which have incomes of no more than \$300 per family per year. It may be assumed that at least 100,000 of these could probably be considered as candidates to receive improved opportunities in agriculture. Each year about 50,000 farm people migrate to cities where there is a shortage of housing and opportunities for them. The unemployment in Chilean cities is generally 8-12%, and construction of housing last year provided only 35,000 new units, compared to the need for at least 46,000, not considering the need for replacement of inadequate housing. The lowest cost of a house in Santiago is \$6.00 per month, even though the buyer of such a house must take much of the responsibility of erecting it.

The colonization program in Chile has distributed farms to 3,000 settlers in 30 years and expects to expand the program in the future. This is less than 3% of the needs. One new project will distribute a large farm to 31 settlers where there have been 62 farm workers' houses with gardens. Each of the 62 houses is to cost \$2,800 in addition to charges for the architect and other general costs, all of which will be charged to the settlers. Each farm unit to be distributed is planned to provide a net income of about \$3,000, in addition to the wages for the labor of the operator and his family and in addition to the annual payments that the settler is required to make for the farm. This may be compared with current earnings of less than \$300 each, for most farm families in Chile. The Government of Chile owns 310,000 hectares of land, which it proposes to distribute to settlers in 1,000 economic farm units. There will also be 1,000 homes with gardens for workers. The levels of adequacy of the incomes and housing that are being provided by the colonization program in Chile, therefore, are obviously much above those being provided for city dwellers. This high level of planning is a major reason for the small number of new units that are being provided.

Chile does not have extensive areas of unused arable land in public ownership that might be distributed to settlers. There are 30,000 squatters, mostly on forest land, who have applied for titles to land that probably will produce some crops and pastures for only ten to fifteen years, during which time the land will be practically destroyed by erosion. Chile also is distributing titles to pasture lands to tenants in the south. Irrigation has possibilities of increasing the production of half a million acres and drainage can improve another half million acres. The Chilean agricultural plan estimates that total cultivated land can be increased from the present 5,500,000 hectares to about 11,000,000 hectares, including some natural pastures and forest land that can be converted to crop land.

It appears that Chile has relatively more agricultural resources than most other Latin American countries in relation to the population. It also has a relatively large proportion of the population employed outside of agriculture. The program for land distribution, however, is too slow to be of much significance in improvement of the distribution of land among the farm people. There is a possibility of more rapid progress in the future.

IV. Report of Panel on Assessment of Physical and Institutional Facilities for Implementation of Land Programs and of Necessary Related Agencies, Functions and Activities.

C. E. Spalding
E. P. Astle
R. O. Kennedy

L. J. Franke
E. K. Rambo
E. C. Reichard

The need for public discussion was stressed. Statements released from U.S. sources by press and radio were potent methods for stimulating discussion. A wide dissemination of program information and guide lines relative to the Act of Bogotá and to the activities of the Inter-American Bank are essential. Agrarian reform in its usual connotation suggests to present land holders that their favored position is threatened. It is only through public forum that the issues can be examined and liberal support organized. Public opinion tends to form Governmental policy. A thorough public discussion should tend to avert violent and drastic actions.

Actions cannot take place until decisions are made by responsible authority. Therefore, it seems necessary that a policy forming group must be organized vested with authority to translate public opinion into public policy. Such a group must be able to choose between various proposals and formulate plans for action consistent with overall country development.

The third essential is an action agency to carry out the policy decisions. This agency must be tailored to the complexity of the problem in the particular country. In some cases the requirements can be met with an agricultural credit bank. In others a full fledged "Authority" might be indicated which could mobilize the resources of other organizations and carry on essential operations which existing organizations cannot provide.

Existing organizations must be utilized to the fullest extent possible. Few Latin American countries can afford to develop duplicate organizations to provide the same service. Most countries already have fairly well developed agricultural education, extension and research organizations. These, and normal community services often can be strengthened and expanded to meet the needs of agrarian reform. Such an approach would assist greatly in the orderly integration of colonized areas into communities which are part and parcel of the country. It must be remembered that industrial development must be parallel and complement agrarian reform.

Agricultural credit plays an essential role in agrarian reform. It must be very carefully institutionalized to be a successful constructive force. Borrowed money must immediately initiate capital formation or it may become a destructive force. Physical, human and technical resources may be wasted for a time without disastrous effects, but agricultural credit must be properly institutionalized and constructive from the first. The requirements of a sound supervised agricultural credit program are that:

1. Credit must be made available only when it will cause capital formation.
2. It must not be made to support agricultural extension and other services.
3. It must assist in the achievement of the desires of the borrowing family.
4. The credit program must be protected against inflation, political whims, etc.
5. Technicians of the program must be thoroughly trained as to the objectives of the credit program.
6. The people to be served must be part of the fabric of the credit institution.

C. BASIC ISSUES IN AGRARIAN REFORM.

Erven J. Long

I. Land Policies and Programs in Relation to Economic Development

The general subject of the relation of land policies and programs to economic development is, of course, vast and complex. In one way or another, everything we will be discussing in this conference relates to this issue. It is not my intention to give full coverage - but rather to bring to the group's attention a few basic aspects of this general relationship. This is in keeping with the general purpose of today's presentation - to place some basic considerations before the group which may provide a resource for further, more specific deliberations. If at times the comments seem too elementary or remote from the conference subject I hope you will be patient, as I believe their relevance will be established.

The relationship of land policies to economic development operates through two channels. The first is by way of the effect of land tenure structures upon economic efficiency - the second by way of their effect upon political and social stability. Stated differently, economic development imposes stringent requirements of a strictly economic nature, as well as for political and social stability. And in most underdeveloped countries land policies are at the heart of both. Other discussions will, I'm sure, concentrate on the problem of stability - of maintaining orderly processes of political and social action. My comments will be concerned primarily with the economic aspect.

Let us first drop down to the very bottom of the issue and then work up. All of us are working on assisting underdeveloped economies to achieve more rapid economic growth, with our special concern, of course, being with agricultural development. I think it might be well to dissect down to the bone of this process of economic growth - to see what it is, in essence, and to see what part agricultural development plays in the process. The role of land policies in economic development can be understood only if we first understand the role which agricultural development in general plays in the process.

I should like to place this issue before you in the form of conundrum, a paradox which all of us, I'm sure, have puzzled over many times. It is illustrated by figure 1 which you have in hand, which shows the path which the U.S. has followed as it climbed from an underdeveloped economy to its present level. Briefly stated: the process of economic development is a process of continuous deemphasis of the relative importance of agriculture in the economy. In this chart the relative importance of agriculture is measured in terms of the proportion of the total labor force engaged in farming. It could just as well be measured in terms of the relative economic returns to, or contributions of, agriculture. However measured, a continuous deemphasis of the economic importance of agriculture relative to the rest of the economy has characterized the economic development process of our country.

The same principle can be seen in a world-wide context by taking a comparative cross-sectional look at economies in various stages of development, as shown in the second figure. Each dot represents a country; those in shape of triangles represent Latin American countries for which we have data. A very close inverse relationship will be noted between the percentage of the countries' labor forces engaged in agriculture and the average per capita incomes of the total population. Again it appears clear that economic development is associated with a relative emphasis of agriculture.

Does this mean that assistance to agriculture is wasted effort? That only assistance to development outside agriculture can contribute to economic development? There is much support to this idea; but it is not sound.

Many arguments can be advanced as to why agricultural development must keep pace with development in other sectors of the economy. In essentially rural societies, market gluts develop for the products of newly established industries unless rural purchasing power is increased in pace with industrial expansion. Also, industrial and commercial enterprise will draw heavily upon population surpluses generated in rural sectors of society. And these people are not likely to have the skills, education and adaptabilities requisite to their new roles if rural sectors of society have not shared in the social and economic progress of the country. These and other factors dictate the necessity for agricultural development keeping pace with industrial development.

But there is an even more important reason - at least in countries whose economies are primarily agricultural which, as we have seen, is the case in virtually all underdeveloped economies. I refer to the fact that the limiting factor to industrial growth is capital, that capital formation can take place only where economic activity now exists, and that, in such underdeveloped economies, this is to a large extent within agriculture.

The job of bringing about economic development is that of starting with a country where it now is and working, often painfully, through all the processes of adjustment and growth to some higher level. Unfortunately, theorists often look only at the present and at the desired "end product" of economic development without due consideration of the topography of the stiff hard hill to be climbed. This is suggestive of the "Before" and "After" pictures in the pretty, slick magazines about beautiful homes - which show a picture of a beaten up old shambles of a house juxtaposed against what you incredulously discover to be the same house a couple of hundred dollars' worth of paint and lumber later. How wonderful if it were so simple. But, as anyone who has undertaken such an effort knows, the real stuff of the transformation is left out of the account - the smashed thumbs, the hours of sweat and of regrets for having ever started the job. As John Dewey has said, "existence is existence, and facts about it are stubborn." The stubborn fact of economic development is that, somehow, capital formation processes have to be stimulated in a self-generating fashion within the country if general economic growth is to be possible. And in a country which is largely agrarian, this must be done, largely, within agriculture.

We all know the role of capital in economic production. As, in figure 3, you follow the fortunes of my little man from the top of the page to the bottom, you actually get a fair representation of the path of economic growth. Most underdeveloped countries are in an average position somewhere between the first two stages of this process. To arrive at the ultimate destination of "very high production" requires tremendous amounts of capital investment. We must recognize that the U.S. - or for that matter, all the "developed" countries together - cannot possibly supply this capital, no matter how much we are willing to sacrifice. The amounts required are many, many times too great for this to be possible. The capital must be generated within the underdeveloped economies themselves. Economic growth actually must be generated out of economic growth processes themselves. What we may be able to do is to stimulate, and help direct, growth processes - to be starter of the engine that, in its turn, lifts the country up the hill.

This is an extremely significant point, as it determines the course which we must take. If the U.S. were concerned with only one small underdeveloped economy, we could buy its economic development by capitalizing its economy without worrying, at first at least, about agricultural development. But this is not the case. So we must use our energies and resources to stimulate indigonus self-sustaining,

cumulative processes of economic growth. And this means that we must work on agriculture, to assure its full contribution to the country's capital formation processes.

Economic growth requires capital investment. Uplift of an entire society is an enormous undertaking; therefore the capital investment requirements are enormous. Every economic activity in the economy must make its contribution. Agriculture, the largest economic activity in most countries must, perforce, make the largest contribution. This it can do only by becoming more efficient.

The process of economic development, and capital's role therein, can be seen more sharply by a glance at the next two figures. (4 and 5) Figure 4 is designed to illustrate a non-cumulative impact of capital investment, a situation where production is increased by an injection of capital - but only to a new plateau, where it rests until dissipated or until population growth overtakes it and old low levels of per capita income are restored. Indiscriminately applied capital investments - either from internal or external sources - all too often end up in this fashion. This is really the true meaning of "operation rat-hole" - additions of resources which, though they may achieve direct "impact" results, do not stimulate self-sustaining processes of economic growth. Such activities are foredoomed by the simple arithmetic of the situation. "Developed" nations do not have sufficient resources to buy economic development of underdeveloped economies in this way. Figure 5, however, represents "operation bootstrap", in which capital injections are for the purpose of stimulating processes of capital formation. The key to this process is the "feed-back of capital" - i.e. the feeding of capital which results from increased production back into the production process itself! This "fed back" capital comes from the margin between increased production and increased consumption, which itself, if effectively invested, creates another increase in production, from which another feed-back may be made, to make another increase in production - and so on, ad infinitum. All the time this is going on, the agents of production are themselves becoming more effective. The history of any successful firm or industry illustrates the working of this principle; the aspirations of any underdeveloped economy depend upon it.

Each important segment of the economy must develop such cumulative, self sustaining growth processes if general economic development is to be possible. Each segment must increase efficiency constantly so as to generate a greater economic contribution than it consumes, from which margin reinvestments of capital may take place, leading to further efficiencies, etc., etc. We do not have time to trace out the various means by which efficiencies developed in agriculture can provide necessary capital for industrial expansion. There are many such means. It is sufficient here to say merely that increased efficiency in any sector of an economy is a source of capital, in some form or other, for any other sector. We are brought, therefore, to the conclusion that even though economic development involves a continuous process of deemphasis of agriculture's relative importance, it can be achieved only if agriculture is made stronger and more efficient in order to be a major capital producing sector of the economy.

We are in position now to examine the relationship between land tenure and economic development. Stated simply, all institutions or arrangements influencing land use which affect productive efficiency of agriculture, directly affects general economic development. I shall not attempt here to list all the ways in which land distribution, land tenancy and other such factors affect efficiency. These will, I'm sure, be adequately discussed later. Each of you faces these facts of your host country's life each day. I do wish, however, to comment upon that aspect of this relationship lying closest to the issue I have discussed at such tedious length - namely the effect of tenure arrangements upon capital formation. To do so, I shall

ask you, again, to look at the basic characteristics of a typical "undeveloped economy".

First, as we know, the economy is primarily agricultural. Second, agriculture must be put into a position to form capital. Third, its agriculture is itself very undercapitalized, its resources consist primarily of land and labor. In a low-capital setting, production is achieved primarily by applying labor to the land. The problem! How to put that land and labor together in such a way as to generate capital? The traditional "family farm" policy of the United States and such modern counterparts in other countries as the "Land to the Tiller" program of Taiwan, the "Land for the Landless" programs of the Philippines, the "Owner-Farmer Establishments" acts of Japan and the "Tenure Improvement" laws of India, are efforts to solve this problem.

The Jeffersonian ideal of the United States as a nation of family farms was not merely a manifestation of the broader American ideal of equality of opportunity. It was that; but it was also a manifestation of the hard requirements of the times for an agriculture so organized as to provide a motive power in the country's general economic development. The new nation had a colonial heritage rich in experience on this subject. Even the pilgrims at Plymouth had, by the end of their third year, learned that their "system of common tillage rewarded idleness and penalized industry", and replaced the system by a direct allocation of land to families. And by three years more, they had bought the land outright from its London merchant owners. Thus family farming, under a system of owner-operated farms, was established in America within the first decade of its founding colony. And at the harsh frontier, where performance was always the test of worth, procedures were developed, adapted, sifted and solidified until the lesson learned by the Pilgrims became institutionalized into what we now call "American family-farm agriculture".

The genius of the owner-operated, family farm system lies not only in its ability to provide incentives to hard work and intelligent management. More important from the standpoint of economic development, it is one of the most powerful mechanisms ever evolved for inducing capital formation. Recall that labor is the only resource of consequence, other than land, in an underdeveloped agriculture. Capital can be created from labor by the simple expedient of digging wells, clearing land, digging ditches, building roads, erecting buildings, rearing livestock, building terraces and even - where I grew up - by picking stones from the fields. Anyone who has been both home owner and tenant knows the difference in this respect between the two - of the endless "do-it-yourself" capital improvements he puts into his own home, of his reluctance to install even a doorbell in a rented apartment. This is really the way in which most capital must be formed in an agrarian country of the type we are concerned with, by transforming underemployed labor into capital assets. Institutions and policies conducive to such capital formation are conducive to economic development; those which impede this process impede, also, general economic growth.

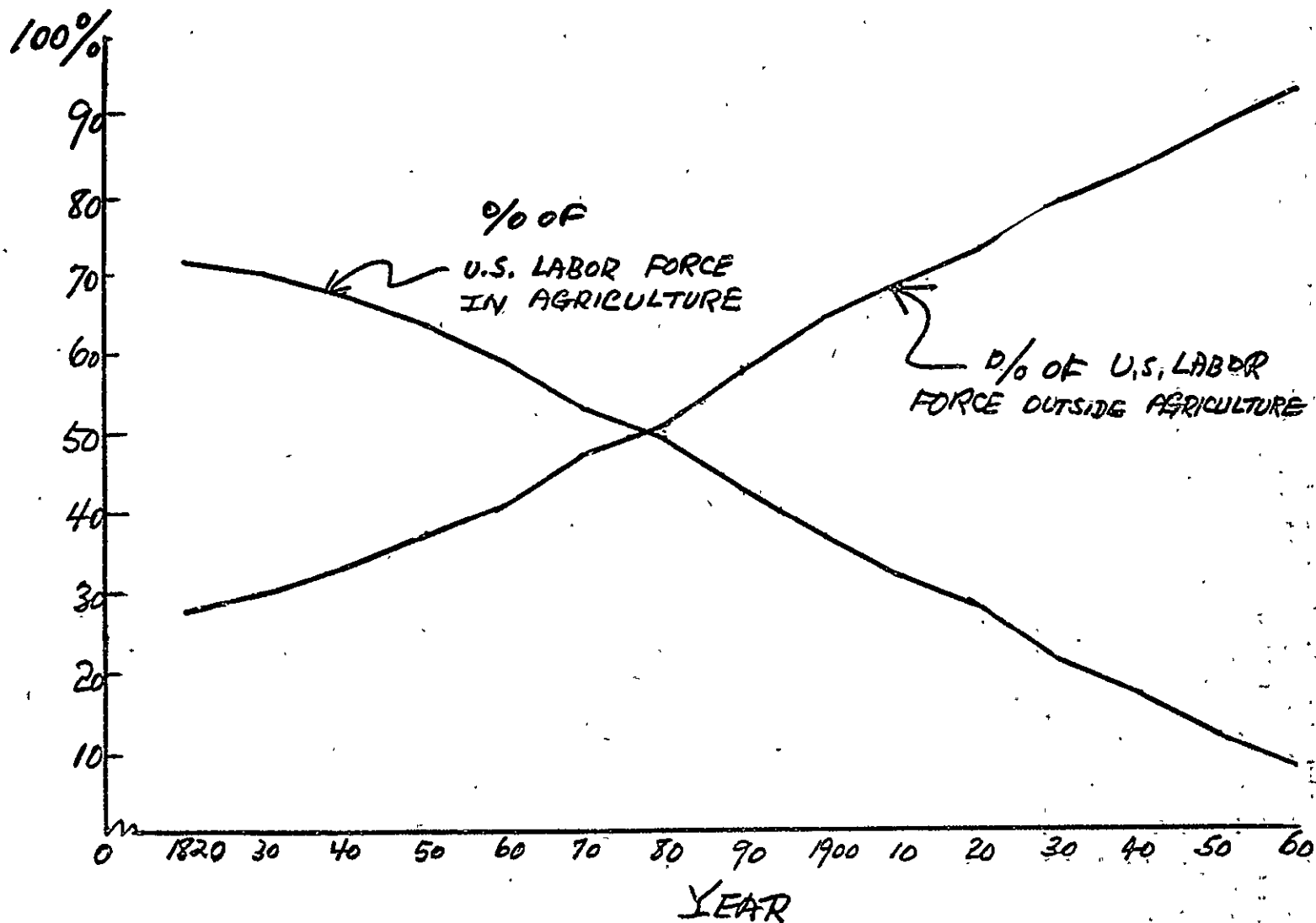
Just one or two more observations and then my over-long comments close. The first of these bears on the relation of size to efficiency of farming operations. A principal drawback in many countries to pursuance of a "family-farm" policy has been the belief that only "larger-than-family-farms" make efficient use of resources. This has led to perseverance in vestigial feudalism in many parts of the world. In others, it has promulgated collective farms of one type or another. There is much confusion on this point. The income of an individual owner depends largely, of course, upon the amount of resources he commands. This is often confused with the entirely different matter of the efficiency with which he uses those resources. A person with a million dollars invested at 2% earns a lot more money than another with a thousand

dollars invested at 10%. But that does not mean that he uses his financial resources as effectively. Similarly, the fact that large-scale farmers have large incomes has little direct bearing upon whether they use their labor, land and capital resources effectively. For reasons I shall not elaborate here, this distinction is perhaps not too important under present U.S. conditions; but it is extremely significant to an underdeveloped economy. The tables on figure 8, taken from research in India, point up the fact that even on those tiny farms, efficiency with which land resources were used was as high or higher on small as on large farms. In India, the considerable pressure to convert family farms into collectives was based on the opposite assumption - that efficiency could be achieved only on farms of very large size. I am not implying that farms of small size should be a goal of public policy - only that many casual presuppositions upon which policies are built are totally inaccurate.

Though I realize that it will be the subject of most of the subsequent discussion of this conference, I should like to include a comment on the other half of the relation of land reform issues to economic development - i.e. their effect upon social and political stability. The topic is too large to introduce now except to insert one thought. In American history, our early capital was formed largely from the sweat and toil of men, women and children on the farms, by the very process I have just sketched out. They suffered many sorrows and they frequently raised their voices in protest. In some areas, an entire generation would go through life without ever having any significant cash assets. But they had their farms and developed them. And never, so far as I know, did they seriously suggest giving over their ownership rights in favor of any other system.

The last two decades will be recorded as the epic when colonialism was superseded by self-government over vast areas of the free world. The next decade may similarly be recorded as the period when land resources were incorporated into emerging economies in ways conducive to economic development and political democracy. This will involve a great many profound changes in existing situations. The question before the world is how to bring this about through orderly, evolutionary processes - processes pointed toward the emergence of more prosperous, more democratic, more stable societies.

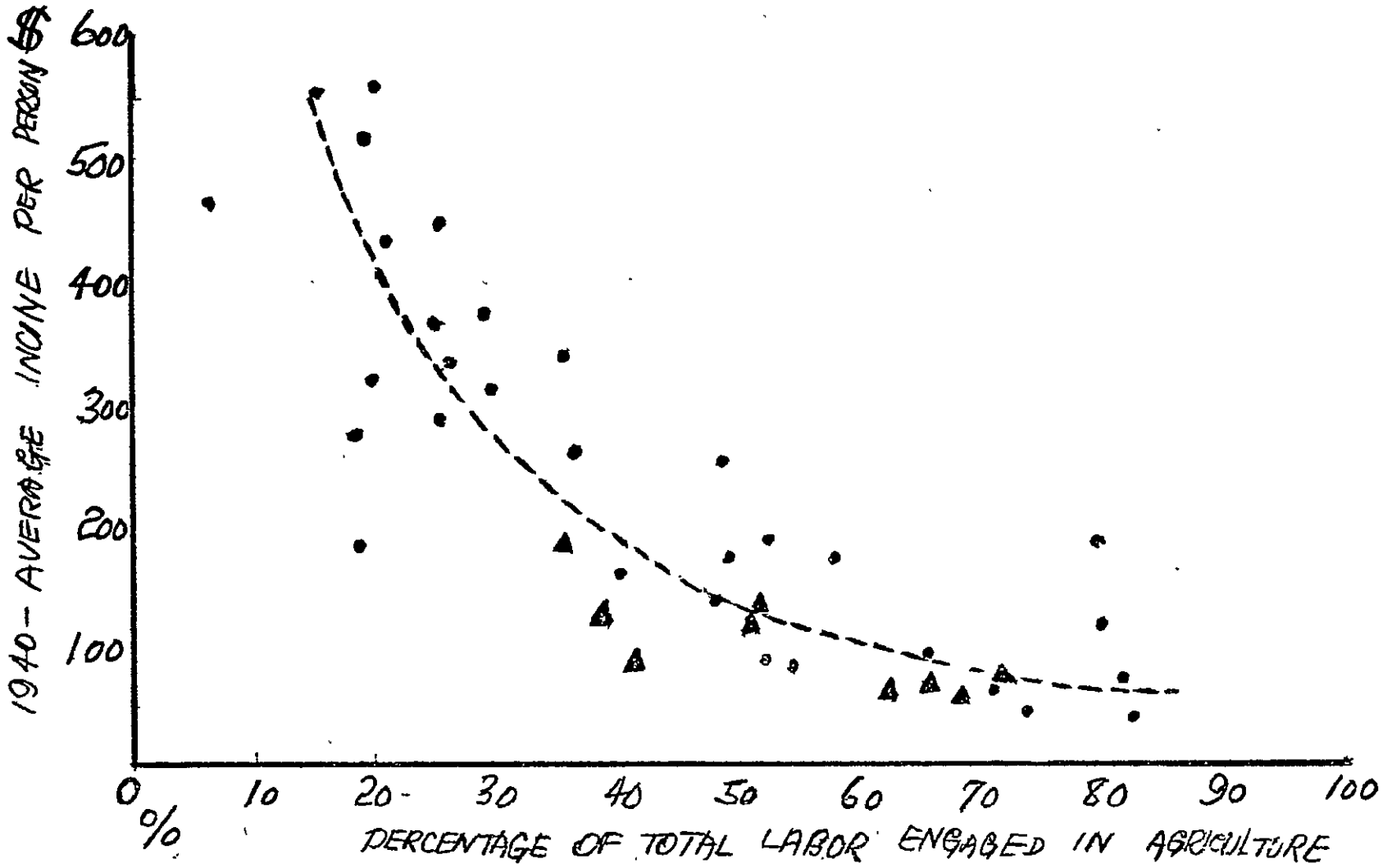
Our task is to give the proper type of assistance to those countries endeavoring to make progress in this direction. The problem is both tough and touchy. What type of assistance this calls for is the problem before this conference. One thing - so very simple and yet so very important - is certain. Inaction on our part is one form of action. Failure to turn a steering wheel when speeding toward a curve leads to exactly the same tragic consequences as turning the wheel where the road is straight. The question for us is: What does the road ahead call for?



-2-

SOURCE: CHAP. 14, RURAL LIFE IN U.S.

- ▲ LATIN AMERICAN COUNTRIES
- OTHER COUNTRIES



- SOURCE: WOYTINSKY & WOYTINSKY - WORLD POPULATION AND PRODUCTION

WORKER

CAPITAL

PRODUCTION

No CAPITAL
(BARE HANDS)



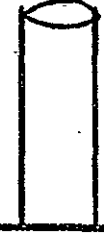
VERY LOW PRODUCTION

SMALL CAPITAL
(SIMPLE TOOLS)



Low PRODUCTION

MEDIUM CAPITAL
(SIMPLE FACTORY)



MEDIUM PRODUCTION

LARGE CAPITAL
(COMPLETE FACTORY)



Very high PRODUCTION

DIAGRAM OF NON-CUMULATIVE ECONOMIC GROWTH

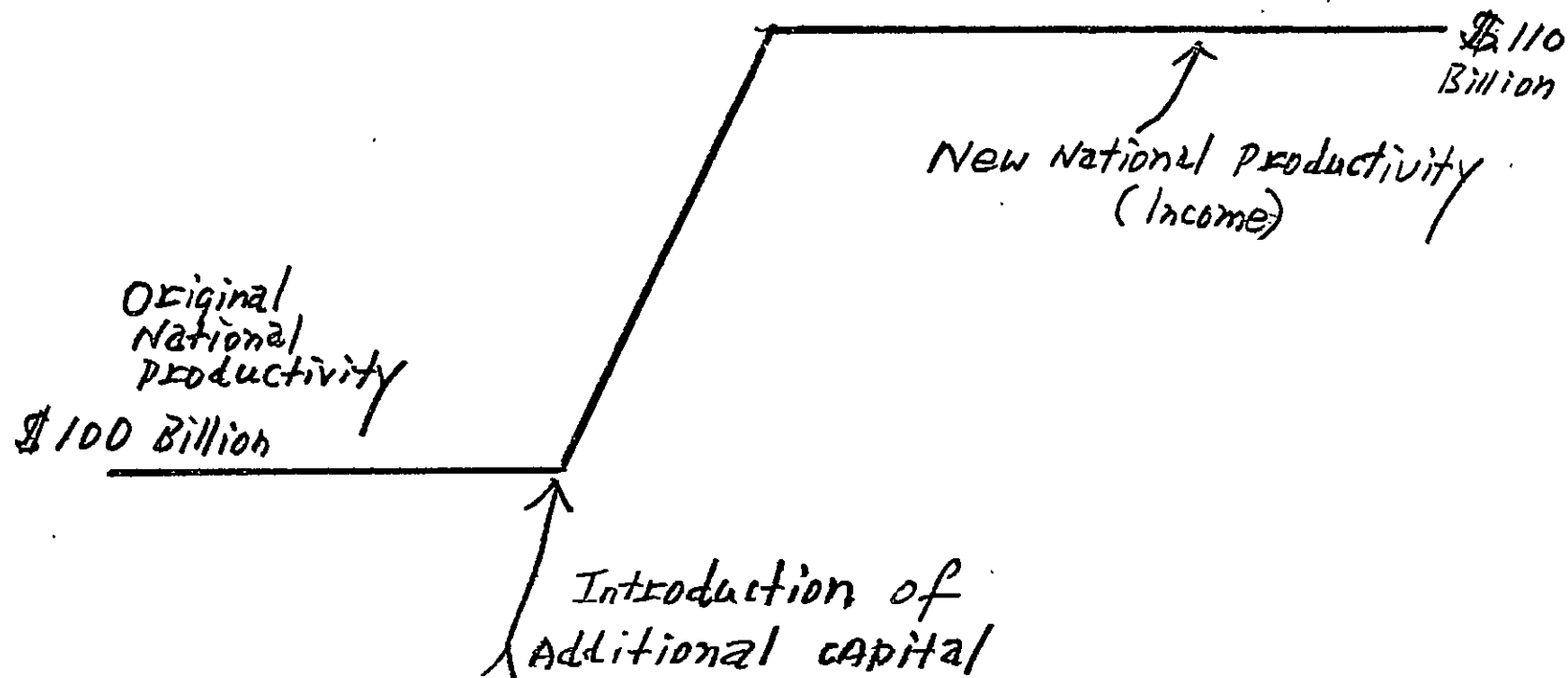
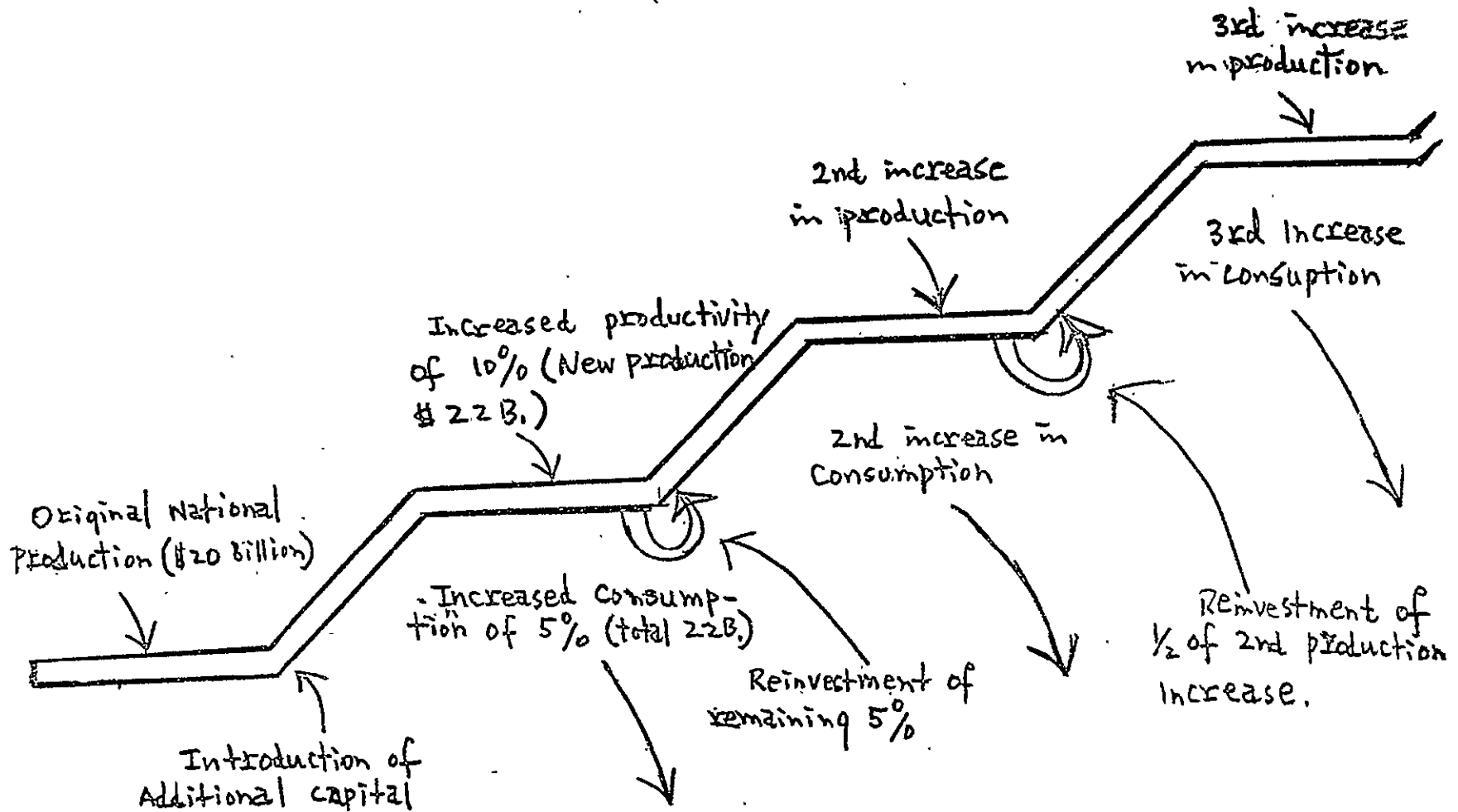
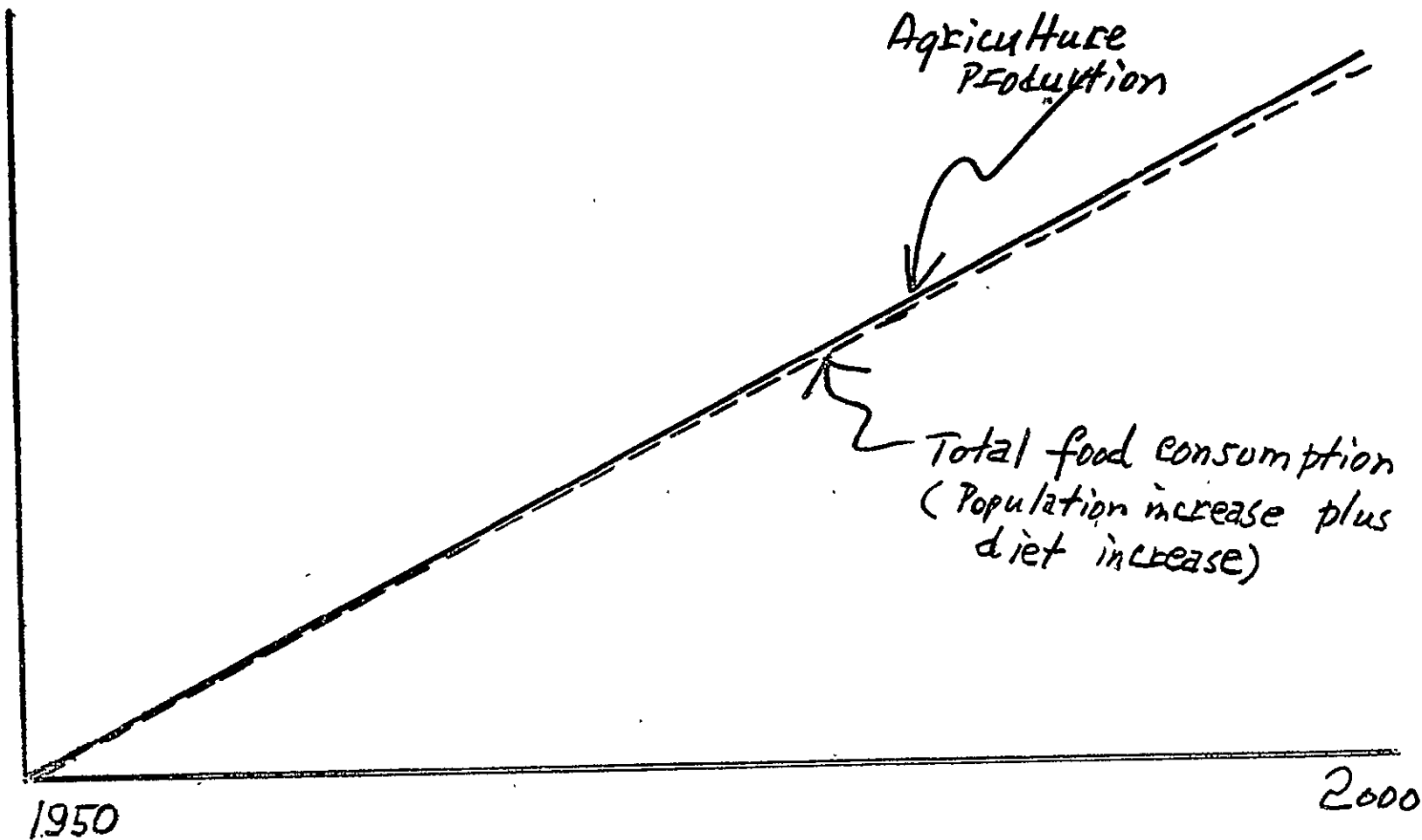
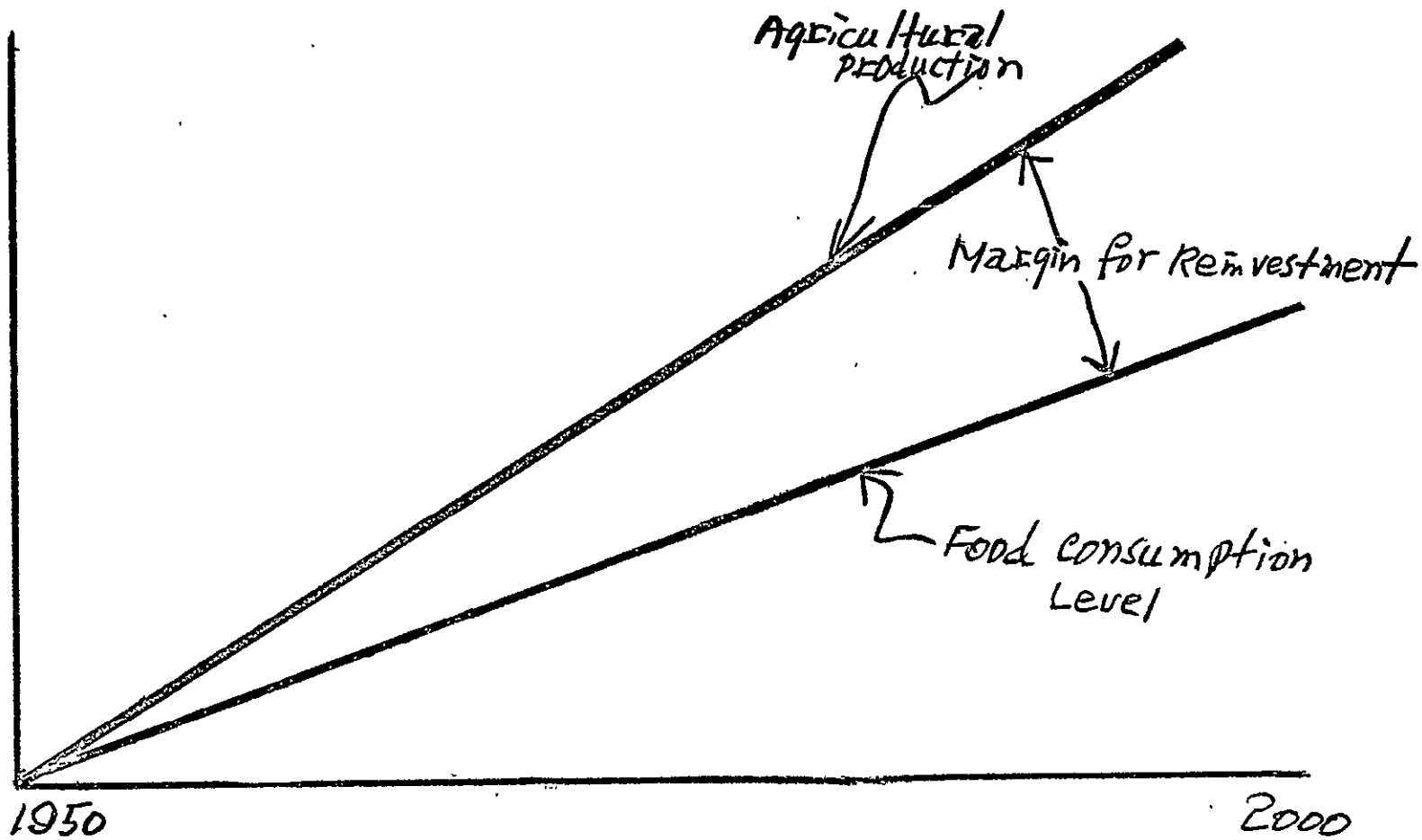


DIAGRAM OF CUMULATIVE ECONOMIC GROWTH







AVERAGE GROSS OUTPUT PER ACRE BY FARM SIZE
(UNADJUSTED FOR TYPE-OF-FARM DIFFERENCES)
- SAMPLE AREAS OF 8 INDIAN STATES -

SIZE OF FARM (ACRES)	GROSS OUTPUT PER ACRE (RUPEES)
0 - 4.9	240
5 - 9.9	213
10 - 19.9	171
20 & OVER	103

RELATIONSHIP BETWEEN RELATIVE SIZE OF FARM AND RUPEE
VALUE OF GROSS OUTPUT PER ACRE FROM SAMPLE AREAS OF 8 INDIAN
STATES (ADJUSTED FOR TYPE-OF-FARM DIFFERENCES)

SIZE OF FARM GROUP	AVERAGE (8 STATES) RS.
SMALLEST GROUP	219
2nd SMALLEST GROUP	188
2nd LARGEST GROUP	170
LARGEST GROUP	159

AVERAGE NET INCOME PER ACRE AS RELATED TO
NUMBER OF FRAGMENTS PER ACRE, 229 FARMES,
BIHAR STATE, INDIA, 1956

FARM SIZE (ACRES)	NET INCOME PER ACRE	
	BELOW MEDIAN - NO. OF FRAGMENTS PER ACRE	ABOVE MEDIAN, NO. OF FRAGMENTS PER ACRE
0 - 4.99	RS. 231	RS 241
5 - 9.99	288	219
10 ACRES ABOVE	218	218

II. Public Interest in Private Property (Land)
Raymond J. Penn 1/

"The most profound development in the last few centuries of world history unquestionably has been what Karl Polanyi calls the Great Transformation--the transition of society from a feudal to a market economy."

"Under feudalism, the common denominator of all social relations was the tenure under which men held land. The whole fabric of feudal society was tacked down at all strategic points to the land. Political power, social prestige, material wealth, and justice--all of these for any man were related to and dependent upon his land tenure status..."

"Sometimes we in the United States are apt to forget that feudalistic customs constitute a heavy barrier in many lands against the introduction of democratic principles of social organization. We forget that, in many parts of the world, agrarian feudalism lasted until late in the nineteenth century; that, in some countries, the break from feudalism has begun only since World War I; and that, in parts of many countries even to-day, a paramount social question is, 'How can we break the fetters of a feudalistic land system?'"

"The problem of eliminating the vestiges of agrarian feudalism is of course bound up with the equally difficult problem of determining upon some other land system that will allow men the freedom and equality which feudalism does not allow, but that will still give men that degree of security which will assure the needed production of food and raw materials, the conservation of natural resources, and human satisfaction in living. In all parts of the world there are literally millions upon millions of people to whom this question is the great unsolved riddle of social organization." 2/

This quotation, from a paper by the late Leonard A. Salter, Jr., published after his death, states quite clearly, I think, the issues we are really concerned about in this conference.

1/ Professor of Agricultural Economics, University of Wisconsin, Madison, Wisconsin. Presented at the Conference on Land Problems and Policies, Santiago, Chile, February 21 - 24, 1961. For many of the ideas and for invaluable aid in putting this manuscript into final form the author is indebted to Professor Bryant Kearn, Chairman, Department of Agricultural Journalism, University of Wisconsin.

2/ Salter, Leonard A., Jr., "Do We Need a New Land Policy?", Journal of Land and Public Utility Economics, Vol. 22, N° 4, pp. 310-11, November 1946..

It is hard for us from the United States to realize how many people, in how many parts of the world are trying to untie themselves from feudalism.

To a simple view, what they want is to industrialize, to expand their production and increase the domestic market; in short, to raise the standard of living of their people.

But they can only do this if all of their people are part of the economic system. They must produce to sell, and they must have the power to purchase. This requires: a shift from feudalism to some form of market economy—an economy where division of labor is possible and where there is some reasonable security of expectations.

All countries are, of course, at different stages in this development from feudalism to a market economy. The process of the shift is different from one country to another, too. However, nearly everything I have read and the very little I have seen of Latin America leads me to believe that the basic issue is how to absorb the nearly 50 per cent of the population into productive jobs in the economy.

In varying degrees, both the poor farmer of the Andean Mountains and the agricultural worker on the large irrigated farm have seen that land ownership carries with it more than the right to manage the land and the income from it. In a sense, ownership of land carries with it ownership of government—the right to tax, to enact and enforce police regulations, and the right to judge. In addition, decisions on investments in social capital—education, transportation, hospitals, power projects—appear to be the prerogative of land ownership.

So to the campesino, ownership of land is both the symbolic and the real source of a new kind of life. It gives him food to stay alive, but it also gives him the right to build his own house in which to raise his family.

It gives him, too, the right to tax himself to build a school. Is it any wonder then that land reform assumes major importance to those people who are still living under vestiges of feudalism or at least outside of the market economy?

Let me point out that the problem would be relatively easy if it were only what it appears to be—making more land resources available to the landless. It is that, yes, but it is much more. The pressure for land reform is, in actuality, pressure for a major change in the structure of the economy. I submit that what the landless of Latin America want, and what the economy of Latin America demands, is more than the breaking up of large landholdings. It is the breaking up of the bundle of rights which have so long been a prerogative of the large landholder and denied to the landless.

It is perhaps natural that we from the U.S. take a much more limited view of land reform. Our own nation was founded at a time when Europe was breaking away from feudalism, and our Constitution was established on the liberal ideas of those who knew what feudalism was and why it must be abandoned. The Constitution sets up courts, a police force and legislative authority apart from the ownership of land. Thus feudalism never really got established in the United States, and some rather violent "rent wars" in New York in the 1840s dealt the final blow to the patron system.

Property in the United States still carries with it rights to land and the products from that land. It also imposes responsibilities on others to respect those rights. But the landless or those who own only a little have ways open to protect themselves and to advance. They can go to court, and count on fair treatment, if the landowner abuses them. They can put pressure on the legislature for social security, minimum wages, safety requirements, and unemployment protection. Credit sources make land purchase more feasible, or they can acquire property rights in industry or through the union even feel that they have some security in the form of the laborer's right to a job.

So let me repeat, it is natural for us from the United States to look at land development and land reform issues in Latin America and also in other parts of the world in such a restricted way that we may miss the issue completely.

There is another reason why one needs to differentiate between the meaning of property in the U.S. and in countries that still have some feudalism. We think of U.S. firms as going into foreign countries and operating pretty much as they do in the U.S., with labor and capital sharing the same rights and responsibilities as they do in the U.S. Generally, however, this is not the case. When a company acquires property in another country it will generally follow the rules of the country. Willingly or not, it will find itself exercising the landowner's prerogatives of that country. It may furnish better than average facilities and conditions of employment for its laborers. Yet the U.S. company in a feudal country becomes a symbol of the general ownership structure of the past, and as such the target of land reform programs. To put it bluntly, U.S. industry cannot operate in a feudal country without accepting the rules of feudalism and thus sharing the villain's role for those who want to strengthen the economic and legal position of the landless and jobbers.

Up to now we have been talking about the nature of private property in land and how the concept may be different in different countries or even in different parts of the same country. Now we come to the question of using resources in the public interest.

Most of us would agree that the national interest (and simple justice) require that the use of resources be designed to bring the greatest good to the greatest number. This is what we mean by the public interest.

In the U.S. we feel we have a sort of built-in automatic regulator of public interest. In theory at least, each person does what he considers best for himself. He buys or sells land or any other product. He makes the most profit he can. Prices will fluctuate, production and demand will adjust, and competition will force each of us into his most productive employment. Hence the sum of the maximum incomes of individuals will result in maximum public welfare.

On the strength of this idea the U.S. proceeded late in the nineteenth century to give almost complete and inviolate private property rights in land. It is my feeling that this was possible only because of the large amounts of vacant land in the U.S. At any rate the U.S. encountered a number of problems in land use, and in each instance the issue developed because individual responses to the automatic pricing mechanism were different from what the public wanted. For instance, the best interest of the heavily mortgaged farmer was to cultivate as intensively as possible even though the farm would wash away and a resource be destroyed as a result. The timber owner could make the most profit for himself by clear-cutting his land. The stockbroker would profit most by selling stock to an uninformed customer for more than it was worth.

Our response to these abuses was not to abandon the price mechanism as a way of allocating resources, but to modify it by specific restrictions on what individuals could do.

In the twentieth century, with rapid increases in population, expansion of cities, greater demand for land and water, etc., the public interest in land use has come into focus more clearly than before. In the U.S. today I think we may fairly say that community land use planning (zoning, local government and services, etc.) is a public policy matter second only to international relations. Land use planning is our response to the challenge of protecting the public interest against unrestricted use of land by its owner contrary to the public interest.

The idea that private property in the U.S. was absolute and inviolate led Karl Marx into an erroneous forecast. He thought the power accompanying ownership of productive resources would become so concentrated in the hands of a few, and these few would abuse the rights of the many so outrageously, that revolt would be inevitable.

Marx missed the forecast because he saw only one part of the picture. He failed to see that an individual without private property rights may still, under a far-sighted governmental structure, have procedures available and freedom to develop new ones that will act in the larger public interest restraining private interest if and when that becomes necessary.

I would like to draw a sharp distinction between public interest and public authority or government. Governmental authorities often come to believe that their actions are the only ones invested with public interest. This is true everywhere; it is true in the U.S. all too often.

A conservation department considers its decrees synonymous with public interest, and accuses its opponents of selfishness or dishonesty or both. A highway department puts its road-building program above any other land use or use of tax money in the public interest. Fortunately there are always groups or agencies to challenge such arrogance, often even within the government itself.

In those countries with one-man control of government or with a dictatorship of a few, and with restrictions on freedom of speech and press, it is much more serious to consider government authority and public interest one and the same.

Public interest it seems to me should be the view of the public--of the people. Actions of individuals are often in the public interests; sometimes even when they conflict with governmental policies. Resolving conflicts between individuals, even on what might be thought of as private matters, may also be in the public interest. And, of course, projects which cannot be done by individuals or whose benefits are widely dispersed are the most commonly considered to be in the public interest.

What does it take to define and determine what is in the public interest? Three things, I think. People must have an opportunity to express their desires, the right to get together in groups and arrive at decisions, and some bargaining power to put the group decisions into effect.

Procedures are important. We need procedures to help in arriving at group decisions (planning or policy formation). We need procedures which give the people power in putting their plans (their wills) into operation. And, of course, we need procedures to protect minorities.

The force of public interest thus defined can be brought to bear not alone on the recalcitrant individual but also on the government agency that is failing to do a job that is needed, and may even be brought to bear on the government itself.

I submit that the most important ingredient in economic development is for people (the public) to have authority to express their interest. Land ownership was, at one time, the only channel through which this could be done. Today other procedures of a society give the public this force.

The procedures must be flexible, so that the structure can be continually changing to meet the needs of the times. When an institution or a rule is inadequate for current needs, it must be changed--either with orderly procedures or in a more violent manner. Witness the sit-down strikes in the 1930's or the Iowa judge unable to foreclose on a farm; these were violent reactions to rules too rigid for the public interest. The violence of the change is, I think, in direct proportion to the inappropriateness of the rule or institution and the rigidity with which it is held.

Public interest and procedures to give it expression in a continuing and orderly manner have not been conspicuous in Latin America. But such procedures must and will be developed. Latin America will not follow our procedures, but they may find our experience useful in their own planning.

Let me very briefly review the procedures we use in the United States to exert public interest on the use of land.

1. Police power--People, through their government, can pass such laws as are necessary for health, safety, security, and national welfare in regulating an individual's land use. We are required to stop at a stop sign, we cannot run a store in a residential area, we cannot plow up sod in some soil conservation districts in the Great Plains. This is strong authority, so it is limited. It is not to be used unless it is necessary to protect the public health, safety, morals and general welfare. It cannot be arbitrary, and it must have some relation to the desired goal. It cannot confiscate the property. In addition, it must involve due process of law for the individual. He must be notified, have an opportunity to be heard, and have access to the court if he feels damaged.

2. Taxation--People can levy taxes on land and income to support their government. These taxes must be uniform--similar pieces of land must pay the same tax. Taxes must be used for public purposes to finance the government. We in the U.S. have a rule that taxes are not to be used for regulation, though one from Wisconsin must say that with tongue in cheek. History has ample evidence that the power to tax is the power to destroy. All the more reason why it must be exercised locally, democratically, and with a broad sensitivity to the public interest.

3. Eminent domain--If the public must have a person's land it can be taken. This, too, is a power so strong that rigid limits have been placed on it. Any land taken by the government must be used for a public purpose. Highways, railroads and public utilities, schools, etc. are considered public, but in general we could not use this authority to take land from one private person and give it to another for private use, as would be done in a land distribution program. Urban redevelopment (slum clearance), however, has used this authority to take private land, change its use, and return it to private use. The owner is compensated for the land taken, but his only basis for contesting the action is the adequacy of the compensation and the validity of the public interest.

4. Spending power---Governments can have major effect on land use by the decisions made about spending. Roads, schools, power projects, airports, defense and other government purchases all can have a major effect on land. Subsidies, as well as taxes, can guide the nature of private land use. Considerable public expenditures will be needed in most of the settlement project I have seen in Latin America. Spending power is important in economic development anywhere.

These, then, are some of the basic tools by which the people express their public interest in private land in the U.S. Often without changing ownership, these tools give the government power over private property when it can demonstrate that its actions are in the public interest.

Tools such as these are, of course, the particular peculiar combination that has grown out of the U.S. history and culture. Other cultures will find other ways in which people can give their interest form and force. Successful development of ways to express the public interest may let us substitute moderate changes in the structure of the economy for violent changes in the economic system. One way or other, however, peoples will break with feudalism (as we ourselves did) and establish the authority of the public interest against the authority of centralized government or economic class.

But now what should we expect in Latin America?

The initial problem is simple to state but, as you all know, extremely complex and difficult to do anything about. Where feudalism exists we may expect change. Also we may expect intense efforts to accommodate within the market economy all those who now are outside.

Let me describe my visit to a community which illustrates the type of things that I think offer hope for the future development in Latin America. The community is Saucia in the Andean Mountains of Colombia.

I had the opportunity to visit this community for a few hours in 1960 and to become acquainted with Mr. Fals-Borda who has published a most thorough and analytical book on the community. The progress of Saucia was one of the most hopeful things I saw in my short visit to Latin America. Perhaps this was so because it seemed to embody what to me are the essential ingredients for economic development. Anyway, here is what I saw. Saucia is a rural community about 60 miles north of Bogota in the Colombian Andes. Just before we reached Saucia we came to a new bridge and a lookout with a view of a dam, a canyon and a lake. We learned afterward that this dam and bridge were an essential part of the story. The city of Bogota, like many other cities of the world, has a water shortage. The river down this canyon was thought to contribute to floods on the rich savannah below. So a dam was built. The contractor was a firm from Minnesota.

The dam is an important part of the process for several reasons. People working on the dam brought some income into the community. We visited one small farmer who had worked on the dam to get money to purchase his farm. He seemed to be a progressive farmer and his crop of potatoes looked good. Another young fellow who worked on the

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Fals-Borda, Orlando, Peasant Society in the Colombian Andes, University of Florida Press, 1955.

dam got interested in the community and decided to make a study of it. He found a questionnaire in one of Professor T. Lynn Smith's books which was modified to meet his needs and he collected detailed information of the families in the community. When the dam was finished, the construction company employed this young man in the home office at Minneapolis, Minnesota. The man, of course, was Fals-Borda and he now has his M.S. and Ph.D. with Lowry Nelson and T. Lynn Smith. He is now deputy director-general of the Ministry of Agriculture and is organizing a social science research team at the University.

We arrived first in the community at a little cooperative store which had been organized and operating for about a year. Foods and other essential items were on the shelves of a small room not over 15 feet by 15 feet. Outside was a new tractor which the cooperative rented out by the hour. They were planning on getting at least one more.

The board of directors was meeting. All were small farmers with the usual 2 to 4 grades of school. They were conducting a well managed meeting, and the records were in excellent shape. The Caja Agraria, a national lending agency, had made a loan to the co-op. The first year's business had been extremely profitable. One needed only to look in the eyes of the members of the board of directors to realize their pride in this accomplishment.

Next we went to the two room school, where we were met by the school board and some students. There was pride here too; pride in the books on the shelves, pride in the new water system and sanitary facilities, even pride in the basketball skill of the boys and girls. This community under Colombia's law could organize itself, build a school, and tax the land. The register on the wall indicated who had participated in building the school.

Next we visited one of the larger farmers, who was experimenting with potato storage so that the supply at harvest would not need to glut the market. His potato bin was simple and low cost--simply a roof to shield the sun and the long "basket" which allowed air to circulate all around. It appeared to be successful, and the co-op was making plans to increase its use.

One of the board members appeared to be an innovator on his farm. He had designed a mechanical potato grader which was now in considerable demand; he was digging a well and putting a window in his house. The neighbors were still skeptical of these innovations.

At one time in Saucia's past the land was in communal ownership. Later it was subdivided. However, large ownerships had again developed by 1950. About one-third of the land is in small owner-operated farms and two thirds is absentee owned. Three out of five of the owner-operators have farms between 1 and 5 acres in size.

The ingredients in Saucia's progress are those of any successful economic development anywhere: (1) a useful public works project; (2) willingness to borrow techniques from other parts of the nation or the world; (3) research and understanding of the nature of the community needs; (4) a credit program to support not only the purchase of land but also marketing and supply cooperatives; (5) authority for a local unit of government to organize a school district and tax itself; and (6) a feeling on the part of the people of the community that those projects and the progress was because of what they themselves had done. They had participated. This is what I call group will. It has the most force of all the ingredients of economic development. It is the result of people with freedom to organize themselves and decide what they

³Ibid., pp. 64-71

want to do-- what is their public interest.

I have placed emphasis in this paper on one community and a set of ideas that seem to represent hope for economic development. I do not want to minimize other important items.

Most of the Latin American countries need substantial public investments if they are to have rapid enough growth. Power projects, municipal water and sewage systems, transportation facilities, hospitals, and communications all need expansion in most countries.

Education and research seem to me one of the most important needs. Many more elementary schools are needed, and in many cases lack of a land tax is a major limiting factor.

It seems to me that every nation can make better use of its educated people. Egypt has a policy of guaranteeing employment for every college graduate and technically trained man. This is no assurance of full use of the technically trained men available, but surely it is a constructive step. Particularly, I should like to see any trained man who is interested and qualified be assured of the opportunity to do research that relates to economic development and land problems.

I have directed my attention in this paper primarily to land problems and policies as they relate to economic development. I could not close without reminding you again that land policies and trade policies and national fiscal policies and total economic development are all part of the same structure.

Perhaps I can be excused, as a land economist, for feeling that land policies are strategic to these other areas of vital national concern. But as a social scientist of wider interests and as a person of deep democratic convictions, I must also make it clear that land ownership is a burning issue in Latin America only because of the other powers that, in a feudalistic society, accompany the ownership of land.

The peoples of Latin America feel a passionate concern about owning land because owning land is their route to personal security, to autonomy, to freedom from arbitrary subjection to the will of others. It is, however, only one of several routes. It may, in fact, be a disappointment and a delusion if the other requisites of political and economic security are not present.

What can the U.S. do to help?

One very immediate thing. We have in this country \$9 billion worth of farm commodities. I do not have a ready and easy answer as to just how these can be employed in economic development; I only know that their availability is a challenge to our ingenuity and inventiveness which we cannot let pass. I am not talking about these commodities as "surpluses we need to get rid of". I am talking about an impressive resource, available, ready, transportable--a challenge to our ingenuity and inventiveness which we cannot let pass.

There is also a more long-range help that we can give. I have described, in brief, the combination of devices by which the U.S. tries to guarantee the public interest and citizen rights in the ownership of resources. Our experience does not offer a recipe for Latin America. But our educational institutions, our research agencies, and our government can be of immense help to the scholars and administrators of Latin America in finding their own answers to this most challenging problem.

III Major Land Tenure Problems of Latin America.

Solon Barraclough

I am very happy to have been invited to take part in your discussion today. Having been with ICA for a time in the Near East, I feel very much at home taking part in your present conference. Also, our objectives and programs in FAO are often very similar to those in ICA and it is important that we exchange experience and coordinate our efforts insofar as possible, especially concerning a subject as complicated and large as land tenure in Latin America. I wish to emphasize, however, that what I am going to say is strictly personal and in no way represents an official statement by FAO. It is based on limited experience in Latin America of only a year and one half, and that time has been spent almost entirely in Chile. It is a pity that Dr. Carroll could not have taken this place on the program as originally planned, as his long experience with Latin American land tenure problems would have been of great help to us. We are fortunate to have with us another FAO specialist, Mr. Romilio Rodriguez, who knows the tenure problems in the region very well from long experience in Costa Rica, Colombia and elsewhere. Mr. Rodriguez made many helpful suggestions to me in preparing this presentation and will be able to give us the benefit of his experience in any subsequent discussions.

The subject assigned to me is much too broad to cover with justice in one talk or even in a whole conference. There is a different set of tenure problems in every Latin American country and within regions of the individual countries. The difference between the problems in Southern Chile and Haiti, Mexico and Brazil or Cuba and Peru are staggering. As a result, most generalizations concerning Latin American land tenure problems will either be very abstract or they will be more distinguished by their exceptions than by their utility. Still, there are some common problems and institutions arising out of geographic juxtaposition, ethnic similarities and parallel historical development that may prevent this discussion from being nothing but an academic exercise.

I am going to try briefly to discuss the major Latin American land tenure problems from three distinct points of view. First I will describe the principal land tenure institutions and indicate some of their problems at the operating-unit or farm management level. Secondly, I want to put forth some ideas on what the major problems associated with land tenure seem to be in relation with the political, social and economic structure of the region. And finally I want to mention various problems connected with the principal programs now in vogue to modify the traditional land tenure patterns.

Before beginning this overambitious task, it is worth while to recall a few facts indicating the dimensions of the agricultural problem. According to studies of the FAO and the CEPAL, agricultural production creates about 24% of the gross national product in Latin America while over 50% of the population are dependent on employment in the agricultural sector for their livelihood. Furthermore, in 1959 the rate of increase in gross agricultural production amounted to only about one half the rate of increase in population. The amount of food destined for consumption within the region actually had decreased by 4% per inhabitant as compared with two years before. While these discouraging trends can not all be attributed to land tenure they do indicate that perhaps something is wrong. Seen together with the political unrest and widespread agitation for land reform, it is difficult to escape the conclusion that land tenure problems will play a leading role on the South American stage during the next few years.

a. Principal Land Tenure Institutions
and Their Origin.

The colonial land policies in all of the Americas followed a similar pattern, large grants to court favorites, to colonial adventurers and to pay off political debts. But while in much of Canada and the U.S. this original pattern of ownership was largely destroyed by a series of subsequent developments, in much of Latin America the present tenure system has been shaped by these early land divisions by imperial Spain and Portugal. The first mercedes (which were grants of land in the Spanish colonies), encomiendas (which were grants of Indian labor) and donatarias (which were the Portuguese equivalent of the above), were generally larger than are the present ownerships. Nonetheless, to a surprising extent the same families still maintain ownership of the land and their corresponding social and economic position and the same structure of labor and market organization prevails.

This economic and social structure based on the control of wealth, labor and power by a small land-owning class which prevails in much of Latin America, is often loosely called feudalism. This is not an entirely accurate label as the Latin American economy was never feudalistic in the classical manner as described by Pirenne and other students of the Middle Ages. Instead, the economic and social system was one of colonial capitalism based upon slave labor. (See "Economía de la Sociedad Colonial" by Sergio Bagu, Buenos Aires 1949). The cities of the region prospered, commerce flourished, there were large accumulations of capital (although they were in large measure exported to Europe), and the labor force was not attached to the land; these characteristics are all directly opposite to those of what is generally described as feudalism.

However, it makes little difference whether one describes the traditional society which survives in much of Latin America today as feudalism or modified slavery. The important thing is that this traditional society survives and that it will inevitably undergo radical modifications in the transformation to a modern industrial organization. One of the most important of these modifications will have to be in the whole complex of tenure relationships governing the rights to land and agricultural labor.

The principal land tenure institutions in the traditional Latin American society can be roughly classified as large holdings (haciendas and plantations), very small holdings (minifundio), communal and Indian holdings, and finally the fiscal or state lands. Each of these types presents typical land use and management problems.

This classification is not perfect. There are many exceptions and in countries like Mexico, Puerto Rico and Cuba that are in the process of rapidly abandoning traditional tenure systems it does not fit very well at all. But I think it is a useful approximation for much of the region. You will notice that the American-type commercial family farm is not even included in the list.

(1) Large Holdings-Haciendas and Plantations.

These large multifamily private holdings are the dominant tenure form. In Chile they control at least 70% of the arable land and in most of the region similar or even more pronounced concentration of ownership is observed. The labor organization is usually traditional, hierarchical and authoritarian. Salaries are close to the subsistence minimum. The owner is seldom a resident on his holding and the incentives on the part of the resident administration and labor force to adopt modern innovations are usually small. Production is primarily for the market although a considerable part of the land may be devoted to raising food for the resident labor force.

The owners and their representatives generally have in their hands nearly all of the communities' sources of power including prestige, control of local government, control of alternative job opportunities, and control of public services and law enforcement agencies.

I learned something first hand about the organization of large holdings in a traditional slave based society not in Latin America but in the south of the U.S. where I was part of the administration of a cotton plantation, which was a remnant of the traditional agricultural organization in the past civil war period. It now seems remarkably similar to what one encounters in much of Latin America. In this part of the Rural Southern U.S. I discovered that as a representative of the Land-owning class I could if I wished cause a worker to be released from jail, or to be put into jail merely by calling the local sheriff; that medical attention was dependent upon my guarantee that the worker had a steady job, and that no breach of ethics could be more serious than to employ another man's laborer or to raise salaries without agreement with all the landowners concerned. If this sort of system can still survive even in the U.S. contrary to all the currents of the times you can imagine its force in countries where it is sanctioned by tradition at all levels of government.

Generally one distinguishes between haciendas and plantations in that the former are extensively operated with limited capital and weakly organized markets while the plantations boast ample capital and strong-well-organized markets, often in Europe or the U.S. I am not sure how useful this distinction is as it is partly a difference of economic results rather than in basic organization.

At the farm management level, the large holdings are plagued by difficulties of management and factor combination. Capital and management are usually limiting factors which lead to extensive use of labor and land. Partial unemployment and idle land are almost universal. The marginal returns from additional capital and better management can often be high, but only if they can be used more effectively than the traditional organization generally permits. Moreover, the returns in commerce and other occupations are likely to be even more attractive.

The solution to this problem lies in the direction of providing incentives and guidance so that the partially employed labor and other resources are used to make capital improvements on the land and so that the managerial capacities which nearly every agricultural laborer possesses to some extent are given opportunities to develop. This is a difficult assignment, but if it can not be done within the framework of the existing large units one may be sure they will eventually be destroyed.

(2) Small Holdings.

If most of the good land in Latin America is in large haciendas and plantations, the converse that most of the farmers have very small holdings is equally true. The so called minifundio problem is widely recognized and talked about. Many people (often large owners) even advocate (perhaps not disinterestedly) concentrating all efforts in agrarian reform to abolish this type of holding.

The small holdings are characterized by very limited resources of land and capital and abundant labor and undeveloped managerial talent. The operators may be owners, but in some cases are merely squatters or some ill-defined form of tenant operating without supervision. The most common origin of minifundio, at least in Chile has been the continuous subdivision of larger estate. Most of the units are primarily subsistence farms, although the data on this are far from conclusive. In many cases holdings of only an acre or so are far from conclusive. In many cases holdings of only an acre or so are scattered among several separated individual parcels. The levels of living, wages and education are extremely low.

The relationship between size of holding and productivity is complex, and the data are contradictory. However, I think some generalizations may be made. First, in respect to economic efficiency (i.e. the ratio of gross outputs to gross inputs) there is no simple correlation with size of holding. This has been demonstrated time and again in the U.S. and elsewhere. We have a study near completion of some 4,500 farms in central Chile which show no direct relation between size of holding and economic efficiency. I am acquainted with an exhaustive study in Israel giving the same type of results.

Insofar as gross production per acre is concerned the story is different. Here the smaller holdings tend to show the highest productivity, at least until one descends to extremely small and fragmented parcels. We have data in Chile showing the gross yields per hectare on ten hectare small farms in one province to be 50% greater than on fundos of over 200 ha. with similar soil and market conditions. Even the average production per ha. of the small 1 ha. plots of inquilinos is higher than on similar land on the larger fundos. This is natural, as the large application of labor inputs to produce high value fruit and vegetable crops on the small holdings more than offsets the advantages of capital and technology on the larger units.

In an underdeveloped economy with widescale unemployment, and limited resources of good land, production per acre may be a better measure of economic efficiency from the national view point than is the ratio of output to input. This is explained by the fact that the maintenance of labor at a minimum subsistence level is a cost which must be borne whether there is additional production or not. In such a situation, the subdivision into small units might be justified to produce a more intensive use of land even though it was obtained with an extravagant use of labor. But counterbalancing this gain is likely to be an intensified conservation and erosion problem.

It is time we stopped looking at the minifundia primarily as a problem. In reality they represent one of the great opportunities in Latin American Agriculture. Here is a vast reservoir of experienced farm managers (albeit on an extremely small scale and inadequate level) which could form part of human base for future expansion. The job is a straightforward and simple one of merely giving additional resources to the present small operators. With additional resources of land, credit, technical guidance and with some aid and protection in marketing, most of these people could make tremendous gains in production even in the short run. A long-term program of building up this human capital and complementing it with the necessary land and capital could work miracles.

(3) Fiscal Lands.

Large areas of Latin America remain in undeveloped state ownership. Developing of these state lands is often presented as the cure-all for the land tenure problem. Unfortunately, critical examination often proves these hopes to be illusory. The fiscal lands are extremely important but they can not except in exceptional cases offer an adequate escape valve to make drastic reorganization of the large and small holdings unnecessary.

Generally speaking the areas left in public ownership are those which could not be profitably used for one reason or another. In Chile the good land had to be given out a second time because the first colonial division overoptimistically distributed more than the total quantity available.

There are large areas in public ownership which could now be used if modern technology is applied and roads and other services constructed. But usually the cost of this development is high and the immediate returns from tenure reform and other measures in the already settled areas will be much greater.

The big problems on the public lands are administration, proper land-and-water use planning, squatters and colonization. There is no time to deal with each in detail here. Nothing much can be done without an effective and honest administration of public lands and much can be done with such services as has been well demonstrated by our Bureau of Land Management and Forest Service. Competent long-range land use-planning is a prerequisite for any rational land policy. Colonization of the public lands suited for farming must be done so as not to repeat the undesirable feature of existing land tenure patterns. The squatters are a serious and annoying problem. However, like the other minifundia many of them represent the greatest possible opportunity for future development if they can be relocated on good lands and given the resources to build their own farms. Already they have shown initiative and managerial ability and the problem is to channel this effort in desirable directions.

(4) Community and Indian Holdings.

In many parts of the region large areas are held in undivided community holdings which can be directly traced to the original Spanish land grants. The legal status of these communities is uncertain and insofar as I know they have been little studied. I have visited a community in Chile where over 1,000 families hold their 50,000 hectares in common. Each family head traces his title back to the original grantee. The division of cultivation and grazing rights is governed by a community council and tradition. The legal status of these communities is so uncertain that they figure only partially in the census or other statistics as they do not fit into the established categories. Only in Mexico as far as I know have steps been taken to give them positive legal protection. Usually the population pressure is extremely high in these community holdings and the poverty extreme.

Indian tenure systems still prevail in important areas of Latin America, especially in parts of Peru and Mexico. It is useless to do more than mention them as an important tenure form with many distinctive problems, as the subject deserves long study and discussion. The little I have seen of this problem in northern Chile leads me to beware of hasty recommendations for modifications of tenure systems which are older than the ones the Europeans have imposed and possibly worked better insofar as providing a minimum of security, material well being and dignity to the Indian residents of the area.

b. Leading Problems Connected with the Land Tenure System.

Having examined the traditional land tenure institutions, it is now time to examine the principal problems associated with them. This I shall do at an extremely generalized and abstract level because the specific problems vary so greatly from place to place.

(1) The Ethical Problem

The problem of creating more equality of opportunity is often kept under the surface in discussions of land tenure reform but it is central. The ideal of equal opportunity is profoundly rooted in our western culture whether it be the Christian, humanistic or marxist variety. One must not dismiss the power of a deep ethical belief in defining problems and motivating human action.

The rights to land represent one dimension of opportunity. In agricultural societies these property rights are the most important opportunities of all. As long as a few who are dependent on agriculture for their livelihoods possess most of the land, the majority possess little or none, there is going to be pressure for

land redistribution. This is especially true in societies that are primarily agricultural.

(2) The Political Problem.

Political power and social and economic classes are closely allied. Insofar as the landowning classes are in the driver's seat in Latin America they are going to be the principal target of every opposition group striving to break the traditional society. It should not surprise us that the emerging middle classes, the workers' movements, the communists, and the awakening spirit of nationalism should all unite in favor of agrarian reform in order to break the power of the dominant traditional class.

As foreign technicians and economists, we are going to have little to say about the political decisions taken in the various Latin American countries concerning land reform. We do have something to offer in making whatever political decision is taken, work efficiently and effectively. We need to recognize this and stop pretending that we have the technical criteria to determine what political decisions should be taken in the land tenure field.

(3) The Income Distribution Problem.

A central problem in all of Latin America is that of income distribution. We are familiar with the extremes this maldistribution takes. Not only are personal incomes extremely low for the great mass of the people and high for a relatively few, but pitifully little income is redistributed through public services and investments such as schools, roads etc. Without some better distribution of additional income there is no guarantee of developing adequate new markets to absorb more production. The whole pattern of economic growth is in this case dependent upon the consumption and investment decisions of the small dominant group. Economic growth based upon "consumers sovereignty" takes on a very different meaning in a society where there is real countervailing power and wide distribution of income in contrast to growth in a traditional society of modified slavery where the consumers of new products constitute a rigidly closed small group.

One attractive proposal for redistributing income is to divide the land, especially when this coincides so neatly with widely-held ethical values and political objectives. Of course, as technicians we know that dividing the land may not result in much income distribution unless accompanied by markets, credit and education. But recognizing this does not diminish the problem of income distribution nor the probability that land division will often be tried to achieve it.

Whenever one mentions income distribution in connection with the land tenure problem someone is sure to object that this is all very well, but what about the resulting population increase. I have two comments on this. One is that no one has yet scientifically established a simple functional relationship between population growth and the food supply for the human species although it is well documented for fruit flies. In fact the historical evidence including that of modern Japan is often quite contrary to this thesis. Secondly, the possible population increase argument is no more reason for us to throw up our hands and do nothing than is the probability that all our work may soon be blown up by a hydrogen bomb.

(4) The Savings and Investment Problem

This can not really be separated from the income distribution problem. A highly unequal distribution of income and concentration of land ownership is often accompanied by a pattern of consumption and investment which fails to stimulate economic growth in either agriculture or industry. The well-to-do land-owning classes often tend to spend the income derived from the rent of their land on high level consumption in the cities and abroad or on investment in additional land and similar low priority activities.

A reform in the land tenure structure can not in itself correct this situation, but it does offer an opportunity to redirect the investment of much of the capital derived from the rent of land. If this rental income is divided among the former laborers much of it may go into better food, shelter etc. which in a great many cases will constitute a necessary social investment in human capital. Similarly, it is often possible to capture part of this rent in taxes or by other means for investment in school roads and development projects. Of course, there is no theoretical reason this can not be done without a change in land tenure. Practically the political power of the landowning group is usually too great.

(5) The Land Use and Production Problem.

We have already discussed this problem in relation to the leading Latin American tenure forms. There are great gains in productivity which can be made through better land-use and farm organization. Often the tenure arrangements are a major obstacle to achieving this more rational farm management. However, they are not the only one and much can be done to improve factor combination and land use even within the existing tenure structure.

The principal point I wish to emphasize is that the production problem is only one of many serious ones associated with Latin American land tenure. It is the one we usually talk about as agricultural specialists, but it is not perhaps the most important problem and it will seldom be the decisive one in determining land tenure policy.

c. Problems Associated with Land Tenure Improvement Programs.

If further evidence of the existence of a Latin American land tenure problem is needed it can be had from the proliferation of laws and programs with the alleged aim of finding a solution. Very briefly let us look at some of the most important of these.

(1) Colonization and Land Development

Colonization is undoubtedly the most popular solution advanced by the Latin American governments. The pressure for land ownership is relieved by opening new lands and selling them to colonists. Agricultural development, government financing and the need for tenure reform are solved with one blow.

As we have seen, the undeveloped public lands of the type and location required are simply not available for this kind of a solution to the land tenure problem in most places. There are other equally serious difficulties.

Financing of colonization projects is not easy and can seldom, if ever, be met by the sale of lands. This could not even be done in the U.S. where there was a

minimum of government investment in actual colonization. In Latin America the colonization projects tend to be very expensive, in my opinion unnecessarily so. Large scale colonization would be a practical impossibility in countries like Chile even if the available land were found unless some better way is discovered to finance the projects.

Another serious problem is the selection of colonists. There is a tendency to look for the ideal settlers, perhaps in Europe, who can show the local population how to farm and demonstrate the value of thrift and hard work. Another common tendency is to award parcels of land to pay off political debts or to enable agricultural graduates and retired police and army personnel to have a plot of land. A little of this may be justified, but for colonization to have any value in solving a country's land tenure problem it seems elementary that the bulk of the colonists will have to be drawn from the same country's landless agricultural workers.

The problem of what type and size of economic unit to establish on the new areas is not easy. There will always be heavy pressures to repeat, at least in modified form, the tenure structure of the settled areas. Naturally the young agricultural technicians and politicians will want to see mechanized modern units regardless of their economic feasibility. Whether the family-sized farm as we know it is the desirable unit is an unresolved problem in nearly all of Latin America.

In any event, the biggest value of colonization projects in newly developed areas is probably demonstrative and educational. In these colonies new tenure arrangements, new farming methods and better marketing arrangements can be put into practice with outside help and supervision. The more successful of these innovations can be copied in subsequent more widely-effective changes.

(2) Expropriation and Division of Private Property.

I am not going to say much about this both because of ignorance of what is going on outside of Chile in this field and because of lack of time. Obviously the problems where expropriation is going on on a large scale as in Cuba are of a very different order from where the program is of a token nature.

The problems connected with expropriation are to some extent parallel to those of colonization but more acute; and there are some additional ones, such as determining which land to expropriate.

It is difficult to see how we can expect that there will be full compensation for the landlords if there is a vigorous program of expropriation of large estates. Full compensation would necessarily nullify much of the income redistribution which presumably would be one of the aims of the program. Also, it would hardly square with the political objective of breaking the power of the landowning class. However, for small token type expropriation programs, compensation in full is possible although extremely expensive.

A most acute problem in a redistribution problem is the one of what happens to the workers already on the land. If they do not benefit from the program it has really accomplished very little. On the other hand, there will always be the temptation to bring in a new group of beneficiaries or merely to transfer the control of the farm laborers to a new administrative set up.

(3) Taxation:

Agricultural land in most of Latin America pays very light taxes and to us heavier taxation appears to be a rational and effective method to force better land use and subdivision. An effective general land tax would certainly accomplish much along this line while a truly stiff highly progressive tax could easily be a substitute for outright expropriation.

Despite these theoretical advantages, the tax programs in Latin America have not accomplished much in modifying tenure structure. The obvious reason is that the landlords do not intend to tax themselves out of existence as long as they wield controlling political power. As T. Lynn Smith once remarked to me it is much easier to have a revolution in Latin America than a really effective land tax.

Other problems connected with tax programs are those of land classification, tax administration and what happens to the money which is finally collected. Given the centralized and bureaucratic set-up of many Latin American countries, tax money is as likely to be transferred out of local community and out of agriculture as is consumption by the landlords. Unless the funds collected are used for well planned predevelopment and development projects a more effective agricultural tax system would be of dubious value indeed.

In any event, a truly effective tax program would indicate that the land tenure problem had been largely solved. Otherwise it could never have happened.

(4) Subsidies, Credit, Extension, Minimum Wage Legislation, etc.

These constitute a final group of programs partially designed to meet the pressures for land tenure reform. There is no time to discuss them in detail. The main thing to observe is that while programs of this type may be of some value under the present structure, they could probably be much more effective if tenure arrangements were also improved. For instance, credit to large owners is often used as a substitute for other capital which the owner controls but prefers to invest elsewhere. Extension programs are highly ineffective in dealing with agricultural laborers on large estates.

d. Concluding remarks.

This hasty survey shows that the land tenure problems of Latin America are diverse, complex and interrelated. There are no easy solutions. However, the pressures for change and for "agrarian reform" are building up rapidly. And we might as well recognize that agrarian reform carried the connotation to most people of dividing up the rights and benefits of the large estates in one way or another in favor of those who work the land. It is useless to pretend that it is something else at least here in Latin America.

As an American I am disturbed to find my country almost everywhere identified with supporting the groups opposed to any real modification of land tenure. Our domestic land policies and our own history seem to me to be directly opposed to taking this "preserve the status quo" position. There is no reason that the Communists should take all of the credit for supporting land reform. After all one of the most devastating criticisms to be found anywhere of the system of large semi-feudal estates is to be found not in Marx but Adam Smith's Wealth of Nations.

I can think of no better way to begin to take a more constructive position than to take seriously the five points mentioned by President Kennedy in his recent message to Congress as being essential for successful foreign aid in the underdeveloped countries. We ought to utilize every possible occasion to promote their adoption here in Latin America. These points were: more widespread education, better income distribution (and here we can almost substitute land reform in many of the Latin American countries), better and more equitable tax systems, improved public administration, and finally more and better planning for integrated economic development. If the United States supports these points in Latin America we need not be identified with the blind defenders of the status quo even though we point out some of the difficulties and complexities of land tenure problems.

IV. A Review of United States Policy on Agrarian Reform^{*}

"Agrarian Reform" means changes in institutions (laws, administrative action, customs) with the objective of improving the level of living of farm families and the productivity of agriculture.^{1/} Institutions that should be included are those that affect access to, and holding and transferring of, property rights in land; access to technology and management know-how, capital and credit, markets, non-farm employment, and community services; security in regard to health, old age, and unemployment; and participation in the privileges and responsibility of citizenship.

The center of attention is the status or position of the farm family in a changing society. This is a dynamic concept. Society is continually changing and the position of the farm family must change also if there is to be progress. In this seminar, we are interested primarily in the economic relationships of society, but we must keep these economic discussions in the broader framework of all social relationships. The legal, institutional, and economic relationships must not be fixed or frozen. They must be free to adjust to changing conditions. Probably only moderate or gradual improvements in the status of farm families can be obtained at the start, but it is important that the way be left open for continued improvement. This is especially important in countries that are now primarily agricultural but which expect future industrial growth. As their economies develop in this direction, a shift of the labor force from farm to non-farm employment can be expected. But this expectation does not lessen the importance of improving the position of farm families now.

In general, in the drive toward economic development in the postwar period, agriculture in Latin America has lagged behind other sectors of the economy in adoption of improved technology and in attracting capital. This is of great significance in economies such as those of Central America and South America, where from 50 to 90 per cent of the population depend on agriculture. Many who are leaving agriculture cannot obtain industrial employment and must accept such other employment as is available. Often, they are as underemployed as they were in agriculture. Progress in economic development will depend upon both industrialization to provide productive employment for those who leave agriculture and an increase in the productivity of those who remain in agriculture.

Because of the limited availability of technology and capital to all sectors of their economies, it is particularly important to increase the

^{*} Prepared by Harry A. Steele, Chief, Land and Water Research Branch, Farm Economics Research Division, Agricultural Research Service, USDA, assisted by Howard L. Hill, staff member of the Branch, for use in the International Cooperation Administration Seminar on Land Policies and Programs, Santiago, Chile, February 21-23, 1961.

^{1/} See resolution of Economic and Social Council of September 7, 1961.

productivity and production of agriculture in these countries. Such an increase will depend heavily upon efficient use of land and water resources with presently available technology and capital, and adoption of improved methods of production as they become available.

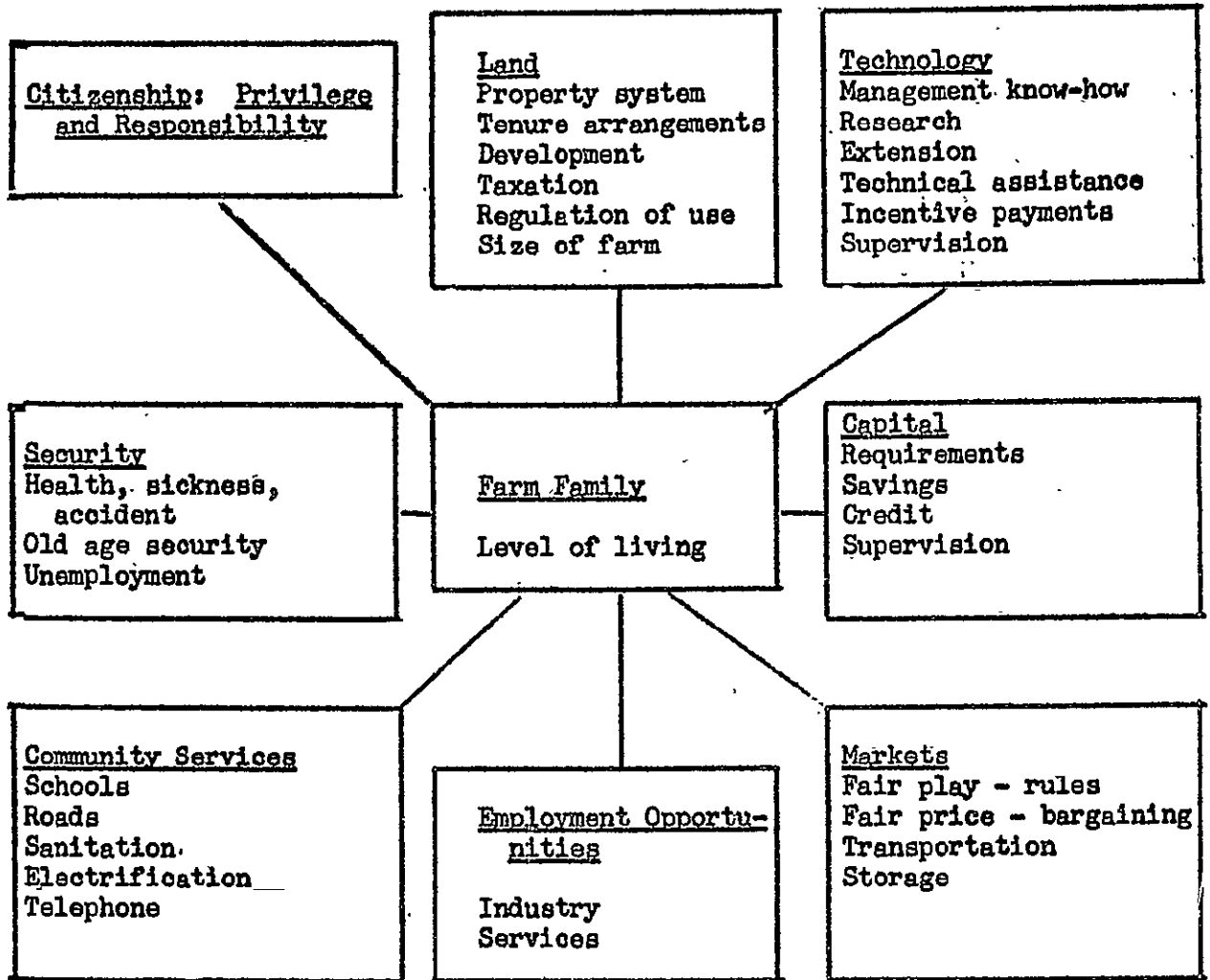
An early and necessary step in planning and undertaking agricultural development is to obtain reliable and complete information about the land and water resources available for agriculture. These data are often either lacking or difficult to obtain. For instance, analysis of the structure of land tenure is difficult when land title systems and cadastral surveys are inadequate. Development of new areas is difficult without knowledge of soil conditions, and without technical and economic production data, farm planning is virtually impossible. Institutional arrangements may also be an obstacle to agricultural development and alternative arrangements may need to be explored. These and other factors make it difficult to attract the capital needed to develop and improve land use and methods of agricultural production.

a. The Agrarian Structure

The relation of the various institutions to be improved through agrarian reform to the farm family may be visualized by a chart that places the farm family in the center of influence of a group of interrelated institutions. The blocks on this chart include some of the more important areas that would be directly affected by a comprehensive agrarian reform program. It should be noted that the scope of areas subject to change is much broader than land tenure relations. Secure possession of land, through either ownership or lease, is basic to improvement of the welfare of the farm family, but without adequate access to other resources and services, possession of land alone will do little to improve the level of living of the farm family.

A broad concept of agrarian reform assumes a dynamic and complete approach to agrarian problems. Focusing attention on one resource without doing anything about the others may not help. If we provide technical know-how and production credit to a farm family but do nothing about its land tenure status the result may be that the increased productivity is drawn off in higher rents. In such cases, the benefits do not go where we intended them to go. The continuing need for measures must be recognized also. An example is the provision of agricultural credit. Our experience has shown that commercial farmers have a recurring need for credit, and if a credit program cannot be taken over or supplemented by private sources, farmers are often unable to adequately finance further improvements from their own income. Another factor that often limits the scope of agrarian reform programs is the tendency to concentrate on non-controversial items of improvement and to reject or put off more controversial items. Because of the interrelations of institutional factors, as shown in the chart, a partial approach, unless taken as a step in a comprehensive plan, may be little better than no program at all.

The Agrarian Structure



Another difficulty in undertaking institutional adjustments is that the problems of one country differ from those of another, and institutional arrangements are partly a product of the cultural background. It is not simple to transfer and use the experiences of one country in solving the problems of another, but there are common aspects of problems and fundamental principles that apply in every country.

One further observation may be drawn from the chart. Some changes or improvements require large amounts of capital or technical knowledge; others require little if any new investment but may require skill in legal and economic fields and political action at various levels of government. Some measures can be achieved largely by external aid; others depend largely upon the use of governmental powers that do not depend upon external aid. In formulating programs of external assistance, these differences should be taken into account and external aid should be matched by appropriate internal action.

b. Agrarian Reform in the United States.

Before reviewing U.S. activities in connection with technical assistance programs, it may be helpful to review briefly experience within the United States. ^{2/}

1. Land.

The legal system governing land tenure in the United States was borrowed almost entirely from English common law, and, aside from the barring of primogeniture and entail, it has not been substantially modified. Nor were the rather far-reaching innovations regarding landlord-tenant relations that were adopted by the English in the last century adopted in the United States. Except for original patents granted by the Federal Government when land was transferred from the public domain, the acquisition and transfer of rights in land and contractual arrangements are governed by State laws. In general, the same laws cover urban and rural property. Water rights held by private interests are governed by the respective laws of the 50 States. In most humid States, the riparian system is followed; in the arid States, the appropriation system is used. Some States have a combination of the two systems. Although many suggestions for improvement have been made, these State laws have changed very little over the years.

^{2/} For greater detail, see "A Summary of the U.S. Experience with Selected Aspects of Agrarian Reform." USDA, Washington, October 1959; see also "The U.S. Reply to a Questionnaire of the Special Committee of Experts to Consider the Financial Requirements Arising From the Execution of Agrarian Reform Plans." Inter-American Economic and Social Council, OAS, Washington, D.C., April 1960.

Landownership opportunities during the settlement of the United States existed under unique and, in a sense, ideal circumstances. Large quantities of fertile land awaited settlement and development by a relatively small population. All unsettled land claimed by the 13 original States in 1781 became public domain, as did all land in subsequent acquisitions. This great quantity of land was an important asset to the young government, but it was also a vital issue on which there was much debate relating to the purpose this land should serve and who should be allowed to own it.

Leaders in government favored an early settlement of the public domain, but opinions differed as to how it should be transferred to private ownership. One group favored sale of the land to the best financial advantage of the government to provide a source of treasury funds. A second group representing the pioneers wanted easy access to the land, small ownership units, and a nation of farmers who personally worked their own land. The first plan would have restricted land settlement and encouraged the formation of a landed aristocracy, as most of the settlers had very little money and could not compete in the bidding for large tracts of land. The second plan would have promoted rapid land settlement by owner-operator families.

By 1804, a land policy had emerged which placed less emphasis on the public lands as a source of revenue and provided greater opportunity for settlement and growth. Land was to be sold for \$1.25 per acre in tracts as small as 160 acres, and squatters' preemption rights were to be observed. One section in each township was to be designated for schools. Thus the pattern of family farms was established for much of the mid-continent area of the United States.

Sale of land to speculators and Federal gifts of land to individuals for military service, as well as to companies for incentives to develop a transportation system across the country, resulted in a growing demand by settlers for free land. The Homestead Act was passed in 1862 after much of the humid Midwest had been settled. This act provided 160 acres of free land to a farmer after he had improved the land and lived on it for 5 years. In many instances, however, the limitation on size proved to be a detriment, as much of the land later settled was in dry areas where 160 acres would not support a family. The passage of the Homestead Act marked the end of the rapid expansion of the frontier. Succeeding policies encouraging owner-operatorship of farms became involved with enlarged homesteads, with making credit facilities available to farmers, and with land reclamation and development.

By 1890, practically all arable land had been appropriated by homesteaders, but the demand for additional cropland continued. The Carey Act of 1894 granted a million acres to each State containing arid lands on condition that the State provide the necessary reclamation. Each State usually contracted with construction companies to reclaim specified areas and to sell land and "water rights" as a means of recovering their investments.

The Reclamation Act and its subsequent amendments brought a new concept into being by enabling the Federal Government to build large multiple-purpose dams, provide extensive irrigation systems, facilities for low-cost hydroelectric power, and downstream flood protection. The Reclamation Act created a revolving reclamation fund to be used for construction of storage dams and the canal systems necessary for irrigation. When public land was available, settlers received free land under arrangements similar to those under the Homestead Act, but they were to repay without interest the cost of the structures built by the Government.

Fundamental objectives of the Reclamation Act were to provide opportunity for the maximum number of settlers on the land, distribute widely the Government subsidy involved with interest-free funds for irrigation, and promote family farms as a desirable type of rural life. To accomplish these goals, entry on reclaimed lands was restricted under the Homestead Act to farm units of not less than 40 nor more than 160 acres. A private owner who held land in a reclamation project prior to reclamation could not obtain water rights until he had disposed of all but 160 acres of irrigable land.

New farms made available through reclamation activities constitute a very small fraction of the total number of farms in the United States, and at no time have they become available in sufficient quantity to offset the loss in numbers resulting from farm consolidation - that is, rapidly enough to cause an increase in the total number of farms.

While our legal system was borrowed largely from England, our ideals and goals in land settlement policy have revolved around the family farm - a farm of sufficient size to provide a fairly adequate family income and utilize the management and available labor of the farmer and his family with perhaps some additional seasonal labor. Federal recognition of squatters' rights, sale of land in family-sized units to settlers, and finally, gifts of land for homestead claims promoted settlement of farms of moderate size. Public programs initiated since 1900 have been directed toward development of family-sized farm units. Irrigation and reclamation projects were developed and subdivided into family-sized units. Agricultural credit was also designed to encourage owner-operation of farms of moderate size.

Land use regulations and zoning have been given increasing attention as means of achieving a degree of social control over individual land use. Most States have granted counties or other local units of government the power to zone. Most States have granted soil conservation districts the power to enact land use regulations. Neither rural zoning nor land use regulations have been used to any great extent by local groups to direct the use of rural land and in no case to regulate the size of farms.

Land taxation is a potentially powerful device for helping to achieve the objectives of land policies. The use of the land tax for such purposes is limited by the local nature of the property tax, and by the division of powers between the Federal Government and the States and between the States and their local subdivisions. As it has no control over the property tax, the Federal Government is unable to use this means of implementing national land policy. About a third of the States have adopted homestead-exemption measures to promote ownership among farm operators by lessening the burden of real estate taxes on owner-occupants. There have been many proposals for a graduated land tax to favor owner-operated family-sized farms but so far no State has adopted this measure. Another means of giving a tax advantage to owner-operators in the early days of settlement was for local farmers to work on roads, fireguards and other local projects, thus reducing their cash costs for taxes and placing the cash cost on nonresident owners.

2. Technology.

In 1890, one farmworker in the United States produced the food and fiber for less than 6 persons, including himself. By 1959, one farmworker produced the food and fiber used by more than 24 persons. The gain in output per man in nonagricultural industry from 1950 to 1957 was 14 percent, whereas in agriculture, the gain in output per man was 39 percent, or more than 5 percent annually.

This progress in production per man can be attributed largely to a publicly supported research and educational program in agriculture carried on through the land grant colleges in cooperation with the United States Department of Agriculture.

These institutions were created in 1862, the same year as the Homestead Act. They have been the mainspring of technological progress in the United States. Since the passage of the Smith-Lever Act in 1914, results of agricultural research have been carried to farmers through a joint Federal-State program of rural education through demonstration and dissemination of information.

The extension program has been supplemented since 1934 by a program of technical assistance to landowners and operators in the application of soil and water conservation measures. Technical assistance is extended through 2,860 soil conservation districts, which include more than 95 percent of the farms in the United States. In 1959 more than 1.8 million farmers cooperated in developing and applying conservation plans.

Since 1936, in addition to research, education, and technical assistance, the Federal Government has offered to share a portion of the cost to farmers and ranchers of installing or establishing the conservation measures considered necessary in establishing safe land use and needed systems of soil and water management. On the average, about half the costs are shared by the Federal Government.

Thus, through the Federal and State governments, the public supports a program of research, education, technical assistance, and financial assistance to bring about the adoption of improved technical know-how.

Such knowledge has been spread in other ways. The supervised credit program for low-income farmers has provided for improved management. The processor-grower contracts have provided for improved management in many areas of production. These programs have often been for different purposes but usually, they have had a common result - the increase of output in relation to land and labor and an increase in the use of capital.

3. Capital.

A critical problem faced by farmers in the United States has been a shortage of capital needed to purchase land, equipment, livestock, and other resources. The chief sources of capital have been credit, savings, renting, inheritance and family assistance, contractual arrangements, and off-farm employment.

In recent years, increasing capital requirements have intensified the need to draw upon sources other than those internal to the operation of the farm for additional capital. This is chiefly because much of the technology and mechanization introduced in agriculture requires a larger scale of operation to achieve efficiency. Complicating the problem of acquiring additional land, livestock, and equipment required for efficient operation are rising land values and the trend toward substituting capital for labor and other resources.

Traditionally, we have given much attention to the "agricultural ladder" as an explanation of the process of capital accumulation in agriculture. According to this concept, a succession of steps can lead eventually to fulfillment of a popular ideal - the owner-operated family-sized farm. These steps usually include progress from a hired worker, to renting, to mortgaged ownership, and finally to debt-free ownership. Empirical studies of farmers' experiences in climbing the agricultural ladder have shown that some did not succeed, and that among those who did succeed, some probably benefited from inheritance, family assistance, and other intrafamily arrangements. These studies show also that the steps involved in tenure progress have changed in relative importance. For instance, the hired farm-laborer and the full-tenant steps have declined in relative importance. Part-ownership (part-tenancy) arrangements have gained in importance.

Credit is the main tool used by the Federal Government to aid in the establishment of efficient family-operated farms. The Farm Credit Administration and the Farmers Home Administration are responsible for the major Federal activities in extending agricultural credit directly to farmers. (In addition, these agencies also make loans to certain cooperatives.)

The Farm Credit Administration supervises programs of the Federal Land Banks and Production Credit Associations, both of which make loans directly to farmers. At present, the land banks have loans outstanding to about 375,000 farmers; the Production Credit Associations have about 256,000 borrowers. Both the land banks and the Production Credit Associations were established with Federal funds. The land banks have repaid all the Government capital and are now owned entirely by the member borrowers. Nearly all of the Production Credit Associations have repaid all Government capital and are owned entirely by the member borrowers.

The program of the Farmers Home Administration is essentially a supervised credit program. Borrowers receive the assistance of county supervisors in preparing farm management plans, in keeping farm records, in obtaining advice on farm problems, and in analyzing problems encountered and progress made during the year. A wide variety of credit programs are administered by the Farmers Home Administration, most of which are designed to assist farm families to get established in farming.

Operating loans are made to pay for equipment, livestock, feed, seed, and other production items. The loans are made at 5 percent interest for periods not exceeding 7 years. A borrower's total indebtedness for farm operating loans cannot exceed \$20,000. During fiscal 1960, operating loans totaling \$98.3 million were made to 21,000 farmers.

Farm ownership loans are made to buy land, improve land and buildings, and refinance debts. Loans may be for periods up to 40 years. The interest rate on all farm ownership loans is 5 percent. In fiscal 1960, new loans totaling nearly \$40 million were made to 2,500 borrowers. This included 1,375 direct loans for \$23.7 million and 1,127 insured loans for \$16.3 million.

Other loan programs of Farmers Home Administration include emergency credit in areas where droughts, floods, and other natural calamities result in widespread losses, farm housing loans, soil and water conservation loans, and watershed flood-protection loans to local organizations.

Credit programs of the Federal Government are intended to supplement private credit rather than to substitute for it. For instance, at the beginning of 1959, 21 percent of the value of farm real estate loans outstanding in the United States was owed to the Farmers Home Administration and the Federal Land Banks. The remainder was owed to commercial banks and other private businesses and individuals. In the case of farm operating loans, 17 percent of the value outstanding was owned to Farmers Home Administration and the Production Credit Associations.

4. Marketing.

In its efforts to improve facilities for the marketing of agricultural products, the Federal Government has relied heavily upon research and the provision of technical and financial assistance in constructing facilities.

In the United States, marketing facilities, including those for transportation and storage, are largely privately owned. State and local governments sometimes own or operate such facilities as shipping points and terminal markets. The Commodity Credit Corporation, a Federal agency, owns some of the storage facilities it uses, although the more common practice is to rent storage facilities from private owners. The Commodity Credit Corporation also makes loans to private individuals for construction of storage facilities.

Assistance in planning construction and layout of market facilities is given by the Department of Agriculture to private firms that request it. State and municipal governments may receive assistance also in selecting locations and in planning construction of installations. These include assembly plants, livestock auctions, meatpacking plants, refrigeration, wholesale food distribution centers, and others.

The Department of Agriculture has encouraged and assisted in the establishment of voluntary cooperative associations for the marketing of farm products and the purchasing of farm supplies. The assistance given includes both technical assistance and credit. Preliminary estimates are that about 9,660 farmer cooperatives are presently engaged in marketing farm products, purchasing farm supplies, and furnishing related services with a net annual volume of business of \$11.7 billion. The membership, which includes many farmers who belong to more than one cooperative, is over 7.5 million.

All levels of government exercise some authority over marketing activities. Regulations pertain to such items as health regulations, the quality, grading, and standardization of commodities, handling requirements, codes of conduct for buyers and sellers, transportation rates and schedules, liability requirements, equipment standards, and others.

5. Employment Opportunities.

Expanding employment opportunities in business and industry have long encouraged an outflow of labor from agriculture. From 1950 to 1959, for instance, total farm population decreased by nearly 4 million persons. In the period 1940-59, when nonfarm alternatives were very good, the total farm population declined by more than 9 million persons. This has meant, among other things, fewer agricultural laborers because of improved alternatives outside agriculture and more favorable opportunities to become farm operators.

Areas remain, however, in which incomes of rural people are low and these areas are so prevalent as to be of public concern. As part of the Rural Development Program, studies are being made to determine reasons for the low incomes and to serve as a basis for measures to solve the areas' income problems. In addition to measures to improve the incomes of people in agriculture, attention is being given to training for non-farm employment, to development of nonfarm employment opportunities for the underemployed rural population, and to possibilities of industrialization in these rural areas.

6. Community Services:

The limitation on acreage available to each settler and the requirement that settlers live on the land resulted in a dispersed pattern of land settlement. In the settlement period, schools, roads, and other services were the responsibility of local units of government. In many areas local government, schools, and roads were developed in anticipation of a greater population density and need than has actually occurred or been maintained. This overexpansion and the changes in techniques of local services have resulted in a period of realignment in local government services, with more of the functions being carried on at county and State levels. Development of improved roads and modern transportation has helped to reshape these services, while leaving the pattern of dispersed settlement relatively unchanged.

The organization and operation of cooperatives for supplying electric power to individual farms has been a significant development for rural areas. In 1935, when the Rural Electrification Administration was established, only 11 percent of all farms in the United States had central electric service; by 1959, this percentage had risen to 96 percent, largely because of the activities of the Rural Electrification Administration. The rural telephone program, which was authorized in 1949 by an amendment to the Rural Electrification Act, is another measure designed to provide community services in rural areas.

7. Security.

Traditionally, farm families have depended upon their equities in land, equipment, and livestock for security in times of crisis and in their old age. The wave of foreclosures in the 1930's and the farm income problems since that time have made farmers more interested in participating in social security programs. The old age and survivor's portion of the Social Security Program was extended to farmers in 1954. A continued effort has been made to find a farm program that will support farm income at a reasonable level. Crop insurance on a limited scale is available under a government program. Thus there has been considerable increase in government programs aimed at providing security for farm families.

8. Citizenship.

Many people believe that agricultural communities made up of adequate family farms, as compared with communities made up of either large-scale farms or farms too small to produce an acceptable level of family income, provide a better environment in which to nurture and develop democratic freedoms - freedom of speech, freedom of suffrage, freedom of decision, and freedom of collective action. It is felt that communities of family farms provide a good basis for participating in the responsibilities and privileges of citizenship. Our society has placed considerable value on this aspect of our agrarian structure in the past, and it will continue to have major influence on our policy toward the family farm.

9. Evaluation.

The preceding material is not intended to suggest that everything that needs to be done to improve domestic rural institutions has been done, or that important farm income and welfare problems do not presently exist. An examination of all the measures undertaken by the Federal Government to change rural institutions would reveal, in addition to successful programs, others that were conflicting, some that were inadequate, and some that failed.

How well has the policy supporting family farms worked? An estimate made by the National Planning Association indicates the following distribution in 1954: ^{3/}

<u>Commercial farms</u>	<u>Percent</u>
Large-scale farms	3
Adequate family farms	41
Low-income family farms	26
 <u>Noncommercial farms</u>	
Part-time farms	12
Rural residential farms	18

According to this estimate, about two-fifths of all farms, or four-sevenths of all commercial farms are adequate family farms. Only 3 percent of all farms are large-scale, but in 1954, these large-scale farms controlled more than a fifth of the farmland and produced almost a third of

^{3/} Family Farming, Planning Pamphlet No. 99. National Planning Association, Washington, D.C.

all farm products sold. The National Planning Association report suggests that "This trend (to large-scale farms) may not yet have gone too far, but probably it has gone far enough." 4/

Data for comparisons are not yet available but preliminary indications from the 1959 census are that the trend to large-scale farms was accelerated in the 1954-59 period. A renewed interest in policies and programs to support and strengthen the family farm may be expected as indicated in President Kennedy's statement on Agricultural Policy, October 1960, in which he said "The family farm should remain the backbone of American agriculture. We must take positive action to promote and strengthen this form of farm enterprise. This, I believe with all my heart, we should do." To strengthen the position of the family farm, the President recommended improved credit facilities, support of co-operatives, reorientation of research and educational efforts, and stepped-up soil, water, and wildlife conservation.

4/ Family Farming, page 41.

c. Review of U.S. Statements and Activities on Agrarian Reform in Other Countries.

1. United Nations

The United States has consistently supported a broad concept of "land" or "agrarian" reform, as defined in the basic Economic and Social Council (ECOSOC) resolution of September 7, 1951, which the U.S. introduced. This resolution recognizes the relation of land reform to economic development but points out that because of the great diversity of conditions in underdeveloped countries, no one special measure can be expected to meet all situations. It supports the aspirations and needs of rural people for more widespread ownership of land by those who work the land, for improved conditions of tenure for tenant farmers, and for the whole range of measures such as liberal agricultural credit, rural health, education, and extension services, which are necessary to promote the productivity and the welfare of the farm population.

The resolution urges the specialized agencies of the U.N. to emphasize the furnishing of assistance to Governments wishing to adopt domestic measures that would contribute to land reforms, particularly:

- (a) The development of legislation relating to land tenure, settlement of titles, conditions of tenancy, problems of the size and organization of land holdings, settlement of publicly owned land, and financing of the redistribution of land;
- (b) The development and extension of agricultural credit;
- (c) The development and extension of cooperative organizations for essential agricultural services, such as financing, marketing, and processing of agricultural products, and purchase of farm implements and supplies;
- (d) The promotion of agricultural extension services;
- (e) The establishment of rural industries;
- (f) The development of programs for improvement of agricultural labor standards and security of employment;
- (g) The expansion of programs for training of teachers and educational leaders in techniques of mass education, especially in rural areas.

2. Comment of U.S. Officials.

During the last 10 years, U.S. officials have made clear in public forums the importance the U.S. attaches to constructive land-reform programs and the desire of the U.S. to help countries effect such programs. Excerpts from statements by U.S. officials on this subject follow 5/:

Dean Acheson, then Secretary of State, to the U.N. General Assembly, 1950: "As an example of the kind of need to which we must put our efforts, I would like to speak of the problem of the use and ownership of land, a source of misery and suffering to millions. In many parts of the world, especially in Asia, nations have been seeking to achieve a better distribution of land ownership. Leaders in India and Pakistan, for example, are keenly aware of this problem and are taking steps to deal with it effectively. In Japan, as the result of land reform programs, three million farmers - well over half of all farmers in Japan - have acquired as many tenants as owners of land, a redistribution of farmlands had, by the time of the invasion, changed this ratio so that those who owned land outnumbered those who had their land in tenancy."

President Truman, in a speech at San Francisco, 1950: "We know that the peoples have problems of social injustice to solve. They want their farmers to own their lands and enjoy the fruits of their toil. That is one of our great national principles. We believe in the family-sized farm. That is the basis of our agriculture and has strongly influenced our form of government."

Isador Lubin, U.S. Representative to ECOSOC, 1951: "Land reform is important not only because of its potential effect on incentives to production. It has a far larger significance. It can mean the difference between explosive tensions and stability, between apathy and hope, between serfdom and citizenship. A nation of farm owners and of tenants who have the opportunity to become farm owners has the basic elements of a stable society. The farmer who owns his land, who retains an equitable share of his production, who is able to combine in voluntary association with his neighbors to improve their common lot, knows the meaning of human dignity. He has a stake in his community. A nation of insecure tenants and rootless laborers, who see little hope to better their lot, is an unstable society, subject to sporadic violence and easily persuaded to follow false leaders."

"Land reform is a multitude of things. Basically, however, land reform comprises improvement in all the social and economic institutions surrounding farm life. It embraces the redistribution or consolidation of holdings into plots of efficient size, the reduction of exorbitant rental charges, security of tenure for the tenant, the improvement of working conditions for farm laborers. It embraces the

5/ These excerpts have been compiled by Mrs. Ruth Gold of the Department of State.

settlement of title to water and land. It embraces reform of the tax system, measures to assure agricultural credit on reasonable terms, and the establishment of cooperative societies for common purchase, marketing and credit. In short, land reform means a positive program for more effective use of the land for the benefit of the agricultural population."

James P. Nash, Alternate U.S. Representative, to General Assembly, 1954: "The interest of the United Nations in land reform stems from its concern with the whole problem of economic development of the lesser developed countries. With three-fourths of the world's population depending on agriculture for its livelihood, the hopes of many people for a better life are obviously tied directly to the land. And with the world's land area constant, and its population increasing rapidly, we should spare no efforts to increase incentives for those on the land and thus increase production."

"Many people tend to think of land reform primarily as a problem of the redistribution of land -- as the breaking up of large land holdings into small areas. While this may be part of a land reform program in some countries, it is at most only one part -- and certainly not the most important one at that. In fact, crop and land conditions in many areas may require large-scale agricultural enterprises as the most efficient method of operation. Where distribution of land is a sound policy, the owner should receive a fair and reasonable compensation for his property and a settlement that is satisfactory. Confiscation cannot be the basis of a sound land reform program."

John C. Baker, U.S. Representative to ECOSOC, 1957: "While opportunity to own the land which the farmer works is a key aspect of the concept of land reform, there are other equally important aspects, such as efficient size of farm units; security of tenure on the land; clear titles to land and water; adequate credit at reasonable rates, better marketing methods and equitable laws and taxes relating to land and its produce. Land reform may include active encouragement of agricultural research and education and the establishment of agricultural extension services. It may include the encouragement of voluntary cooperatives to assist farmers in the purchase of their supplies, in the marketing of their crops, and in the financing of their operations."

"It is because economic and social development in many of the less developed countries is so dependent on what happens on their farms that the U.S. has welcomed the work of the U.N. and the Specialized Agencies in the field of land reform. This is why the U.S. has supported, and continues to support, the resolutions on this question already adopted by the U.N. and the FAO."

"The United States stands ready to do more than support and give encouragement to the effort of international organizations in this field. In recent years, the U. S. has provided directly to other countries technical aid in connection with general problems of economic and social organization involving land tenure. We have provided both technical and financial assistance to drain, irrigate, and otherwise reclaim lands not under cultivation and to improve lands generally. We have made available specialists in land tenure, rural credit, agricultural cooperatives, land settlement, and agricultural extension services. We have furnished assistance for projects designed to provide employment for excessive farm populations.

"We will continue to do whatever we appropriately can to encourage and assist programs which show promise of bringing lasting benefits to farm people . . ."

President Eisenhower, letter to Chilean Students, April 1960:

"On the subject of agrarian reform you recognize that the U. S. has given evidence over a period of years of its interest in and sympathy for agrarian reform movements. In Latin America, my government has demonstrated its interest in promoting rural welfare through a variety of assistance programs, including technical assistance, Export-Import Bank loans, and such farm development and land settlement programs as that in Guatemala. You mention several countries, in which agrarian reform movements were carried out with support from the U. S. and then, mentioning Cuba, inquire why our policy is different."

"The U. S. is not opposed to land reform in Cuba any more than it is in any other part of the world. In our notes of June 11 and October 12, 1959, to the Cuban Government on this matter, the Government of the U. S. expressed its full support of soundly conceived programs for rural betterment, including land reform. The U. S. Government at the same time expressed its firm belief that their attainment is not furthered by the failure of the Government of Cuba to recognize the legal rights of U. S. citizens who have made investments in Cuba in reliance upon the adherence of the Government of Cuba to principles of equity and justice. No property owner can feel secure or engage in productive labor on his own land, unless laws are observed."

Secretary Herter, to the Council of the Organization of American States, April 1960: "If we support the premise that the dignity of the individual in a free society is strengthened when he acquires his own home, so must we also recognize the importance of land ownership to the man who works the land. While there is much arable land not in economic use -- properties owned both publicly and privately that are difficult of access or not put to full use -- small farmers by the hundreds of thousands must make their living from tiny plots that yearly become more depleted from too intensive development. Land distribution is a problem of the hemisphere, demanding the attention of all nations and the Organization of American States as a whole. The establishment of adequate facilities to con-

fer title to new owners, and the adoption of appropriate fiscal policies to promote more effective use and facilitate transfer of poorly utilized land are measures demanding urgent attention."

3. Bilateral Programs

Assistance has been given by the International Cooperation Administration to 15 Latin American Governments that requested aid in developing or improving agricultural institutions to effect agrarian reform in a democratic manner. The objective has been to assist the government to achieve the desired goals through evolutionary improvements in agrarian institutions - landownership, tenancy, rents, taxation, land use, credit, and others - rather than through abrupt transfer of ownership. The total U. S. cost of this assistance in Latin America cumulative through FY 1959 was approximately \$18,125,000.

Assistance by the International Cooperation Administration to Latin American countries has included both technical and related financial aid. Efforts have been directed toward improving the condition of the farmer on the land by providing:

- a. Greater opportunity of landownership
- b. Greater security of tenure
- c. Incentives to increase production and conserve resources
- d. Equitable sharing in the products of the land

Activities relating to a country's land-development program that require technical competence are: cadastral surveys; determining order of implementation of component activities in the total program; developing detailed plans of operation; training of personnel; classification of land according to productivity for determining economic size of units; making proper provision for housing, roads, health facilities, schools, markets, stores, and so on; establishing procedures and conditions for land purchase and sales, rental contracts, settlements, and taxation; establishing agrarian courts; providing for transfers of ownership; sources of credit for farm owners and tenants; drafting needed legislation; and working out details of financing the total program.

In addition to providing technicians to assist countries that requested help in agrarian reform, the International Cooperation Administration has provided specialized training in land management and related subjects in the United States and elsewhere for a large number of participants from countries that are desirous of accomplishing agrarian reform.

In addition to financial and technical aid provided by ICA, U. S. lending institutions, the Export-Import Bank (Eximbank) and the Development Loan Fund (DLF), have provided aid to land reform. Illustrative of their aid are two recent loans, one to Peru and one to Colombia. The Eximbank and the DLF allocated \$ 70 million to Colombia in support of roadbuilding, rural settlement, and agricultural development, as well as municipal waterworks and urban home financing. The credits from the two agencies will assist the Government of Colombia to import agricultural machinery and equipment; to build and improve penetration roads and secondary roads; to settle 50,000 families in five new settlement areas; as well as to provide municipal water and sewerage works and help private savings and loan associations in the financing of low and medium cost housing in urban areas.

The Eximbank and the DLF are providing \$ 53 million in credits to Peru for a similar program of social development with emphasis on the opening up of virgin lands for settlement, better use of land now under cultivation, and housing for urban working families.

4. International Institutions

In addition to U.S. lending institutions, several international organizations have strong support from the U.S. Some of the more prominent organizations are discussed below:

FAO

Improvement of land tenure conditions has been a major function of FAO since its organization. The U.N. in 1950 and 1951, and in several resolutions since has recommended that FAO undertake land reform activities. Technical assistance is being given to several Latin American countries. Other FAO activities include the establishment of the regional Latin American centers in Mexico and Chile for agrarian studies. FAO has also sponsored several training seminars and participated in cooperative studies.

OAS

The OAS has conducted a technical assistance program which is related to agrarian reform. There is a developing interest in this problem as evidenced by a number of proposals and the increased amount of resources that are being directed toward agrarian reform activities.

The International Bank for Reconstruction and Development has made loans (6/1960) of over \$ 64 million to increase agricultural production in eight Latin American countries. These loans were extended for farm mechanization (\$ 26 million), irrigation (\$ 21 million), reclamation (\$ 5 million), livestock

improvement (\$ 10 million), and crop storage (\$ 2 million). Increased agricultural production has been the principal objective of many of the transportation projects financed by the Bank in Latin America. Loans for roads and railroads amounting to \$ 264 million have been made to 12 Latin American countries.

Bank missions, working with representatives of the FAO, have made agricultural surveys of Peru, Chile, and Uruguay. In Colombia, the Bank prepared a report on the long-term needs of agriculture and has assisted in putting the report's recommendations into effect.

The United Nations Special Fund has appropriated \$ 4.8 million (6/1960) to be used in Latin America for projects and surveys dealing with better use of water and agricultural resources. Surveys undertaken by the Fund include precolonization studies to determine whether an area is suitable for the resettlement of rural populations, water-basin surveys to determine the feasibility of the introduction of large-scale irrigation, and soils capacity and land-use classification studies. Other surveys are being made to assess ground water potential, to assist in the analysis of forest resources, and to study inventory methods for tropical forests.

The Fund has also contributed to the training of personnel in such fields as agronomy, soil analysis and hydrology; and to the settlement of stations to collect hydrological and meteorological data.

5. The Inter-American Development Bank

The recently established Inter-American Development Bank began operations late in 1960. The authorized capital stock of the Bank, together with the initial resources of the Fund for Special Operations, will total one billion U. S. dollars. The primary purpose of the Bank is to accelerate the economic development of Latin America, by promoting public and private investment and by providing capital for development purposes. The Bank will cooperate with the member countries to orient their development policies toward a better utilization of their resources, in a manner consistent with the objectives of making their economies more complementary and of fostering the orderly growth of their foreign trade. The Bank will also provide technical assistance for the preparation, financing, and implementation of development plans and projects, including the study of priorities and the formulation of specific project proposals. Although it is not yet clear on what type of activities the Bank will concentrate, undoubtedly many of its undertakings will be of direct or indirect benefit to agriculture.

6. Social Development Program

In August 1960, the Congress authorized \$ 500 million as a

first step in a broad new social development program for Latin America dedicated to supporting the self-help efforts of the Governments and peoples of Latin America. The program will attack social problems through improvement in the conditions of rural life, better use of agricultural land, better housing and community facilities, and the modernization and improvement of education. At Newport, the President stated the goals of the program as follows: "I have in mind the opening of new areas of arable land for settlement and productive use. I have in mind better land utilization, within a system which provides opportunities for free, self-reliant men to own land, without violating the rights of others..."

On September 12, 1960, 19 nations signed the Act of Bogotá which provided the framework for a joint approach to these social and economic problems. It was approved by the Council of the Organization of American States on October 11, 1960.

The Act suggests a review and appropriate programs for improvement of the legal and institutional systems in various American countries as related to rural living and land use, housing and community facilities, educational systems and training facilities, public health, and mobilization of domestic resources. It provides for administration of the special Inter-American fund for social development, primarily through the Inter-American Development Bank.

Section I A relates to measures for the improvement of conditions of rural living and land use.

- a. The examination of existing legal and institutional systems with respect to:
 1. Land tenure legislation and facilities with a view to ensuring a wider and more equitable distribution of the ownership of land, in a manner consistent with the objectives of employment, productivity and economic growth;
 2. Agricultural credit institutions with a view to providing adequate financing to individual farmers or groups of farmers;
 3. Tax systems and procedures and fiscal policies with a view to assuring equity of taxation and encouraging improved use of land, especially of privately-owned land which is idle.

- b. The initiation or acceleration of appropriate programs to modernize and improve the existing legal and institutional framework to ensure better conditions of land tenure, extend more adequate credit facilities and provide increased incentives in the land tax structure.
- c. The acceleration of the preparation of projects and programs for:
 1. Land reclamation and land settlement, with a view to promoting more widespread ownership and efficient use of land, particularly of unutilized or underutilized land;
 2. The increase of the productivity of land already in use; and
 3. The construction of farm-to-market and access roads.
- d. The adoption or acceleration of other government service programs designed particularly to assist the small farmer, such as new or improved marketing organizations; extension services; research and basic surveys; and demonstration, education, and training facilities.

Proposals are now before Congress for funds with which to implement the social development fund and the U. S. part of the Act of Bogotá. This has been strongly supported by President Kennedy in his State-of-Union address. "That the Congress appropriate in full the \$ 500 million fund pledged by the Act of Bogotá, to be used not as an instrument of the cold war, but as a first step in the sound development of the Americas." Many details remain to be worked out that will shape the direction of this program and determine its success in meeting the problem of agrarian reform.

7. Summary

This review of U. S. domestic and international activities related to agrarian reform indicates a consistent support of the broad concept outlined in our chart of the agrarian structure. While we have fallen short in some programs and have not reached the desired objectives in many instances, there seems no question but that we have supported the concept of family-owned-and-operated farm in principle and in most of our actions. I believe that we will continue this policy, and that we should examine various proposed programs, both domestic and international, as to whether they contribute to the well-being of both the agricultural segment

and the whole economy. The ideal of owner-operated farms is strongly supported in the U. S., and this is reflected in our attitudes and our suggestions for improving the welfare of rural people in other countries. But we need to consider also that circumstances in other countries may vary greatly from those in the U. S. and that alternative tenure arrangements need to be examined when we are attempting to develop programs for other countries. The basic test of the acceptability of various tenure and other arrangements should depend upon whether the status of farm families is improved. The chart that has been included is a guide to elements of the agrarian structure. Each of these elements should be evaluated in terms of the effects of changes on the welfare of farm families.

D. COUNTRY BACKGROUND REPORTS

ON

LAND USE AND TENURE PROBLEMS

I.

ARGENTINA

Argentina has two classes of agricultural land. The first is the flat, level, fertile, centrally located Pampa, which has a temperate climate and adequate, well distributed rainfall. More than 90 percent of its 60 million hectares are under cultivation or in crop-grassland rotations. This area accounts for 80 percent of the republic's agricultural production. A few other areas, such as isolated irrigated valleys and hillside orchards and vineyards, are also intensively cultivated.

The second type consists of great, relatively thinly populated and sparsely exploited regions of varying suitability for agriculture. These are the sub-tropical North, the semi-arid West, and Patagonia. Their common denominator is distance from market and lack of transportation. Their utilization on a more intensive scale must await the development of a transportation system, expansion of social services and of population pressure.

Argentina is blessed with excellent, respected and well established land tenure, land title and cadastre systems.

Argentina has historically taken the position that land allocation and distribution should come about by natural evolution. This is basically the position of the present government. The agrarian reform bill submitted to the Congress by President Frondizi in 1958 remains in committee. This actually differs very little from Decree-Law 2964 of 1958 promulgated by the provisional government. Both the provisional government's decree-law and the pending bill have provisions for expropriation of land and for reimbursement to the owners through legal procedures.

Rental contracts and lease agreements are presently frozen under Law N° 14,451 of July 31, 1958. This law provides for the continuation of rental contracts but when the property consists of four or more farming units, all farmed by tenants, and when tenants have made offers to buy and the offers are rejected, the Executive Authority may expropriate the land for sale to the tenants at a price fixed by special tribunals. Offers by tenants for this purpose had to be made on or before April 13, 1960.

Actually, because of inflation and the devaluation of the peso, the curious situation exists that tenants would apparently rather continue to pay the low rentals that were in effect in mid-1958 than to own the land, and the owners who have tenants from whom they receive very little rent under 1961 price levels would like to sell the land to them.

It has been unofficially reported that 30,000 tenants were eligible to acquire the land they were farming when Law N° 14,451 went into effect. Of these some 12,000 filed intention to elect for ownership, but less than 6,000 actually followed through by the expiration date. The remainder continue to pay rent at the mid-1958 level. In many cases this is said to be as low as 20 pesos (24 cents U.S. at the present rate of exchange) per hectare per year.

In general the "natural evolution" system is working out very well. A case, however, can be made for the need for stepping up land redistribution. The 1952 census figures show (results of the 1960 census are not yet available) that half of the nation's agricultural land is in farms of 2,500 hectares and over; that only 35 percent of the farmland is operated by the owner; that corporations own 4.2 million hectares or about 1/18th of the farmland; and that in the Province of Buenos Aires 1,200 families own 22 percent of the land.

On the other hand, the same figures show that in 1947, 173,516 farms totaling 62,475,000 hectares were operated by the owner compared with 224,803 farms totaling 75,708,000 hectares in 1952. This increase in number of owner-operated farms is especially significant because it came during a period when the government was actively encouraging farm people to move to the cities to build up the industrial labor force.

Shortly after the turn of the century the holdings in the Pampa averaged a little over 1,000 hectares; today the average holding is 220 hectares.

Inheritance laws require that estates be divided up among the heirs (which may yet lead to a fragmentation problem in the Pampa as in parts of Europe). Most tax laws of the provinces provide for a progressively graduated tax that falls more heavily on large properties than on small ones. Some provinces have real estate property laws which add a surcharge for absentee ownership and for land owned by corporations.

In general the Argentines seem to feel that as long as a privately or corporation-owned property is efficiently and productively operated for the benefit of the national prosperity, it should not be subject to expropriation or the threat of appropriation; that in the hinterland only large holdings can be efficiently operated and that to open them up for mass settlement before the advent of transportation and social services would only condemn the new owners to a life of subsistence farming; and that since some 25 percent of the nation's area is government owned, land redistribution programs should start with government lands.

GOA appears to consider that the existing legislation and cadastral system, in addition to its plans to double the highway mileage within the next 10 years, provides an excellent climate for land redistribution through an orderly and natural transition.

Table V

Number and Areas of Farms by Legal Tenure of Operators

	<u>1947 and 1952 Census</u>			
	<u>1947</u>	<u>Area - Thous.</u>	<u>1952</u>	<u>Area - Thous.</u>
	<u>N°</u>	<u>of Has.</u>	<u>N°</u>	<u>of Has.</u>
Operated by owner	173,516	62,475	224,803	75,708
Rented from Private				
Owner	191,357	48,053	125,678	31,393
Rented from				
Government	45,598	38,857	59,661	48,357
Other	<u>62,918</u>	<u>26,062</u>	<u>154,740</u>	<u>44,751</u>
	471,389	173,448	564,891	200,209

Table II

Number and Area of Farms by Size and Legal Tenure
of Operators, 1952, Argentina

<u>Size of Farm</u>	<u>Operated by Owner</u>	<u>Rented from Private Owner</u>	<u>Rented from the Government</u>	<u>Other</u>	<u>Total</u>
0-5 hectares	41,070	13,070	5,860	21,175	81,175
Number					
Area (has)	92,244	31,313	14,791		
5-25 hectares					
Number	70,664	26,544	19,670	37,900	154,778
Area (has)	872,265	337,810	300,237	465,224	1,975,536
25-100 hectares					
Number	55,735	37,510	16,528	33,607	143,380
Area (has)	3,190,678	2,350,040	1,049,122	1,985,298	8,575,138
100-200 has.					
Number	22,563	22,999	2,961	17,149	65,672
Area (has)	3,330,027	3,443,347	478,788	2,560,608	9,812,770
200-400 has.					
Number	14,332	14,403	1,923	12,304	42,962
Area (has)	4,097,874	4,058,354	589,327	3,539,343	12,284,898
400-1000 has.					
Number	10,188	6,736	3,020	7,953	27,897
Area (has)	6,408,303	4,141,018	2,010,940	4,951,738	17,511,998
1000-2500 has.					
Number	5,435	2,704	6,050	3,634	17,832
Area (has)	8,882,617	4,564,457	11,302,799	6,077,642	30,827,515
2500-10,000 has.					
Number	3,823	1,502	2,643	2,166	10,134
Area (has)	19,129,953	7,663,344	15,193,238	11,101,921	53,088,456
Over 10,000 has.					
Number	993	210	997	668	2,868
Area (has)	29,703,818	4,803,273	17,417,858	14,019,244	65,944,192
Open country and undetermined					
Number	--	--	--	18,193	18,193
Area (has)	--	--	--	--	--
TOTAL					
Number	224,803	125,678	59,661	154,749	564,891
Area (has)	75,707,778	31,392,956	48,357,100	44,751,373	200,209,207

Source: Agricultural Census, 1952

Some advisors feel that the immediate opportunity in expanding the land ownership pattern lies in the employment of some phases of land reclamation and agricultural production credit. Although it is acknowledged that land reclamation per se is an expensive luxury for a nation which has great areas of good land which is not being put to productive use because of lack of transportation facilities, it is pointed out that some land in the more accessible regions could be made available for utilization at relatively little cost. For example, invasions of light brush could be cleared. In other regions only a source of stock water is required.

Argentina is a natural for mass farm mechanization. It not only has the deep level soils but its people have a knack for machinery. With farm machinery at its present price level and with little credit available, however, only the well-to-do can afford to capitalize their farm enterprise with tractors and machinery.

Governor Alende of the Province of Buenos Aires delivered a radio-broadcast speech on November 26 concerning agrarian reform. During his administration Governor Alende has placed much emphasis on agrarian reform in the aspect of land distribution to an extent that has aroused opposition from conservative, landowning groups.

Governor Alende began his address by pointing out that the issue of agrarian reform has been a controversial one in Argentina. He acknowledged that he himself had encouraged errors in agrarian reform programs by assigning to such programs higher priority than they deserve in the use of existing financial resources in comparison with economic development of the country.

He asserted, nevertheless, that agrarian reform has traditionally been a part of the platform of both branches of the Radical Party, and of other parties as well, including the Christian Democrat. The type of agrarian reform for which the Communists agitate, he said, is of different nature being confiscatory and violent in its methods and aimed at disrupting agricultural production.

Furthermore, he endeavored to substantiate the need for agrarian reform by citing figures from the 1960 census to indicate that between 1947 and 1960 the population of rural areas has remained constant or declined while cities have increased rapidly. He asserted that this situation was more unhealthy in Argentina than that observed in other countries in the process of industrialization, since here all rural migration has been directed toward one city, Buenos Aires, and not only into industrial activity but also to commerce and administration.

Even though a real need for agrarian reform exists, the Governor said, the most important objective of the country at present is to strengthen such basic sectors as industry, fuel, steel, petrochemicals, wood, transportation, communications, and energy. Furthermore, any reforms in the field of agriculture should be such as to result in an increase in production. He denied that the Government of the Province of Buenos Aires is out of harmony with the national policy of economic development since improvement in production in farm areas adds to the total of national production. Also, in addition to the economic factor, there is a social factor as stressed in various papal encyclicals, and agrarian reform serves the purpose of increasing social justice.

Comment:

This speech was interpreted by one conservative newspaper, Correo de la Tarde, as a sharp change towards moderation by the Governor of the Province of Buenos Aires. This interpretation seems justified by the Governor's reference to his earlier mistakes in overemphasizing agrarian reform. Nevertheless, he referred to an address of March 1959 when the Provincial Government was stressing agrarian reform and reaffirmed statements he had made therein.

As indicated in despatch 77, programs of agrarian reform in the Province of Buenos Aires as elsewhere have not, in any instance of which the Embassy is aware, seriously injured the rights of property owners. However, the fear has often arisen that radical land expropriation policies might be undertaken for partisan political motives.

II. B O L I V I A

AGRARIAN REFORM

I. BACKGROUND

In pre-Colonial Bolivia, the Incan Empire had developed an advanced politico-administrative organization which regulated production and consumption and adequately provided and assured the people of the necessities of life. The land belonged to the Empire and the Inca divided its cultivation and yield into three categories: one part to the Inca, one part to the State (which held it in storage as a hedge against a bad crop-year), and the remainder to the people. The system was highly collective and under it famine was virtually unknown.

The destruction of this eminently desirable organization began with the advent of the Spanish conquest. The Spaniards introduced the concept of the right of land ownership, but this right was vested only in the Church, the King, and the soldier-conqueror and colonizer. A structure of Spanish feudalism was superimposed upon the traditional Incan system, under which the Indian not only lost his land but was reduced to a serf-like status, bordering on absolute slavery, and whose ramifications included personal, gratuitous and forced labor in the mines and on the land for his masters. This condition lasted for more than four hundred years and the material destruction of the Indian's traditions and law, plus his spiritual despair engendered by this system of gross social and economic injustice gave rise to bloody revolts (1780-81) which further sowed the seeds of Bolivia's grave modern-day problem of the Indian and his land.

The heroic struggle for Bolivian independence did nothing to relieve the Indian of his miserable state, although the fifteen year long battle was conceived, inspired and sustained by the hope of liquidating all forms of Spanish oppression and injustice. The majority of those who fought and died for independence were Indians. Nevertheless, with the proclamation of liberty and the establishment of the republic in 1825, creoles of Spanish descent and Spaniardized mestizos swiftly proceeded to concentrate the land in the hands of the privileged few. As far as the Indian was concerned, one feudal master had been substituted by another.

The possibility of capital development, as was the case in other lands during the same period, was completely frustrated. The law of the whip reigned. The feudal regime reached its nadir. The Indian was compelled to render free labor service on the master's land for three to five days per week, at the same time supplying his own food, tools, and work animals. The members of his family were impressed for gratuitous labor in the landlord's country or city home. He had to provide free transport of the landlord's crops to the markets indicated by the landlord. In return for all this, he was permitted to cultivate a parcel of land hardly large enough to yield the bare necessities of life for his family.

This system of exploitation of human, rather than of land, resources produced low returns from the earth and contributed to retarding agricultural progress. Bolivia, once able under the Incan system to feed all its people, was

forced to import an average of 20 million dollars annually of agricultural products. This basically unnecessary outlay might have been saved to be diverted towards other economic and progressive aspects of national development. To produce needed income the country turned to mining and as a result Bolivia soon found its economy based on a single industry, that of mineral extraction. The mining industry, in its search for excessive profits, ignored national interests and diverted none of the important income it realized from its endeavors towards the development of agriculture in this era of depressed farm production. Traditional agricultural self-sufficiency received its final coup de grace. As a result, 70% of the population formed an involuntary barricade to progress, i.e. the agricultural peasant, who could not, because of a regime of callous exploitation and because of his miserable existence, either become a producer or a consumer in the economy. As late as 1950 a census showed that 70% of rural property was held by only 4.5% of rural land owners. A large proportion of the land was distributed in small uneconomical units.

Under the socio-economic conditions outlined in the foregoing paragraphs, the State was not in a position to provide needed educational facilities to the large mass of its population which remains 80% illiterate, a very important factor contributing to retarding agricultural development.

II. AGRARIAN REFORM

Law N° 03404, the decree dealing with Agrarian Reform, was promulgated on August 2nd, 1953. Bearing in mind the conditions and circumstances described in Section I, this measure in its magnitude and historic importance can only compare with the Proclamation of Independence in 1825. Actually, it represented the liberation of more than two million human beings from a state of semi-slavery.

According to the official text, the fundamental objectives of the law are as follows:

- a. Distribute agricultural land to those who do not possess it, or who possess only a very small parcel, with the proviso that they work the land, by expropriation of the land from land owners who possess it in excess or who do not personally engage in agricultural work;
- b. Restore land to the Indian communities which was usurped from them and to cooperate in the modernization of their agricultural methods always respecting and using, wherever, their traditions of collectivism;
- c. Liberate peasant workers from their serf-like condition of life, absolutely prohibiting gratuitous personal services;
- d. Stimulate greater production and commercialization of the industry of agriculture by facilitating new capital investment, by respecting the small and medium farmer, by developing agricultural cooperatives, by extending technical aid, and by facilitating credit;
- e. Conserve natural resources of land by adopting technical and scientific methods;

- f. Promote internal migration of rural people from the interandean zone, where population is at present excessively dense, with the object of obtaining a rational distribution of the population and by doing so reaffirm national unity and economically strengthen the eastern and western portions of the nation.

The Agrarian Reform Law does away with the large landowner and creates the following forms of private property. The maximum size of these properties is determined by ecological zones dividing the nation and the system of work employed in the exploitation of the land. The breakdown is as follows:

1. A peasant parcel of land for a rural home
2. Small property:
 - a. In the high Andean Zone, between 10 and 35 hectares.
 - b. In the valley zone between 3 and 20 hectares.
 - c. In the sub-tropical zone between 10 and 80 hectares.
3. Medium property:
 - a. In the high Andean zone, from 80 to 350 hectares.
 - b. In the valley zone from 24 to 150 hectares.
 - c. In the sub-tropical zone from 150 to 600 hectares.
 - d. In the tropical zone to 500 hectares.
4. Indian community property.
5. Agricultural cooperative property.
6. Agricultural enterprises:
 - a. In the high Andean zone - 400 to 800 hectares.
 - b. In the valley zone - 80 to 500 hectares.
 - c. In the sub-tropical zone - 500 to 2000 hectares.
 - d. In the tropical zone - 500 to 2000 hectares.
7. Livestock Ranch Property:
 - a. Small 500 hectares
 - b. Medium 2500 hectares
 - c. Large up to 50,000 hectares.

Small and medium properties of the sizes prescribed by the Reform Law and which existed before Reform were not affected. The Law granted the right to obtain land to all Bolivian citizens of 18 years of age or over, preference being given to peasants actually working on the land. In addition, the peasant was incorporated into the socio-legal structure of the nation and now enjoys all the rights prescribed by law. The motto of the Agrarian Reform was "The land belongs to those who work it".

III. IMPLEMENTATION OF THE AGRARIAN REFORM

To implement the Agrarian Reform Law, the National Agrarian Reform

Service was established on a high level of authority and directly responsible to the President of the Republic. It consisted of:

The President of the Republic
The National Council of Agrarian Reform
Agrarian Judges
Rural Councils
Rural Inspectors.

The organization of the National Agrarian Reform Service is:

The General and Administrative Secretariat
The Legal Department
The Economics and Planning Department
The Agricultural and Forestry Department
Eighty-five Agricultural Judges distributed throughout the nation.

In spite of the numerous problems and obstacles, which confronted the implementation of Agrarian Reform during the seven years of its functioning, the fundamental objectives which it proposed have been partially attained. (Please refer to pages 81 and 82.)

- a. All peasants who occupied land belonging to landlords as share-croppers, lessees, etc., are now legal owners of these lands and are users of it. Nonetheless, only about 30% have received legal title to the lands. The process of agrarian-legal transaction is slow, but its increases may be seen from the following table:

NUMBER OF TITLES AND AREAS OF LAND GRANTED

	1955	1956	1957	1958	1959	1960	Total
Titles	3,406	4,425	11,106	9,695	18,225	85,225	132,105
Area	28,351	38,473	286,977	203,039	508,009	997,171	2,062,000
Number Families	2,845	3,754	8,214	5,401	12,394	47,076	79,684

- b. Lands which were usurped from the Indian have been restored to Indian communities. Up to November 1960, 59,231 such collective titles have been granted.
- c. Gratuitous personal services and forced labor have disappeared. The peasant now has all the rights and privileges granted by Law and enjoyed by all Bolivian citizens. He is rapidly integrating into the society. His individual and collective attitude has undergone noted

changes. The peasant greets one standing up, offering a handshake and an "abrazo", instead of kissing the hand of the landlord. He works with greater interest and the productivity of his land is gradually and slowly increasing. His general well-being has improved appreciably (in some cases he has surpassed the situation of the middle classes) and he has become a consumer of manufactured goods.

Unfortunately, his general lack of education, however, has impeded greater and better use of his new legal, social and economic status. Certain unscrupulous peasant leaders and political chiefs, by design or by ignorance have attempted to impose new forms of servitude and have thereby caused unjustifiable actions on the part of the peasants in some areas of the nation. These should be considered seriously by the National Government in order to prevent failure of the fundamental principles of the Agrarian Reform.

The peasant in general and the youth of the nation in particular have shown insatiable interest in education since the establishment of Agrarian Reform. Up to 1951 there were only 1934 rural schools, with 2809 teachers and an attendance of 49,400 pupils. By the end of 1959 there were 4452 rural schools, with 6089 teachers and 158,000 pupils. This represents an increase of 130%, 117% and 220% respectively. A large number of these schools have been constructed through the initiative of the peasants themselves, without State aid.

d. Considerable efforts have been made towards stimulating larger productivity of land, but these efforts fall far short of fulfilling the country's requirements. The slowness in legalizing property, social unrest, nonpayment of expropriated lands, lack of respect for small and medium sized farms which has resulted in further and excessive division of these farms thus increasing the acute problem of diminutive land ownership, have all combined to create a feeling of distrust as much among the ex-landowners as among the peasant owners of small and medium sized farms. These obstacles produced a lack of interest in work and capital invested in agriculture therefore did not succeed in increasing agricultural production.

A National Cooperative Directorate was established to develop cooperative growing and marketing of agricultural products.

Unfortunately, a lack of technical and administrative ability, coupled with political maneuvering, reduced it to a non-productive entity. Only the Ministry of Agriculture through services provided by Point IV programs has been able to supply technical assistance, and this only within the limits of their ability. The divisions of Agricultural Extension, Agricultural Research, Rural Engineering, and Agricultural Economics of the Inter-American Agricultural Service (SAI) have developed significant and valuable work, although not sufficient in scale considering the magnitude of the total problem. The United Nations have also developed, within their limits, three pilot centers of local importance.

SAI has provided credit facilities through its Supervised Credit Division which is working in cooperation with the Agricultural Bank. Since its establishment in 1955 it is the only institution which has provided credit to peasants and farmers. However, its useful action has been limited by short-term loans and small capital funding by North American aid. Nevertheless, its contribution to increased production is of note.

So far, nothing of real value has been accomplished by way of marketing agricultural products. In spite of deficiencies encountered in the first two years of the implementation of Agrarian Reform which reduced agricultural production by half, it is interesting to note that total agricultural production is gradually levelling off in comparison with previous indices, and has even surpassed them in the production of rice, sugar cane, and corn by more than 300%.

e. So far no accomplishments have been noted for establishing measures for the conservation of natural resources.

f. In order to facilitate migration of peasants from densely populated areas to land-rich sectors some activities are under way and other are under consideration. They are:

1. Construction of a limited number of penetration roads leading into the extensive tropical and sub-tropical zones.
2. Construction of secondary roads within the areas of colonization or those proposed for colonization.
3. Eradication of malaria in the major portion of the colonization zones.
4. Development of Agricultural and Economic studies in two areas designated for colonization.
5. Various trials with internal migration, both directed and semi-directed. These trials have demonstrated the ability of the Quechua and Aymara to adapt themselves to tropical and sub-tropical climates.
6. Establishment of a National Council for Colonization as an organ for development of needed colonization policy.
7. Preparation of certain legal measures.
8. Signing an agreement with the United Nations for reconnaissance and study of three thousand square kilometers of land suitable for colonization, and training national personnel in the subject matter.
9. Reorganization of the general Directorate for Colonization.

The activities conducted and described in subtitles one through four were financed by Point IV, while activities in subtitle five were carried out with heavy participation by the United Nations.

IV. RECOMMENDATIONS

Taking into consideration the problems and limiting factors surrounding the execution and implementation of Agrarian Reform, the following measures should be considered:

1. Reorganization of the National Agrarian Reform Service to increase its technical and administrative efficiency concomitant with its important responsibilities.
2. Provision of the National Reform Service with adequate financial and human resources.
3. Establish and guarantee law and order in the country based on a recognition of respect for the law and principles of authority.
4. Plan and coordinate the functions of the National Agrarian Reform Service with the activities of the Ministry of Indian Affairs, the Ministry of Agriculture, the Agricultural Bank, the National Directorate of Cooperative, etc., etc.
5. Intensify technical assistance by the National Agricultural Extension Service.
6. Intensify credit assistance by increasing the capitalization and personnel of the Agricultural Bank.
7. Resolution of the problem of the too-small farm and landlessness by pushing the migratory movement by means of road construction by development of new tropical and sub-tropical areas suitable for agricultural exploitation, and by providing studies, plans, technical credit, and sanitation assistance to the colonists.
8. Intensify rural education.
9. Intensify training in the organization of cooperatives.
10. Respect for established laws regarding small and medium sized property.
11. Resolve the problem of payment to the farmer owners of expropriated land.
12. Establish a rational marketing system for agricultural produce, eliminating speculation by entrepreneurs who profit heavily for both producer and consumer.
13. Establish an equitable system of taxation on rural properties.
14. Establish legislation defining ownership of the original communal lands, water rights, rubber, nut, and forest concessions.

15. Establish a rural police force.

Considering the limited technical and economic resources of Bolivia the implementation of these suggested measures will doubtless require an appreciable amount of aid from foreign sources.

B R A Z I L

III.

1. Agrarian Reform Bill Passed

The agricultural reform bill (see despatch 233 of December 15, 1960) finally was passed by the state legislature on December 27 and can now become law by the end of 1960 and go into effect in 1961. A few amendments that do not materially alter the basic bill were also approved. One of the amendments required the government to issue within 15 days the regulations covering the Agricultural Expansion Fund called for in the Government Plan of Action.

Comment: A vigorous campaign against the bill, mainly by the agricultural association FARESP, failed in its efforts to prevent passage this year and the bill passed by a vote of 61 to 11. The Agricultural Expansion Fund is one of the three revolving funds to provide cheap credit that have not yet been set up, although the regulations governing them should have been issued 30 days after the Plan of Action went into effect in November 1959 (see page 2, Despatch 147, October 10, 1960).

2. Possible Shortage of Wheat in Sao Paulo

According to a local press report a shortage of bread is imminent unless 150,000 metric tons of wheat are imported soon. Stocks of wheat are reported to be extremely low, and some mills are said to have slowed down milling operations.

The news despatch adds that the Wheat Industry Association of the State of Sao Paulo has alerted the federal government to this situation, which is imputed to the fact that only 800,000 metric tons of wheat were received in 1960 against an estimated requirement of 1.2 million tons.

3. AMF Subsidiary Inaugurates Plant in Sao Paulo

AMF do Brasil S.A., a subsidiary of the American Machine and Foundry Company of New York, New York, inaugurated its expanded installations in Sao Paulo on December 18. The company invested US\$ 1 million to manufacture cigarette making, packaging, and wrapping equipment for the cigarette industry. The company also plans to manufacture other industrial machinery in the future.

4. Japanese Company Manufactures Small Diesel Motors

The diesel motor manufacturing plant of Yanmar Diesel Motores do Brasil S.A. at Indaiatuba, Sao Paulo, was inaugurated on December 20 in the presence of the Japanese Ambassador to Brazil. The company will start producing small diesel motors of 2.5 to 8 HP at the rate of 300 a month in January 1961. Production will be doubled before the end of 1961 when machinery and equipment imported from the local firm's parent company, Yanmar Diesel Engine Company of Osaka, Japan, is installed. Yanmar employs 100 workers and 12 Japanese technicians at its plant.

5. Farm Tractors in Sao Paulo

Two makes of locally manufactured tractors were launched on the local market.

The first tractor manufactured by Valmet do Brasil S.A., at Mogi das Cruzes, Sao Paulo, was exhibited on December 27. The tractor is a wheel model, equipped with a 40.5 motor HP diesel engine. Production is scheduled at 235 units monthly. Approximately 70 percent of the tractor parts, by weight, are locally manufactured. Before the middle of 1961, the local part content will be raised to 82 percent. Valmet do Brasil S.A. is a subsidiary of Valmet Oy of Finland.

Companhia Brasileira de Tratores, of Sao Carlos Sao Paulo, started manufacturing "Oliver" tractors on December 28. The "Oliver" tractor is a wheel model, equipped with a 78 motor HP diesel engine. Initial production capacity is 300 tractors monthly.

Companhia Brasileira de Tratores was recently formed through the association of The Oliver Corporation of Chicago, Illinois, with Industrias Pereira Lopes S.A., of Sao Carlos and Mesbla S.A. of Sao Paulo.

6. Caterpillar Starts Production of Road Graders

Caterpillar Brasil S.A. Maquinas e Pecas, a subsidiary of Caterpillar Tractor Company of Peoria, Illinois, produced the first road graders at its plant in Sao Paulo (see item 2, despatch 272 of February 5, 1960). About 55 percent of the grader parts, by weight, are of local origin, while the balance are imported from the United States. The company plans to manufacture about 100 graders in 1961. The road graders are sold at Cr\$ 5,857,000 (approximately US\$ 23,810 at the present free market rate of exchange).

7. Abnormal Rainfall in Sao Paulo

Exceptionally heavy rains in Sao Paulo (the heaviest on record) which lasted for nearly a week, were responsible for property damage which has not yet been fully evaluated. The city districts bordering the Tieté and Tamanduaté rivers, which overflowed, were particularly affected. Rainfall was also heavy in the interior of the State of Sao Paulo, but so far there have been no reports of damage to farm crops.

Sao Paulo Agricultural Reform Bill

As mentioned in despatch 220, opposition to the agricultural reform bill continues, particularly on the part of FARESP. The cattle raisers association (Associação dos Criadores de Gir do Brasil) also came out strongly against the bill.

The Sao Paulo Institute of Attorneys examined the revised bill and made additional suggestions. It declined to comment on the adequacy of the proposed sliding scale of taxes, but again cautioned that these should not be confiscatory

because the Federal Constitution provides under article 202 that whenever possible taxes should be of a personal nature and geared to the economic capacity of the taxpayer. It also referred to the provision in the bill that all contiguous land in the name of the same person shall be considered as a single property, and suggested an additional modifying paragraph to the effect that if ownership is on a cooperative (condominio) basis, then taxation should be on the area belonging to each of the cooperative owners.

On December 14 the bill was approved by the Finance Committee of the State Assembly, in a tumultuous session in which some members tried to delay action. The bill now will be voted upon by the State Assembly and, according to the press, efforts are being made to have this done before the end of the year so that the law can go into effect on January 1. Present indications are that the bill will be passed before the end of 1960.

I. How the Question of Land Reform has Arisen

Brazil's fundamental agricultural problem is low productivity and "land reform" per se is not a panacea. The major barriers to increased productivity are deficiencies in the social and economic infrastructure such as illiteracy, primitive technology, inadequate transportation, storage and marketing facilities, poor health, soil depletion, and an unwieldly system of settling land titles. But it is also true that the land in Brazil is not distributed among the rural population in patterns that make it possible either to maximize total production or promote social harmony. Countless square kilometers of virgin land exist and even on the crowded coast many great latifundia lie uncultivated or undercultivated. Yet millions of rural Brazilians have no land at all or work plots so small and poor that decent returns from labor invested are impossible. "Latifundistas" and speculators own much of the accessible agricultural land, but it is the "minifundistas" who form the overwhelming bulk of the rural population. Lacking capital as well as any knowledge of good agricultural practices, they tend their subsistence plots, contributing little to the economy and subtracting much from the country's patrimony through a progressive depletion of the resources of the soil.

Land reform is in the headlines in Brazilian newspapers these days because of two quite different developments in two quite different parts of the country. In the state of Sao Paulo, the most prosperous and in many ways the most advanced of Brazil, a realization that idle land and landless farmers do not make a good combination has led to the enactment by the state legislature of a fairly potent land reform law, the first in the country. In the northeastern state of Pernambuco, a large part of the rural population lives in a state of appalling wretchedness. The population by any standard is excessive and overtaxes the agricultural resources even in good years and in years of excessive drought (such as 1958) the situation is desperate. Trouble started there over the legal rights of the many farmers who, by rental or other arrangements, live on the land of others. Leftist-led peasant leagues have seized upon these ^{over}grievances to fan popular discontent and lead moves which threaten to take over private land holdings. In an attempt to head off worse trouble there, UDN Governor Cid Sampaio, on November 27, 1960, purchased two sugar plantations with accompanying sugar mills with the intention of developing "colonies" on them.

Both the Sao Paulo law and the Pernambuco lawlessness are discussed more fully below:

Demands for "land reform" are not new in Brazil - the famous Brazilian statesman Joaquim Nabuco was one of the earliest to raise the cry, when in 1880 he called for the "democratization of the soil". It has, however, required the industrialization and urbanization of the recent decades, with a consequent weakening in the power of the rural aristocracy, to make land reform an active problem. Although it may be premature to say that public opinion and political power in the rest of the country are prepared to follow the example of Sao Paulo, it remains true that this state's action, inconceivable ten or twenty years ago, is a landmark.

The Brazilian federal constitution of 1946 provides a legal basis for land reform in that it states that "the use of property shall be conditioned upon social welfare" and provides for "expropriation for public necessity or utility, or social interest, with prior and just indemnification in money". Since 1953 some 20 land reform bills have been offered in the national Congress, discussed, and pigeonholed. President Kubitschek has kept the issue relatively quiescent, but last year he did announce that, before leaving office, he would offer a "basis" for agrarian reform. Nothing more has been heard of this. Similarly a move to give "urgent consideration" to a rather drastic land reform bill now before the Brazilian Congress appears to have been shelved, at least for the time being.

Much will depend upon the attitude of President elect Janio Quadros, and not too much is known of this. During the Presidential campaign he did, however, have this to say:

"Brazilian agrarian reform must be our own solution which takes into account our regional diversity. Of course, a politician must familiarize himself with the patterns adopted in Japan, by General MacArthur, in Egypt by Mr. Nasser, in Venezuela by Romulo Betancourt, in Italy by Gronchi, and in Cuba by Fidel Castro, to mention a few examples, drawing from anywhere the lessons that might be useful in our case. Sao Paulo has taken a decisive step to compel the land owners to use their lands for the social good, and employing tax or fiscal means to accomplish that purpose. It is quite possible that it will achieve excellent results, which merely proves the complexity of the Brazilian scene that requires solutions appropriate to the different needs of our vast country."

"The concept of Agrarian Reform is highly complex: technical assistance to the farmer and easier credit are among the measures required. Revision of the property laws also assumes enormous importance. It is not, however, possible to define a single solution to the problem valid for the whole territory. What is important is to prevent that the exaggerated concentration of land ownership and the low degree of cultivation of the land impede the utilization of the soil for the common good."

"As for the social and economic aspects of Agrarian Reform, I believe that they cannot, absolutely, be separated. The improvement of the living conditions of the rural population will only be possible if Agrarian Reform results in an increase of agricultural production. On the other hand, the increase in this productivity depends on the stimulus given to the workers and his family for better living conditions."

"Moreover, the constitutional precept which guarantees the right of property must be respected."

II. The Discussion, Pro and Con

It is difficult for the outside observer to assess the strength of land reform sentiment in Brazil. Many students of the problem, both Brazilian and foreign, have however long deplored the pattern, inherited from colonial days, of the large, often sparsely cultivated fazenda, owned by the relatively few, which characterizes much of rural Brazil. The relatively many may own their small plots, but more often they are the share croppers, the tenant farmers, or the many squatters who work their subsistence plots and, especially in the north, move on from year to year as their system of "fire agriculture" wears out the land. The "latifundia" produce cash crops like coffee and sugar, the "minifundia" produce the tiller's beans and mandioca. Only in some areas of the south have immigrants brought in the European-type "family farm".

The explosive element in the "minifundia" is the ambiguous legal position of the "moradores" and tenant farmers living and working on land which does not belong to them. Estimates place the number of such persons at over three-quarters of Brazil's total rural population. Squatter's rights are by their nature uncertain. In some areas proprietors exercise their legal right to evict squatters. In other areas, local custom makes government officials reluctant to use police power to oust squatters who have erected a rude shelter and planted a crop. Tenant farmers have the legal rights which come with rental status, but arrangements are often informal and in any event access to the fantastically overburdened courts is virtually impossible. Case loads may be 15 years in arrears.

One reaction to this state of affairs is a demand that the big estates be broken up -- or at least that, via taxation or other means, it be made financially difficult to hold large out of cultivation, just for speculation or as a "savings account" less subject to the ravages of inflation than money would be. Opponents reply that this approach misses the point, which is the appalling misuse of land by farmers ignorant of good agricultural practice and lacking the resources to farm rationally even if they know how. Some of their principal arguments, and suggestions, are the following:

1. Redistribution is not needed; there is plenty of land -- only about 2.2% of Brazil's arable land is cultivated. Although much of this uncultivated land is in the very fazendas that the reformers want to break up, still this does call attention to the fact that development has concentrated near the coast, neglecting much of the interior. Much of the interior land is poor soil unsuitable for agriculture, however, and lack of communications makes access difficult.

2. Redistribution plans are diversions from attempts to meet the real basic needs of Brazilian agriculture which include more education, more extension services, an expanded system of "supervised" credit, better transportation, better market organization, and revised government fiscal and exchange policies which now encourage surplus coffee production and discourage production of much needed foodstuffs, etc. Critics point out that the landless rural "proletariat"

would not be able to cultivate land efficiently anyway unless those more basic needs were also met, this will take time to develop and the expense will be high.

3. If redistribution succeeded only in setting up a lot of "minifundia" (subsistence farms) too small for rational exploitation -- and in the overpopulated northeast, this would certainly be a danger -- the rural population and the economy would probably be even worse off. These small farms represent predatory agriculture -- exploitation without technique, without soil conservation, and without economic returns to the farmer or the nation commensurate to the investment of labor and other resources. Fragmentation of landed property would require much greater total governmental assistance to agriculture to prevent decreased total production; presently the great majority of small holders are not being assisted by governmental programs.

4. That land ownership per se does not necessarily hold smallholders to their soil is illustrated by data from Sao Paulo State Department of Immigration, which reported that 50% of Northeastern immigrants to Sao Paulo had been land owners in the Northeast.

5. The important thing is to remove the immediate irritant, and in many areas this is the rural poors' uncertain legal position and lack of timely legal redress. Proposals have been made for the setting up of rural "conciliation councils" in each county seat which would have authority to hear and arbitrate without undue delay complaints of tenant farmers and other minifundistas. Some such measure would, it is claimed, calm down rural agitation and give time for the more thoroughgoing reforms in land tenure and use which are necessary, but which will take much time and much money.

III. Migration and Colonization

Internal migration in Brazil is not unknown; there has been a considerable flow of population from the Northeast to Sao Paulo (before 1920 it went to the Amazon basin), there is some movement westward, especially to the southwest (e.g. Parana and southern Goias and Mato Grosso), and there is an annual "milling around" in the fire-agricultural regions of the north in particular. Nonetheless here has not been the mass movement towards the frontier which characterizes 19th century U.S.

Brazil's gigantic effort to "open the West" by constructing Brasilia has not included a complementary program of rational colonization along the newly opened routes. The vast majority of workers who have migrated as a direct consequence of Brasilia are construction laborers in the new capital. A small program of leasing lands to small farmers has commenced in the immediate environs of Brasilia for the purpose of supplying the Capital with food. But the good lands made accessible by the new highways have, in general, been purchased by speculators and the small squatter settlements that have sprung up are haphazard affairs. Organized means for creating a new small farmer class in the vast Brazilian hinterland do not exist.

Aside from contemporary man's preference for urban life in developed areas, other basic reasons that Brazilians have not migrated from the overcrowded coastal areas are:

(1) The incomes of hired farm labor, sharecroppers, and other subsistence farmers are too low to permit the savings necessary to finance their own migration to new lands.

(2) Adequate transportation has not existed either for migration to the interior or for bringing cash crops back to the coastal markets.

(3) Political leadership to encourage migration from the Coast has been weak or lacking because for much of Brazil's history political power was held by the landed aristocracy who depend on cheap labor to cultivate their export crops.

(4) Available agricultural credit is largely pre-empted for short-term "bankable" purposes, e.g. "inter-crop" financing of export crops. The long-term, low interest loans necessary for establishing and capitalizing new small farms, are virtually unobtainable.

(5) There is a vast lack of knowledge about the potentialities of the unsettled areas -- the characteristics of the soil, the water resources, the most advantageous crops to grow (often new varieties may have to be developed), the fertilization needs. Even reliable maps are hard to come by.

(6) Much of the interior is jungle and large areas are believed to have poor or leached soils not suitable for agriculture. Malaria and, initially, yellow fever were powerful deterrents to colonization of large parts of Brazil. Natural barriers of mountains and (in some areas) dense forests, and lack of ready natural communication routes, also made access to the interior difficult.

(7) Land ownership problems are complex. The squatter can always get by, but the would-be purchaser will find that someone holds title to most unoccupied and accessible land, even though he may have trouble running the owner down. The states and (in the territories) the federal government hold some land which is made available from time-to-time but not on any systematic basis. Most government lands, however, are either unsuitable for cultivation or inaccessible.

It is often said that Brazilians, and Portuguese immigrants, "just prefer" to live on the coast. Whether this is fact or facile fallacy, the problems noted above were serious obstacles to those who might otherwise have moved inland to become independent farmers. Foreign immigration for agricultural colonization was made less attractive by these same problems, but foreigners were also deterred by other things. For example: there was a relative lack of religious freedom as compared with other countries open for colonization; schools were scarce; private initiative was encumbered by rigid laws and bureaucracy; facilities for receiving and assisting immigrants were lacking and areas made available for them to colonize were often far from markets on sterile, unprepared lands. Brazil's reputation abroad suffered from these shortcomings.

Yet some German, Italian, Japanese and Dutch immigrants came and some of the better diversified farming to be found in Brazil is done by them or their descendents. Their beneficial influence is largely limited to the good agricultural regions of the South. In recent years, immigration, never great in actual numbers of people, has been small. During the 1930's and 40's, it was virtually stopped for political and strategic motives.

Incentives to spontaneous immigration are meager. Small colonies have been established recently (notably Japanese and Dutch) but the protection of special inter-governmental agreements was necessary to lure them. Immigrants must contend with the same "dis-incentives" that hinder Brazilians in attempting to modernize their operations and market their products. Rising prosperity in Europe and Japan also makes frontier farming in Brazil even less attractive than it once was. In sum, immigration for agricultural purposes is not an important consideration in the overall problem of promoting better land use in Brazil.

IV. LAND PROGRAMS IN ACTION TODAY

A. Pernambuco Governor Cid Sampaio's Program

The introduction cited Pernambuco and Sao Paulo as the two areas where land reform problems are not theoretical topics for discussion but active issues of the day. Pernambuco is the center of Brazil's biggest problem area, the Northeast, where per capital income is only 1/3 that of levels in the south and a population of 20 million persons is generally agreed to overtax the resources of an area largely dependent upon agriculture and yet containing little good agricultural land - and much of that subject to disastrous and recurring droughts.

In an attempt to forestall further unrest in the countryside the Governor has started a program which consists basically in purchasing economically weak sugar plantations and settling on them 50 families each, 10 hectares per family. To accommodate 100 surplus families living on the Galileia Plantation, Governor Sampaio purchased two other plantations and will pay 300 families living thereon to leave. No provision was made for new farms for these displaced families and it is assumed that most will move to the city. The Governor had planned to purchase perhaps seven more plantations provided he could find the necessary resources. Since the Governor's plan affects only a few hundred families, it would obviously be effective primarily as a symbol of hope rather than a significant move toward "solving" the problem of millions of landless peasants in the Northeast.

The Governor has political as well as financial problems in attempting to carry out this program. On the one hand, landed interests oppose the plan on principle, although the plantation owners immediately affected have been in financial trouble and welcomed the opportunity to sell out. On the other hand, left-wing groups such as the Ligas Camponeses (Peasant Leagues) have been systematically harrassing the Governor because "land reform" is an issue that these groups wish to exploit to their own political advantage. For example, the Ligas, led by Socialist Deputy Francisco Juliao, have persuaded the 100 surplus families of the Galileia Plantation not to move to the new lands purchased for them. At the same time, the Ligas have installed squatters on these lands. The Governor has had to resort to police action which, although legally justifiable, does not increase his popularity with "liberal" groups. The Ligas Camponeses advocate squatting and land-grabbing rather than legally based reform.

Land programs, although necessary to the Northeast, are probably not a complete answer to the region's problems. The supply of good land, for one thing, is limited. Another point is that any real attempt to modernize agricultural practices and increase farm productivity would render surplus a good

* A Dutch colonization project in Paraná (Castrolanda) received a loan from DLF of \$240,000. Additional US loans are planned for another Dutch project at Holambra in Sao Paulo.

many people now "occupied" in farming. For these reasons many believe that any agricultural development plans must be supplemented by industrialization programs or provisions to resettle northeasterners in other regions. These are, for example, key elements in the 5-year "Plano Director" of SUDENE, a federal super-agency set up to centralize planning for the northeast. SUDENE is taking steps to attract industries which will provide employment opportunities and manufacture many items which now must be brought into the area from the south or abroad. The agency's colonization plans are discussed below.

Alongside the need for some solution of the problem of over-population in the Northeast, there is also the possibility that fundamental changes in the structure of the traditional sugar economy would also be socially and economically beneficial in the long run. Northeastern sugar is, on the whole, no longer competitive with sugar produced in other areas, notably Sao Paulo. More intensive cultivation on a smaller area might make Pernambuco sugar cheaper and at the same time free land to produce other food crops in which the northeast is now deficient.

The monopolization of much of the best land for sugar cultivation, a pattern left over from colonial days, not only prevents its use for more rational mixed farming but also its social problems in the way it keeps large groups of landless laborers dependent upon short seasonal work.

SUDENE's Migration Plans

The "Plano Director" of SUDENE, one of the federal government's super-agencies for the development of the Northeast, contains a small pilot project envisaging the moving of 4,000 northeastern families to new lands in the State of Maranhao, to the West, over a three year period. For this purpose Maranhao, although outside the drought area, is considered as part of the SUDENE jurisdiction. As its name suggests, this plan is only an experiment, however, and the planning of mass movements of populations is a new and untried field in Brazil. The economic and financial implications of any decision to support such problems on a large scale would be tremendous.

INIC Colonization Projects

Projects organized by INIC (National Institute of Immigration and Colonization) to set up several score of colonization projects in the interior have encountered serious difficulties because adequate educational, technical and financial assistance was not given to the colonists. In many cases the result was a rural "favela" worse than the urban ones because of the lack of any nearby social assistance.

Other Land Programs

While no other agency has plans for direct support to migration programs, there are state and federal organizations rendering assistance to agriculture which has direct or peripheral effect on land problems, e.g. ABCAR (extension program), DNOCS (certain public works in the northeast), etc.

Sao Paulo Land Reform Law

Although the Northeast is the area where land problems are more difficult, it is in the South - Sao Paulo - that the first concrete "agrarian reform" law has been passed. It is a moderate law which seeks to facilitate the acquisition of small family farms, but it does not discriminate unduly against large farms so long as they are efficiently cultivated.

The passage of the law was doubtless eased by the fact that Sao Paulo's industrialization has brought about a relative shift in political power from the traditional landed interests to urban industrial classes. In presenting the bill, Governor Carvalho Pinto claimed that "large estates are (now) practically non-existent in Sao Paulo!" If true, this condition would also explain the fairly mild opposition that was raised against the bill. The Governor's claim has, however, been challenged. The moderate Rio newspaper Correio da Manha has stated that official statistics show recent increase in concentration of land ownership in Sao Paulo. Jose Artur Rios, a Brazilian sociologist and long-time advocate of land reform, praised the Sao Paulo plan for its intention of providing land to small holders, but to do this, "there must be land". Rios contended that land is still "monopolized" throughout Sao Paulo by a minority of owners.

It is true that there is a long term tendency in Brazil toward division of land holdings because Brazilian inheritance laws provide that estates will be shared equally among surviving children. Such shares are, of course, often reconsolidated by purchase, or incorporated into even larger holdings. In any event, the new Law would induce large landowners either to use their lands efficiently or sell them to the State for purchase at long term by small farmers.

A progressive land tax is the primary instrument the law provides to accomplish this objective. The basic tax schedule rises from 2% on the first 100 hectares to 6% on all property over 5000 hectares. If the landowner is "rationally cultivating" at least 80% of the usable property (and forested areas are considered as being so cultivated), and is using soil conservation practices, preventing erosion, providing adequate housing for labor, and not leasing the land to others, he would pay a maximum of only 2% tax on his property regardless of its extent. Conversely, the landowner who is not efficiently farming at least 70% of his land "in accordance with the characteristics of the region", or is leasing out at least 50% of the property, would pay double the standard tax (2% to 6% according to size).

The Law's teeth are sharpened by provision for re-assessment of land values. The State apparently intends eventually to tax lands on the basis of present values rather than historic values, which have been rendered nonsense by inflation. Tax assessors will be permitted to increase the assessed value by only 30% per year until the present value is reached.

Experienced farmers will have priority to purchase plots of the large holdings acquired by the State through the workings of the new Law. These new land owners will then get preferential treatment for financial assistance, but default on two annual payments would result in re-possession of the land by the State.

The Law also provides for expropriation, with fair compensation, if landowners fail to bring their lands into effective cultivation within one year after being judicially notified of the State's intent to expropriate.

Since many value judgments will be required on, among other things, when land is being "rationally cultivated", the Law will obviously be complex to administer. A Council of Agrarian Revision will develop the specific standards and regulations, oversee and review the execution of the Law.

A complete translation of the Law was forwarded to Washington under Despatch N° 258, January 6, 1961, from the American Consulate General, Sao Paulo.

V. USOM Programs

USOM has no project activity in land tenure or colonization problems. Technical assistance in agricultural education, research, extension, and related areas does however aim at better land use practices, thus contributing to an improved standard of living in the countryside and attacking other basic problems of rural retardation in Brazil.

STATISTICAL APPENDIX

NUMBER AND TOTAL AREA OF RURAL PROPERTIES IN BRAZIL - 1950 CENSUS

<u>Area in Hectares</u>	<u>Number as % of total N° of Rural Properties</u>	<u>Area as % of total area of Rural Properties</u>	<u>Area as % of Total area of the nation</u>
Less than 100	85.42	16.62	4.56
From 100 to 200	6.37	7.90	2.17
From 200 to 500	4.82	13.36	3.66
From 500 to 1000	1.80	11.26	3.09
From 1000 to 5000	1.38	24.14	6.62
From 5000 to 10,000	0.12	7.33	2.01
From 10,000 to 100,000	0.08	14.22	3.90
More than 100,000	0.01	5.17	1.42
T O T A L	100.00	100.00	27.43

IV.

BRITISH HONDURAS

GENERAL

The pressure of total population on the total land resources of British Honduras is virtually non-existent at present. There is more land available for agriculture than there are people with the management capacity, agricultural skills, disposition, and capital to develop it. It is mostly in the low level of knowledge and skills, lack of agricultural tradition, shortage of capital, and the traditional settlement pattern that the roots of the existing land problems are found.

Even with land readily available under a quasi-homesteading system, half of the farmers of the country are tenants, the vast majority of them on annual leases. These tenants have grouped themselves traditionally on lands held by large landowners primarily interested in timber exploitation, who offered employment for labor in their forest operations. Roughly two thirds of the land with agricultural potential is held by firms or persons who do not use it for farming.

Farming pattern of the average tenant, as well as the small owner, is that of shifting cultivation wherein he uses each year only about 20% of the land, leaving the balance in "bush" fallow. They farm principally for subsistence, which takes up only one half of the farmer's work-year and he is free to engage in other employment, or do nothing, the rest of the time. The reliance on other employment encouraged the settlement of people on the lands of the timber operator. In fact, the forest employment was what brought people to the land in the first instance; farming operations were added later. Agriculture is now gradually replacing forestry employment as a major source of family income.

The tenure of the renters has in the past been relatively secure, even though there were few written leases and annual leases were the general rule. Many families with annual leases have been on the same rented land for more than a generation. They have planted tree crops and installed various permanent improvements without concern for the potentially insecure tenure situation. They have taken security for granted, with considerable justification.

EMERGING LAND PROBLEMS

There have been a number of reports made over the past ten or twelve years which have urged a better system of taxation that would discourage the holding of large undeveloped land areas, but nothing has been done about it. These same reports have urged legislative action to provide security of tenure and compensation for permanent improvements installed by tenants, but nothing has been done about that either.

Recently there has been a greatly increased interest in British Honduras land on the part of speculators and investors from the United States. A number of large properties have changed hands. Some tenants have been asked to move, either by the new owners or by landlords who are in the process of negotiating sale of their lands. This has inspired a great deal of discussion, and a committee has recently been appointed by the Government to look into the

land situation and make recommendations. Whether these recommendations will suffer the same fate as the large number of others made over the years as a result of various surveys into all phases of the economic life of the country remains to be seen. A new government, with greatly increased responsibility and authority for local affairs, will take office in about three months. The expressions of the various politicians seeking election are strongly affirmative on the point of taking action on land problems.

At the present stage of agricultural development in British Honduras, the question of production economics in the matter of land tenure is not as important to most of the tenants as is the question of maintaining their traditional place of abode and obtaining the family subsistence from the land and from the permanent crops they have established. The existing situation has a lot to recommend it from their point of view, and it is only when it is threatened that they become greatly concerned.

It seems inevitable that the existing situation will have to give way as development proceeds and as more land transfers take place. The number of farm families involved is not great, but represents a large proportion of the country's rural population. For that reason the problems will have an acuteness out of proportion to the amount of land affected.

The low level of agricultural knowledge and skills, and the lack of capital, cited above as contributing factors to the land problem, are not at present being effectively tackled. They will become problems of considerably greater general concern when their importance becomes more obvious. This will occur as soon as an attack is made on the tenure problem itself.

The farming population is relatively scattered except where groupings have occurred on reserves or leasehold land. This has made the administration of extension and credit programs very difficult and expensive. The Government has not managed its homestead policy in such a way as to concentrate development. As a point of fact, the tradition of part-time farming and the willingness of the land owners to rent, but not sell, land in certain localities, have done more to encourage concentration of agriculture than has the Government's policy in land. These concentrations are where the first sore spots are likely to occur, however.

PROGRAMS DIRECTED TOWARD LAND REFORM

There are no significant activities in this direction at present. The surveys and recommendations made by various commissions and teams of experts over the past dozen years, were pretty well agreed that reforms were needed in land taxation, in legislation relating to landlord-tenant relationships, in improved agricultural extension services, in agricultural credit, and in marketing, but little real progress has been made on any of it. Another survey is about to begin.

The Department of Agriculture has always staffed its top jobs with overseas colonial officials, and they have not tended to remain here for long periods of time. There has been a serious lack of continuity in the agricultural programs, and the further disadvantage of lack of familiarity with local problems and a lack of close relationship with the local people on the part of the over-

seas officers. Only one British Honduran in the Department has an agricultural degree. The farm people do not generally feel that the Department of Agriculture is theirs, but regard it as something imposed upon them from overseas.

ICA in 1957 - 1959 carried on a pilot demonstration project in agricultural extension which was enthusiastically approved by the then Director of Agriculture. Plans were made to expand the service country-wide, with due emphasis to be given to developing the full farm family resources, but the Director went on leave, became ill, and later transferred to another colony. There has been no Director of Agriculture for more than a year, and the majority of the top staff have either resigned or been transferred. The present Acting Director is on record as believing that the Department should not concern itself with the development of the full family resource, but should rather concentrate its activities on encouraging and assisting farm operators to produce certain "economic" crops, mainly for export. This has made it impossible to make effective use of the Department of Agriculture personnel in assisting the majority of the farm families develop farm and home management plans as a basis for general agricultural improvement. It has also hampered the efforts of the agricultural credit agency to put into effect ICA's recommendations for using farm and home management planning as a basis for a supervised agricultural credit system.

In some ways the very slow emergence of the land problems into noticeable form offers the country both a challenge and an opportunity. The long-time reliance on forest products as an economic base must now be abandoned to a great degree. The greatest potential development possibilities lie in agriculture, but there is not enough population for agricultural and industrial development to provide a viable economy. Even these are badly held back because of lack of management talent, technical and agricultural skills, and capital. The country is not particularly attractive to agricultural immigrants because of the lack of proved agricultural possibilities and reliable agricultural information.

An awareness of this situation is becoming fairly general. The transfers of land that are disturbing present tenure arrangements have drawn attention to the whole problem. There is increasing concern that agriculture is not playing the part it should play in the country's development. The realization is growing that if desirable immigrants are to be attracted, there must be evidence that the local people can make something satisfying out of an agricultural way of life.

The disposition to face up to these problems seems stronger among the local people than has been the case in the past. While no specific programs have been outlined, there are hopeful signs that action will be taken before the general situation becomes as acute as it is in many countries.

V. CHILE

This complies with ICATO Circular LA-38. The subject to be covered is indeed complex and has roots buried several generations in the past.

It will be necessary to omit many facets of this country's land problem in order to keep within the 5 page requirement. Chile's land problems are a product of situations and conditions dating back to other civilizations. For this reason, it is necessary to, at least, touch on past periods.

A. Sociological Aspects:

Rural Chile can be generally classified as a semi-feudal system with an unusual degree of paternalism. The origin of this system dates back to the rural society of the Greco-Roman world followed later by the manorial systems of the Middle Ages. This was later transplanted to the New World by the Spanish Conquistadores.

Land acquired a greater value to the Conquistadores of Chile than to those in other parts of the New World, such as Mexico, Peru, and Bolivia, where precious metals were plentiful. Agriculture, therefore, became their chief source of wealth and livelihood. They depended entirely on native labor to do the agricultural work for them.

Chile had a small Indian population. They were of a nomadic nature and, generally, not settled in villages. Spain's policy, in those days, of "encomiendas" - grants of land accompanied by grants of Indians - given to the conquistadores, therefore, assumed greater importance here than in some of the other Spanish colonies.

The fact that there were few, if any, Spanish women in the colony, resulted in the soldiers taking native women as wives and concubines. Within a generation, many of the workers on a farm were blood relatives of the "Patrón".

This, together with royal edicts of benign treatment of Indians, were no doubt important factors for the rise in Chile of the extraordinary manifestations of paternalism which still characterizes rural society.

A semi-feudal rural society as exists in Chile, denotes a marked class system. Large holdings, which depend on the inquilinos and medieros for labor, still predominate here and continue to preserve many of the traditions and customs of the colonial days.

B. Geography:

Chile's length is approximately 2,700 miles (4,000 kilometer coast line) running from 17°30' to 56° latitude south. The country's average width is 120 miles.

Its area encompasses 2 million square kilometers. 741,770 Km² are located in the American continent and the balance of 1,258,230 Km² comprise the Chilean Antarctic and Pacific island possessions.

Due to varied geographical and climatic conditions, Chile can be divided into six distinct regions. The Central Valleys of Chile and the regions immediately south through the lake region are agriculturally the most important zones. The southern zones assume greater importance in direct proportion to development of roads and improvement of transportation system since poor communications and inaccessibility during several months out of each year have served to retard development.

C. Population:

The 1952 Census shows Chile's population to be 5,932,995 of which 2,359,873 (39,870) is rural. The Servicio Nacional de Estadísticas y Censos estimates that the population increased to 7,465,117 by 1959.

Chile's population is growing at an accelerated rate. The net gain per annum from 1952 to 1959 was around 220,000 or 600 per day. The increase is generally urban. The rural population has increased number-wise (from 1,991,335 in 1920 to 2,359,873 in 1952), but decreased percentage-wise (53,9% in 1920 to 39,8% in 1952). The shifting of population from farms to cities presents a serious problem, since there are few alternate employment opportunities in the industrial sector.

Chile's underprivileged groups number approximately 442,943 families. This group is composed of (1) sub-marginal property owners 116,937; (2) Inquilinos (workers housed on farms) - 82,367; (3) Medieros (share-croppers) - 26,861; (4) guards and caretakers - 14,624 and (5) Afuerinos; peones and obreros (transient and off farm workers) - 119,853. They receive Income, Wages and other benefits totalling less than US\$300 yearly per worker. Most are heads of families and some are single persons.

The vast majority of this group live on less than adequate diets. Their housing and living conditions fall far below the standards of comfort and decency. The 1952 Census of housing revealed a total of rural housing in poor to very poor condition as 211,824. Included are single and multi-family dwellings, chozas and little convents.

Within this group lies Chile's major rural problem. Four centuries of this type of existence has had a demoralizing effect. They do not aspire, rationally or with logic, to a higher level of life. Any attempt which they make in this direction, if unguided and not assisted, must be by violent and explosive means.

D. Literacy:

Chile has one of the highest literacy rates in Latin America. The 1952 Census reported 74,8% literate for the nation as a whole. It also shows that only 10% of the urban population, 15 years of age and over, are illiterate while the corresponding figure for the rural areas is 36%. The illiteracy problem, then, is overwhelmingly a rural problem.

E. Land Resources and Distribution:

The 1955 census shows a total of 27,712,309 Hás. of which 21,637,061 Has. (78%) is classed as agricultural land. The balance of 6,075,248 (22%) is shown as sterile land. 5,542,637 Has. (20%) of the agricultural land is under cultivation.

The 27,712,309 Has. are held in the following manner:

1. Operated by owners - 19,413,402 Has. (70%) - (Note: included are 389,819 Has. operated by medieros and 136,862 Has. are used by inquilinos as part of their compensation).
 2. Rented - 6,327,615 (23%)
 3. Operated on loan (free use) - 878,661 (3%)
 4. Occupied illegally (squatters) - 1,092,631 (4%)
- 27,712,309

Included in these figures are government lands which total 7,263,276 Has., approximately 912,363 Has. of these are agricultural lands.

Large holdings still dominate the country. According to the 1955 census, 54.7% of the land in farms was in 696 units (0.45%) of 5,000 hectares or more and 73.2% of the land in farms was in holdings of 1,000 Has. or more. Stated another way, 73.2% of the land in farms went to make up 2.2% of the country's farms. At the other extreme 50% (75,627 units) of the country's farms consisted of units with ten Has. or less each and contained only 1% of the area.

The country has approximately 151,082 farms. These are divided as follows:

	<u>Type farm</u>	
	<u>Subsistence</u>	<u>Commercial</u>
% Farms	77,4	22,6
% Land	11,5	88,5
% Production	15.	85.

F. Taxation: - Rural real estate

This is indeed favorable to large land holders. Generally, this property is assessed at 1/10 of the commercial value and taxes are paid at the rate of 0.5% of the assessed value (\$5 for each \$1,000). Revenues from these properties account for only 4% of the total national income. This, coupled with the fact that the tax collecting mechanism is practically ineffective, encourages investing in or increasing rural real estate holdings as a hedge against the devaluation of the country's money which has been the general trend over the past 20 years.

G. Industrial - Agricultural Relationship:

Industrial development, in Chile, has taken place at a higher rate than any other activity. This has accentuated the need for increased agricultural production yet the increased income in non-agricultural sectors has not had the expected effect of increasing agricultural production and consequently agricultural income. The Annual Agricultural Production is increasing at the rate of 0.9% which population is increasing at the rate of 3.7% per year.

The artificially promoted industrialization has had a disquieting effect on the country's social and economic structure. The industrial pattern which has now resulted is that of innumerable small plants and industries. Since the bulk of the population is in the low income agricultural group, the domestic markets cannot adequately nourish and support the developing industries. This slow expansion of domestic demand has pretty well stunted these industries and relegated them to the category of small operations with high production costs which prevent them from competing favorably in the export market.

H. Socio-Political and Economic Situation:

The Government's austerity program has been in operation for the past two years. The Country's limited revenues have made a tight budget policy necessary. Chile's budget and budget policy has continually been strained during the austerity period. A critical point was reached this past May as a result of the seismic cataclysms which occurred in the southern regions. Complete collapse of the austerity program was avoided by the timely and generous assistance received from other nations during and after the earthquake disaster. Further, Chile's success in negotiating loans from international organizations and other countries has enabled the present administration to meet immediate needs and responsibilities as well as embark on a reconstruction and rehabilitation program for the disaster area.

The present administration is concerned and recognizes the need of programs aimed at changing the agricultural property ownership pattern and increasing the productivity of the land. The need for a re-direction of land policies aimed at changing the existing agricultural system to a more rational system is obvious.

Several conditions exist which may tend to neutralize the effectiveness of programs aimed at solving the country's social problems and of elevating the lot of the rural population in the low income sector. Among these are:

1. Limited budget tends to give priority to programs which solve immediate needs while putting off the costlier programs aimed at solving the problems which bring about these needs.
2. Several agencies are carrying out Governmental policy in the agricultural field. Besides losing effectiveness through lack of coordination, a shortage of technicians and budgetary funds results.
3. Well organized pressure from special interest groups and other sectors compete very effectively for limited national funds.
4. The National Agricultural Organization, made up of the landed minority, generally influence agricultural policy. This organization is currently pushing an agrarian reform which considers only the technological need of the rural areas, while overlooking, completely, the need for elevating the level of the masses to full citizenship status.
5. The various regions of Chile, with their diverse conditions, special characteristics and needs, cannot be optimistic of receiving programs which will benefit them as long as these programs are developed in the Capital without proper representation from the various districts, and administration is totally centralized in Santiago.

I. Emerging Land Problems:

1. The rural problem is acute both on the large fundos with their large numbers of inquilinos, medieros, and afuerinos as well as on the numerous small farms with limited resources which are inadequate to eke out a bare living.

2. Large numbers of mini-fundos where rational land utilization is impossible. These mini-fundos increase yearly as the properties are further divided amongst the children.

3. Low production per worker and per hectare (oxen power agriculture characterizes large and small operations).

4. The rural masses represent a major rural problem. This group also represents a potential production source as well as the best possibility for increasing domestic markets when and if it is made possible for them to increase their land resources for an economic operation. The incorporation of additional land to present subsistence units will require an intensive program of guidance and training as well as the provision of an adequate source of credit in order that efficiency of production will be reached.

5. Poor land utilization and resulting low production is greatly due to non-existence of all-weather secondary roads or complete lack of roads. This tends to isolate vast areas. A definite need exists for a road building program which provides adequate access and farm-to-market roads.

6. A program designed to incorporate the masses into productive citizens is costly and immediately faces the barrier of inadequate budgets. This indicates the need for a revision of tax laws to provide the necessary revenue while equitably dividing the burden for carrying out road, health, schooling and other essential programs.

7. Low unrealistic land taxation and poor application of tax laws encourages inefficient systems of farming and improper utilization of land.

8. Uncontrolled inflation over the past 20 years has led to the acquiring of real estate as a hedge against inflation, without consideration to adaptability of economic feasibility of newly acquired land to overall unit being operated.

9. Agricultural credit system can generally be described as purely commercial type credit. The point has been reached where both borrower and creditor need orientation on proper use of credit. The farming business decapitalizes each year while the credit system, in spite of the high volume, has done little to offset the rapid decapitalization. This is largely due to overlooking the overall farming business and concentration on short term credit without regard for the need of investment capital. The credit system is completely ineffective in meeting the needs of the rural masses.

10. Isolation of regions specially during rainy or inclement season (6 months per year) makes programs aimed at assistance to rural masses extremely costly.

11. Marketing system and storage facilities are poorly distributed and deficient.

12. The 4,000 kilometers of coast line is incongruous with the backward maritime transportation system. The principal factor for this is the lack of adequate ports.

J. Programs under Way or under Considerations:

The Chilean Government's concern for bettering the lot of its masses has led to consideration of several programs. These programs are generally in the talking and planning stage. For this reason, the various projects will not be dwelled on in detail.

1. A supervised credit program is seriously being considered. While this type program is basic to assistance in the rural areas, the scope and backing proposed is not sufficiently clear at this time.

2. A land resettlement program, or colonization program, is evolving. This is far enough along to merit some discussion. The Caja de Colonización would be the responsible agency for carrying out the resettlement responsibilities. Briefly, this follows:

The Caja was reorganized by decree N° 76 dated February 5, 1960. This new legislation emphasizes internal colonization and has, in effect, converted the "Caja" into an agent for bringing about a peaceful agrarian reform. The institution is provided with the needed legal and administrative base for correcting the social and economic problems of the country's rural areas. Full consideration is given to the judicial, scientific and technical aspects of land re-distribution.

The authorities granted to the Caja are sufficiently broad and flexible to accomplish its functions. It may buy land as it is offered for sale, or condemn by right of eminent domain, lands which are considered necessary for colonization. The prime function of the Caja will be to create a large rural middle class from the ranks of the underprivileged rural masses.

The Caja has the following functions:

- a. Resettle lands of the State and of individuals.
- b. Subdivide land in accordance with the social and economic needs of the country and each region.
- c. Orient, intensify, and industrialize production through formation of agricultural centers.
- d. Provide colonizers and cooperatives with the needed credit and elements indispensable in the operation of their farms.
- e. Consolidate small agricultural holdings in order to create economic units.

The Caja's limiting factor is inadequate financial resources for accelerating its activities to the scope and level required. To remedy this, they have submitted an application to the Inter-American Bank for a loan of US\$25,000,000 to be dispersed to them over a five year period at the rate of US\$5,000,000 per year.

3. The Ministry of Agriculture is working intensively with small farmers in five selected communities. Their aim is to increase level of production and

living in this area by providing technical guidance and financial assistance.

4. A rapid land survey is getting underway. The plan is to classify all of Chile's land within a five year period.

5. The Corporación de Fomento has plans for building access roads in selected isolated regions.

6. Plans are underway for constructing grain storage facilities, slaughter houses and refrigeration plants at strategic points.

7. Plans for new irrigation projects are in the process of execution.

VI.

C O L O M B I A

Basic Issues Underlying Present Policies

The land use pattern in Colombia has changed little since the Colonial days of the 16th Century, when much of the best land was granted to the Spanish conquerors in customary reward for their actions during the invasion. Generally, the major participants of the war received the large estates, whereas the minor participants and the proletariat received the smaller and less desirable tracts. Peonage and the indebted wage laborer was the next step which, along with the concentration of land ownership, is still widely reflected in the present economy. 1/

TABLE I

The Distribution of Land Ownership

<u>Size of Holdings</u>	<u>Number of Holdings</u>	<u>Percent of total holdings</u>	<u>Total area involved</u> (Thous.Has)	<u>Percent of total area</u>
Less than 5 hectares	459,380	55.97	950,900	4.10
More than 5 and less than 20	230,550	28.09	2,434,400	10.73
More than 20 and less than 100	101,384	12.35	4,746,100	20.92
More than 100 and less than 500	25,072	3.05	7,521,600	33.15
500 or more	4,456	0.54	7,035,500	31.02
T O T A L	820,842	100.00	22,686,500	100.00

Source: El Desarrollo Económico de Colombia, CEPAL, 1955 - Page 155

Farms of 100 hectares or more account for only 3.59 percent of all farms but over 64 percent of the total area. At the other extreme farms of less than 5 hectares comprise almost 56 percent of the total number of farms but only slightly more than four percent of the total farm land. Approximately 60% of the total population depends directly on agriculture as a means of livelihood. It has been estimated that about one million persons have been displaced and left without land and resources because of political feuds and violence in certain areas of Colombia. Complicating the situation is a population growing at the annual rate of three percent 2/ from which stems many other pressing social, political, and economic problems.

1/ IBRD Mission, The Agricultural Development of Colombia, 1956 -- Pg. 27

2/ Boletín Mensual de Estadística - April, 1960 -- Pg. 13

Thus, agrarian reform in Colombia involves two separate but related problems. First is the need to improve the land utilization pattern, in order that agriculture might function more efficiently; thereby serving the food and fiber needs of a rapidly growing population. Within the context of this problem is the existence of many large farms on which land is not used, or used at an extremely low level of intensity, along with many small farms generally insufficient in size and productivity to contribute any positive increment to the gross national product. The second problem involves the urgent need to improve the welfare of a majority of the Colombian population, including small farmers and rural and urban laborers, who live under relatively primitive conditions.

Situation and Experiences with Previous Institutions

One of the first attempts to create a uniform agrarian reform program in Colombia was made in 1922 when the conservative administration of President Ospina was confronted with a culmination of many existing social and economic problems. A resettlement program was established under the auspices of the Minister of Agriculture and four resettlement projects were initiated. This program was superseded first by the Institute of Colonization, Parcellization and the Defense of Forest Resources, and then by the Institute of Colonization and Immigration in 1953. The latter was established under the Government of General Rojas Pinilla in an attempt to resolve post-war problems created by the influx of European immigrants, as well as to ease the still pressing National problems. In spite of the fact that motivation establishing the Institutions was essentially sound, political considerations and poor economic planning guided the course of development in an undesirable direction.

Existing Resources and Institutions Concerned with Agrarian Reform

In 1956 the agrarian reform concept was revived and the responsibilities of initiating new measures were transferred by a Governmental Decree to the semi-autonomous Agricultural Credit Bank 3/. The Bank immediately embarked upon a program of social and agrarian reform with major emphasis focussed upon "Colonization". This operation involves the resettlement of persons from over-crowded areas, or areas of violence and social problems, to public domain on parcels averaging 50 hectares. There is no charge to the settler for property and after a period of one year a legal title is given to the settler by the Government. The Bank is presently operating on five Colonization fronts. During the next five years the Colonization program envisages the development of over 5 million hectares and plans are to resettle some 50,000 families 4/.

The second type of settlement program administered by the Credit Bank is "Parcellization". This program differs from Colonization only in that land is purchased on the open market by the Government and desirable settlers, in turn are required to pay for the developed land received. Usually credit is provided to the settler with relatively favorable loan terms. Within the next five years this program suggests the development of 40,000 hectares and the resettlement of 15,000 new families 5/.

3/ The Agricultural Credit Bank established in 1933 is one of the largest banking institutions in Colombia with current capital resources amounting to over 810,091,326 pesos or approximately 115,841,617 dollars.

4/ A Colonization and Land Utilization Program for Colombia - Pg. 32 - Denny, Horne, and Miles.

5/ Denny, Horne, and Miles - Pg. 51

The Colonization and Land Utilization program of the Credit Bank has been relatively successful. Since May, 1959, over 1,000 families have been installed on three of the five fronts and many squatter families have settled, receiving the limited services offered by the Bank 6/. Recently there has been a desire on the part of some political leaders and government agencies to accelerate the movement as recommended in study of Colonization and Land Utilization by a commission of three U.S. technicians last July 7/.

It is well recognized however, that colonization and parcellation of public lands is not an end in itself. Generally land is inefficiently organized and utilized. The large fertile estates, located in relatively level regions where mechanized agriculture could be carried out, are dedicated to stock farming and other extensive agricultural systems. Intensive agriculture is practiced on extremely small units, usually located on steep slopes and mountain sides. The tenancy situation, where small renters and share croppers have no guarantee in their work contracts nor access to land ownership, is a fundamental problem. Agricultural credit is not readily available. Generally, better farm management practices must be applied.

Obviously, there is no easy or immediate solution to the land reform problem in Colombia. The resettlement of people in overcrowded areas is seemingly a short-term solution, but basic to land reform is enforceable legislation and subsequent governmental action. As a start legislation must be set forth (1) to improve the organization and distribution of the land and (2) to define legal rights and obligations in landlord-tenant relationships. There is presently a bill before Congress which is broad and comprehensive and applies many of the fundamentals which are essential to land reform in Colombia. This Bill was presented to Congress by a National Agrarian Committee established by President Lleras. Due to political considerations and the strength of vested interests, however, this bill has made little progress in becoming a legal document. Assuming that the legislation will be passed there is some apprehension that little will be done to put it into effect. Law 200 of 1936 and Law 100 of 1944 are conceptually sound and provide for certain reforms, including expropriation, but little has been done to implement these laws.

The fact that present bill before Congress is reformative in nature indicates the awareness of certain Government officials of the necessity of agrarian reform in Colombia. Specific to land reform, Article One of the present bill states: "To reform social agrarian structure by means of appropriate procedures, to eliminate and prevent the concentration of rural property or its excessive fractionation, to reconstitute adequate exploitation units in the minifundio zones and to grant lands to those who will exploit them by their own personal labor". This Bill also provides for other aspects important to land reform in Colombia. But the proposal must be made law, and even more important, it must be implemented, if it is to be successful in its purpose.

6/ Información Estadística de la Colonización - Caja Agraria, 1960

7/ Denny, Horne, and Miles - pages 5-10

Activities of International Agencies and USOM Regarding Land Problem and Programs

To date, activities of international assistance organizations and USOM, concerning land policies and programs in Colombia, have not been strongly emphasized. The United Nations, through the F.A.O. Mission, has provided to the GOC advisory services of two technicians, a land tenure and area development advisor, and a soil scientist. The former technician has been active in advising the Ministry of Agriculture, the Caja Agraria and the Planning Commission on land reform and colonization policy. The U.N. soil scientist has advised the National Geographic Institute on land base maps and general photo interpretation. USOM has provided preparation of special external loan applications. A special commission of three U.S. technicians was provided by USOM last year to comprehensively study land reform and colonization in Colombia,^{8/}.

With the present increased emphasis on land reform in Colombia, however, USOM, U.N., and other special assistance agencies have programmed agrarian projects. The U.N. Special Fund, through FAO in Colombia, is being requested to support an important center of training and research in land use, land tenure, and area development in Cali. The center will be located at the Valley University and will utilize also the facilities of the Agricultural Experiment Station of Palmira. Nine professionals, to assist in the training, will be requested, for the first year. The Special Fund contribution is expected to be approximately 821,000 (U.S. dollars), for five years, and that of Colombian agencies, 540,000 (U.S.) for a total project budget of 1,361,000. The fund is supporting also a three-year land use study on the unoccupied eastern plains (Los Llanos) of Colombia.

USOM has established a land settlement and development project which will provide for feasibility studies, advisory services, and on-the-job training of Colombian technicians in order to accelerate the wide-spread colonization and parcellization activities. Six professionals are being recruited for this project. A special allotment of 60,000 (U.S.) dollars was designated for this project for Fiscal Year 1961. The survey team of three U.S. technicians which studied land utilization and colonization in Colombia last July estimated that external assistance organizations would need to contribute over \$146 millions over a period of five years to support this program. The total cost of the five year Colonization and Parcellization program of the Agricultural Credit Bank including the GOC allocation is estimated to be over 206 millions, (U.S.).

Financial assistance from the Development Loan Fund, the Export-Import Bank, the Bank of Inter-American Development, and other ICA help is expected also to be requested by the GOC for agrarian reform. However, due to pending legislation and the lack of a definite land reform program outlined by the Colombian Government, it is difficult, at this time, to determine the magnitude and type of assistance which will be ultimately requested of ICA. The D.L.F. and Export-Import Bank already have allocated around 33 million dollars for agrarian reform in Colombia. It is expected that additional loans will be requested from those agencies presently.

^{8/} Denny, Horne, and Miles Report.

VII.

C O S T A R I C A

Emerging Land Problems in Costa Rica

Major land problems in Costa Rica are characterized by pressure for land on the central plateau, the accepted practice of squatting as a means to ownership outside the central plateau area, lack of adequate surveys and mapping and the absence of a central authority or single agency responsible for the administration, disposal and development of public lands.

Land Pressure on the Central Plateau

Unfortunately, from the standpoint of the Costa Rican economy, every Costa Rican would prefer to live in what is generally referred to as the central plateau, consisting of a relatively small percentage of the total land area surrounding the Capital city. It is generally considered that 52.2 per cent of the population reside and earn their livelihood on 9.36 percent of the national domain. This accounts for the large number of small land holdings in the area. Estimated size of farms is 23.4 acres. 65 percent of the lands on the central plateau are devoted to permanent pastures and forests. Forest lands generally are not used for cultivation. From this, it is evident that the area of tillable land for each farm family averages about 8.2 acres. This results in an estimated farm income of \$600 annually. By and large these lands are privately owned and operated. Except for lands in pasture cultivation is intensive. There is room for a great deal of improvement in land utilization in this area. In many cases certain crops are grown as a habit with no thought given to relative income producing ability.

Acquisition of Land Titles

The above description does not apply to the remaining 90% of land area. It is generally considered that legislation prior to 1939 favored the unauthorized settling on land for the purpose of acquiring legal title thereto. Although the laws have been changed and provisions made whereby private owners and the government could protect their properties from squatters; vigilance has not been sufficient to enforce the law, therefore resulting in a continuation of the past practice of gaining titles through squatting. This is considered a less serious problem in Costa Rica than in many other Latin American Republics, but the reason for this situation may be due to the fact that less than 20% of the total land area of 14,720,000 acres is considered as suitable and available for agricultural development purposes. With the annual increment in population estimated at 4% and with 43% of the present population under 15 years of age, it is evident that these remaining lands will be rapidly settled with or without regard to proper planning, the acquisition of title or the availability of credit.

Surveys and Mapping

Topographical maps, to a scale of 1: 25,000 have been completed for about 25 percent of Costa Rica's land area. Work on this project is continuing. The areas photographed so far lie mostly in the central plateau and on the Pacific

slope. For practical purposes, the topographical mapping job that needs to be done immediately can be said to be about half-completed, and the photography (from which the topographical maps are made) is already available for the portion of the country subject to immediate development.

In terms of cadastral mapping, the situation is not nearly as good as it is for topographical mapping. The Cadastral Division of the Geographical Institute has done a great deal of work since its inception in 1916, but there is not, at present, a unified set of cadastral maps that could be used as the basis for a modern property accounting system, except in the case of a few limited urban areas. Even though permanent markers have been established in some parts of the country, they are not generally used for the identification of lands as recorded by notaries and others. The typical description continues to be in the terms of meter and bounds tied to one or more natural landmarks which may or may not be positively identified. The Cadastral survey continues to be hampered by inadequate staff and funds as has been the case since 1916.

Administration of Land Development

In Costa Rica responsibility for the administration of public land is shared by at least twelve different and largely independent agencies having functions in the custody, control, distribution or management of land. In addition, the National Assembly itself from time to time makes dispositions of land and otherwise moves to specify land controls. The Executive Authority (Poder Ejecutivo) exercises similar powers under its own established authorities.

In general, the Judicial Department (Tribunales de Justicia) and Agrarian Attorney's Office (Procuraduría Agraria) have most to do with processing land applications under two principal laws, yet during the processes there are often other actions, direct or indirect, by the Ministry of Agriculture, the Tax Office (Tributación Directa), the Registry Office (Registro de Propiedades), Survey Office (Oficina de Cadastro), local jurisdictions and others.

The Ministry of Agriculture and Industries controls certain national farms and may grant titles to individual settlers, with some intervening actions by agencies named above. The Ministry also has authority to manage the leasing and concessions of national lands, and it has responsibility for the management of forest lands. The national banks hold certain lands in the name of the State and may dispose of them under their own special rules.

Recently, the Banco Nacional de Costa Rica was authorized to request, receive and distribute land for colonization development, and the Banco de Costa Rica and the Banco Anglo Costarricense have each received recent authorizations for further land acquisitions out of public domain.

Finally, on certain land matters, the civil defense forces (Resguardos Fiscales) and police authorities may intervene when necessary. This diffusion of responsibilities and authority together with the annual appropriation of only \$39,300 for the management and protection of public lands leaves many gaps that prevent proper management and protection of the public domain.

Land Development Programs Contemplated

As a result of the awareness of the existing situation related to land policies and the need for developmental programs, new legislation was enacted in 1959. With this law and the necessary reformative legislation now being prepared the major responsibility for land development is to be placed in a single agency, the National Bank of Costa Rica (Banco Nacional).

The Bank, upon receipt of funds to be used for this purpose, anticipates initiating a program of supervised credit and colonization.

In the initial phase of the program the Bank is hopeful of obtaining a DLF loan for \$10 M to be used for the rehabilitation of 1,500 farmers. Another loan request has been made with the Export-Import Bank for \$1,150,000 to purchase cattle, some of which would be placed with these same farmers.

The USOM gave favorable consideration to this development and contracted an International Development Service (IDS) team to survey the situation. As a result of this survey and a request from the National Bank for additional services a project agreement and PIO/T for a contract have been signed by USOM with the Bank to provide technical assistance to the Bank for the initial phase of the undertaking. It is anticipated that beginning early in 1961 IDS will provide four specialists to the Bank for a minimum period of two years with the anticipation that three or four additional years will be needed to complete the work. The four technicians are to consist of two credit specialists, a community development specialist and a colonization administration specialist. In addition to providing assistance in program implementation these four men are to assist in developing organizational structure and in training a number of people in order that this entity will become a permanent division of the National Bank.

Material presented herein was taken largely from a "Report of Taxation of Costa Rican Agriculture" prepared by Cecil Margon of ICA/W, and "Costa Rica Toward Rural Security" prepared by an International Development Services survey team. Both reports are current, having been made in 1960.

VIII.

SURINAM

I THE EMERGING LAND PROBLEMS OF SURINAM

A. Land Tenure Laws:

Surinam, though small in the eyes of its Latin American neighbours (143,000 sq. kilometers), is 5 times the size of Holland and land-use, development, and tenure problems loom proportionally as large, impeding its smooth transition from colonial to self-government status.

Three major problems apparent are: (1) the need for land tenure laws (2) availability of land resources and land use; and (3) the Surinam People on the land.

Political and physical changes which have rapidly taken place in Surinam's development period have greatly outdistanced and made obsolete its antiquated colonial laws concerning land tenure. Although an attempt, which failed, was made to modify these laws several years ago, it was not until recently that a need for their serious study was recognized as a basic step necessary for laying the foundations of a successful development program, a program which has been and is currently underway without benefit of study or revised laws.

B. Surinam Land Resources and Use:

Surinam agriculture and population (99% of the total) are presently squeezed into a narrow coastal plain strip of swampy clay-based lowland. The coastal plain is only a small percentage of the estimated 40% or 5,720,000 hectares of arable land within the total land area of the country (14,300,000 hectares). Land use and development has been confined to a small portion (66% or 106,000 hectares) of the total 1,600,000 hectares of arable land of the coastal plain. Here 16,231 land holders operate under various forms of tenure as follows:

<u>Kind of tenure</u>	<u>N° of holders</u>	<u>Total area of held land</u>
a. Owner with title	2,500	35,000 hectares
b. Long lease (75 years from government)	300	13,000 hectares
c. Short term lease, year to year (government and private)	13,731	58,000 hectares
	16,231	106,000 hectares

Note: This does not include urban areas, or private mining concessions:

Of the total land held for productive purposes (106,000 hectares) only 38,000 hectares are in productive use. A table giving the use distribution of the land in use, follows:

Kind of use	No. of units	Total land area held	Total Land area in use	Average per holding HA held	HA in use
Commercial plantations	30	37,000 hectares	12,400 hectares	1230 HA	410 HA
Individual small farm enterprises (20 to 100 HA holdings)	201	12,000 hectares	5,000 hectares	60 HA	24 HA
Peasant semi-subsistence farms	16,000	57,000 hectares	20,600 hectares	3.5 HA	1.3 HA
Totals:	16,231	106,000 hectares	38,000 hectares		

The physical characteristics of the coastal plain increase the cost of development and operation. With reclamation problems similar to those in Holland, initial costs of such reclamation (empoldering) vary from \$800 to \$1600 U.S. per hectare even before clearing, soil preparation, planting or maintenance costs are figured in.

C. The Rural People on the Land:

Because land policies and programs would be valueless unless there are capable and well-adjusted people participating, it is of little use to consider land development unless top priority is given to the creation of a balanced presentation of incentives such as security, individual responsibility, and "know how", as well as advisory and financial assistance in the management of land, labor, and capital.

Surinam agricultural people have many problems related to land development, which although critical, are not unlike those of similar countries. With its heterogeneous population composed of 5 culturally different ethnic groups having language and traditional barriers, Surinam problems become further complicated.

At present, of the total population of 280,000 in Surinam, approximately 55% (or 155,000) are directly dependent on agriculture. The figure would be close to 75% if agriculturally related industry and business were considered.

80% or 124,000 of this rural population live within a radius of 40 kilometers of the capital city Paramaribe.

Below is a table showing the ethnic groups of Surinam and the approximate break-down into the number of people directly involved in the use of land:

Ethnic group	Total number of people	Number dependent on land use	Average hectares held and used by units	
			Held	Used
Hindustani	110,000	87,000	6 HA	2.4 HA
Creole (African)	118,000	35,000	9 HA	2.7 HA
Indonesians	28,000	26,000	2.2 HA	2.0 HA
Chinese	18,000	2,800	100 HA	12 HA
European (mostly Dutch)	6,000	4,200	1230 HA	400 HA
Totals:	280,000	155,000		

Note: In addition, there are 25,000 bush-negroes and 5,000 amerindians not included in the figures. The figures used in this table are drawn from a recent informal census performed by the Ministry of Agriculture.

D. Summary:

A newly emerging country faces a multitude of problems among which land tenure holds a key position. Naturally this problem is compounded by a number of factors which may be economic in nature and sociological in appearance, but are actually politically and sociologically as well as economically controlled.

II PROGRAMS DIRECTED TOWARD LAND DEVELOPMENT (REFORM)

A. Background:

From early colonial days, productive use of Surinam land was in the form of Plantation Agriculture. This was profitable until 1865 when slaves were freed. Gradually disappearing from that time, the 500 plantations occupying 500,000 hectares of land, have dwindled to 30 units at the present time.

Plantation decline was blamed on lack of sufficient labor (as slaves left the plantations) but even with the importation of contract labourers from India, China, and Java, the declines continued. Even with freedom, plantation working conditions were not much better than slavery, so a great majority of the people who did not leave Surinam headed for the centers of population and the others gradually became the backbone of the large number of small subsistence type farm holdings which still exist in Surinam today.

B. Surinam Government Progress of Land Development:

The first steps of the colonial government of Surinam in the early 1900's towards any organized land program dealt with establishment of titles of ownership, long and short term leases, and the recording of holdings. Gradually the land became well controlled. Today there is no "squatter" problem in Surinam.

After the country reached self-government status, several different approaches to land development were made:

1. The Wageningen Project: Established by the Netherlands Government with Surinam supplying the land, this large mechanized rice project (10,000 hectares) was set up to attract Dutch settlers. The results of this project are a well-guarded secret but it is known that no such farmers have yet been established. It is also rumored that total returns from rice are less than total costs.

2. The Lely-dorp Plan: This is an "old coastal plain, pilot scheme" for land development involving 450 hectares on which 35 farms ranging from 7 to 15 hectares are located. Hindustanians, Creoles, and Indonesians predominate. The purpose of the project is "to demonstrate the agricultural and economic possibilities of the independent middle class farm on the "Old Coastal Plain". Since no research backstopping was available, the

project evolved into one of research with the experimentation being done at the expense of the farmers themselves.

3. The Land Settlement Program: In 1949, Surinam made its first major effort to carry out a planned Land Settlement Program of development. The program required that settlement be confined to the "new coastal plain" which necessitated high reclamation costs and that inflexible sized small farm units of approximately 4 hectares be created.

Today, 13 completed empoldered resettlement projects, totalling 13,360 hectares divided into 3,000 small farms (average 3.7 hectares) and supporting 15,000 people are scattered across the "new coastal plain". The total investment of the Surinam Government in physical reclamation alone is equivalent to approximately US\$ 7,145,300.

Additional costs to the farmer for clearing, preparing, and planting average US\$ 100.- per hectare. Maintenance costs on the polder (canals, dykes, pumps, sluices, etc.) are another \$100.- per hectare per year.

With three new projects in the planning stage and one being developed, an additional 3,000 hectare will be added to the total.

The financial support for these projects comes from the Ten Year Development Plan funds, a joint arrangement between the Surinam and Netherlands governments.

A division of responsibility exists. While the Ministry of Development is responsible for planning, the Department of Agriculture is responsible for its execution and administration.

III U.S.O.M. AND INTERNATIONAL ORGANIZATION INVOLVEMENT IN THE LAND DEVELOPMENT PROGRAMS OF SURINAM

A. International Organization:

This has been limited to advisory support in the field of Credit given by the Caribbean Commission. The International Bank for Reconstruction and Development assisted in the development of the Ten Year Plan but not in its financing.

B. U.S.O.M.:

The Agricultural Division of this U.S.O.M. was not involved in the planning or development of the land settlement program. Some advisory assistance was given however, in establishing a supervised farm credit program on one of the settlement areas as a demonstration approach. This program established contacts which enabled a close study of all aspects of the Land Development Program as well as credit.

By early 1960, a growing awareness by the Department of Agriculture of the several problems involved in land settlement was appearing as a result of seeds sown earlier. The Agricultural Division was requested to assist in evaluating

* the program and later asked to make several case studies of the Land Program. Problems exposed by these studies resulted in a request that the Division makes a full scale evaluation of the entire Land Development Program in all of its social, economic, and technical aspects, which is now underway in a joint effort of this Division and the Department. Though the study is not complete, the pattern forming indicates a critical need for major modification and re-direction of the Land Development Program.

The statistics used in this report are drawn from a variety of informal published sources. However, they are considered sufficiently reliable to indicate the general nature and magnitude of the problems discussed.

IX.

E C U A D O R

BRIEF SUMMARY OF LAND PROBLEMS

A. Land Areas

Land problems in Ecuador vary widely as do the geographical sections. Of the three principal land regions - the Pacific coastal lowlands, the Sierra, and the heavy jungle area to the east of the Andes - tenure and land ownership problems are more acute in the heavily Indian-populated highland areas. The coastal region is very sparsely populated due to a lack of roads and to adverse climatic conditions. The eastern part of the country has thus far not been touched by either agriculture or colonization due to the same reasons listed above.

B. Land Distribution

As is the case in practically all Latin American countries, Ecuador has a great many very small, subsistence type holdings that do not form profitable farming units. There are some very large farms - often that are not efficiently worked. According to the 1954 Agricultural Census, there were at that time 83,714 farms with average holdings of less than one half hectare (about 1 acre) each. The Census also estimated that there were 129,439 farms that contained from one to five hectares. These were not considered profitable units either.

There are in the country an estimated 60,000 "Huasipungueros" or peones who live and work on the large haciendas, mainly in the Sierra and earn annually often less than \$100 (U.S.). These workers receive a small tract of often inferior land from the land owner. In payment for the right to use the land for the growing of food for his family and something to sell, the peon works a certain number of days during the year for the hacienda.

On the opposite side of the ledger, there were an estimated 138 properties in the country which contained more than 2,500 hectares each, for an average land holding of 6,500 hectares per property.

An interesting observation is the fact that of the farms of less than 10 hectares, 87% of the total land is in cultivation. On the farms of 500 hectares or more, only 8% of the land is being cultivated.

In total, there are an estimated 250,000 farm families in the country who do not receive sufficient income to provide themselves with the necessities of food, clothing, and shelter. As previously mentioned, most of these families live in the Sierra, where the land distribution is at its worse and where there is no government-owned land for colonization purposes. Another great problem with highland Indians is that most often they do not wish to re-locate. Although there might be land available for them in one of the hotter, more humid regions, they will not leave their homes and families. They quite often go to the coastal areas to work because of the higher wages that are paid and then they return to the cooler, more pleasant highlands.

C. Programs Directed Toward Land Reform

1. The Instituto Nacional de Colonización does practically all of the agrarian reform work that is being done in Ecuador today. Organized in May, 1957, this commission is responsible to an directed by three of the Ministries of the Ecuadorean government - Growth and Development, Public Works, and Social Welfare. This is the official group that has been given the responsibility of land reform in all fields. It is organized as follows:

a. Financing and Direction.- As previously stated, this organization is directed by the three Ministries, and its Executive Director is named by them. The Executive Director has charge of planning and administrating all phases of the various programs. At the present time the yearly budget of the Institute is around 24.5 million sucres, or equivalent to 1.3 million U.S. dollars. Three and a half million sucres of this amount is derived from government import taxes. The remaining 21 million sucres comes from sale of government owned lands to colonizers.

A two-million dollar Export-Import Bank loan was made to the Colonization Institute in 1957 for the purpose of aiding in the Pilot Colonization program in a selected site in the Coastal lowlands. Mainly because of a refusal to keep their accounts in the manner required by the USOM Mission and Export-Import Bank, only 264,000 dollars of the loan was ever turned over to the Colonization Directors.

b. Pilot Colonization Program in Santo Domingo de los Colorados.- As soon as the Institute was organized in 1957, soil surveys and investigations were initiated for the beginning of a small, organized colonization program on government land in the coastal section to the west of the capital. In accordance with the agreement that was signed by the USOM and the Ministry of Growth and Development, USOM Agricultural technicians helped with these surveys to choose suitable sites for the beginning of the project. A USOM technician was assigned to work with the Colonization Institute, and several more were called in for survey work. However, when the final selection of the site was made, the recommendation of the North American technicians was not accepted.

A penetration road to the chosen site was started, and ninety farms were laid out for the beginning of the program. These farms varied in size from 15 to 200 hectares - according to financial possibilities of the colonists.

(1) Types of farms offered to colonists - Farms of 15, 25, 50 and 200 hectares were chosen to test the new program.

(a) The 15 hectare farm is called a "Finca Familiar" because the average colonizing family can work it without great outlays of capital - either for labor or for equipment. It consists of 15 hectares of jungle land that have been cleared by the Institute and 15 additional hectares that may be cleared by the colonist as soon as he wishes and if financially able. The 15 and 25 hectare farms have houses which were constructed by the Institute and cost in the vicinity of 25,000 sucres, or \$1300-1400 U.S.

(b) The 25 hectare farms differ from those of 15 hectares only in size and have the same type wooden house.

(c) The 50 hectare farms have a house which costs 35,000 sucres or \$2,000-2,100 U.S.

(d) The 200 hectare farms have no house.

(2) Financing of Colonizers - Each farm is sold to the colonizers at a nominal price based on comparative value of the land - usually about 400 sucres or \$22-24 U.S. per hectare. All loans pay 5% interest and must be paid in 30 years for loans on land, and 20 years for improvement or crops loans. Below is an outline of how much credit each type of colonizer may receive:

(a) 15 hectare farm - May receive maximum credit of 65,000 sucres - which includes land, house, animals, and advance for crops.

(b) 25 hectare farm may receive up to 100,000 sucres for the same purposes.

(c) 200 hectare farm, or "Semi-capitalista farm"; may borrow money from the Institute for the purchase of the land only. This is not to exceed 80,000 sucres.

(d) 50 hectare farms has a loan maximum of 150,000 sucres.

(3) Development of Colonized Areas - The Pilot Program is more than thirty kilometers from the nearest town; therefore, a school, church, dispensary, store, and movie house were constructed for the use of the new community. No settler lives more than six kilometers from this center.

Also, a farm for the purpose of experimentation and propagation of plants is being developed in the area by the Institute to make improved plants and animals available to the colonists at nominal prices.

(4) Technical assistance for the colonizers - The head of the Department of Agricultural Assistance and five additional Ecuadorean agricultural engineers are available to aid and advise the farmers.

(5) Crops grown in the zone - One of the problems in the Pilot Program in a tropical zone is that many of the major crops require several years to come into commercial production. Therefore, the farmer must often work away from his farm until his crops are well established and producing. Cacao, African Palm, pastures, hogs, chickens, home gardens, and bananas for home consumption are the major crops.

D. Opening New Roads in the Coastal Area

As new roads are being opened in the jungle, coastal areas, colonizers move in immediately and take possession of the land most accessible to the newly opened roads. As practically all of this land belongs to the Federal Government, the Instituto Nacional de Colonización as quickly as possible gives titles of 50 hectares each to these "squatters". Many more families have been located by this manner than through the Pilot Colonization Program in Santo Domingo de los Colorados.

E. Ecuador's Plans for the Future

At present, 10 additional tracts of government land are being evaluated for feasibility for colonization programs. Seven farms that belong to the Central University of Quito and comprise some 20,000 hectares in Chimborazo Province are being evaluated by the Institute. If these farms could be bought by the Federal Government and effectively divided among the Indians in that highland zone, certainly some valuable information could be obtained.

The opening of new roads will bring into availability additional lands. Another 100 farms are to be developed in the Pilot Program.

Ecuador is only beginning to think about its land problems, and only in a sense of re-distribution of lands. Available supervised credit, improved marketing, and the possible use of agricultural co-ops, all for the betterment of the existing farms and farmers, have thus far not been included.

X.

E L S A L V A D O R

El Salvador is primarily an agricultural country unique among neighboring Central American countries in having limited land area which is densely populated. The socio-economic structure is made up principally of two basic groups - the rich who control most of the wealth and land resources of the country and the great masses of the poor which are characterized by low literacy and limited technical skill. The latter are generally inadequately housed, lack sanitary facilities and have low purchasing power and insufficient economic opportunities. In the urban centers there is a rapidly growing middle class of commercial and professional people, but the economic and social opportunities of rural people, who constitute the major segment of the population, remain low; the economy is based on the raising of foodstuffs and fibers for local consumption, and coffee and cotton for export. In 1959, agriculture directly accounted for 43% of the gross national income and supported nearly two thirds of the population. In recent years coffee has provided from 75 to 90% of the foreign exchange; cotton another 5 to 15%. Natural resources other than agricultural, suitable for industrial use and development are extremely limited. Thus, it is apparent that a large part of future expansion of the gross national product must come from the exploitation of agricultural products. Solution of the agricultural land problems is prerequisite to continued progress. Those programs which encourage the maximum utilization of agricultural lands in accordance with their use capabilities and foster the equitable distribution of the returns are basic to the solution. Since virgin lands are of very limited extent, they must deal chiefly with lands already more or less developed.

THE LAND PROBLEM: El Salvador's principal land problem is that of scarcity. Her total area is about 5,225,000 acres; her population, approximately 2,500,000 or 307 people per square mile.

Projections of the 1950 census data indicate that about 34% of the land is used for annual crops, seeded pastures, and perennial crops such as coffee, fruits, and henequén; about 35% is in native range, brush and forest; and about 31% is in urban areas, roads, rivers, lakes and estuaries, or unaccounted for. Thus there are approximately 2.1 acres of land per capita of which about 0.7 of an acre is estimated to be used for agricultural production other than native range and forestry. It is estimated that 63% of the population is rural and that about half of those in this group who are over ten years of age, are directly engaged in farming operations. This would mean that there are something less than 10 acres of total land area and less than 2.2 acres in cultivated crops and seeded pasture per agricultural worker.

Since the soil reconnaissance currently underway is not completed, there is still no firm estimate of the proportionate extent of the various land use capability classes. However, it is probable that the area of land really suitable for some kind of agricultural production more intensive than native range or forestry is less than the acreage of lands estimated to be already in use for such purposes. Much of the land of classes capable of intensive use is, for reasons of stoniness or topography poorly suited to mechanized large scale, commercial farming. Undeveloped lands suitable for cultivation probably do not exceed 100,000 acres. They are mostly lands requiring drainage or other major development prior to being cultivated.

The number of farms by size groups, the relative percentage of the total agricultural land area in each group and the relative portion of the total production of important food crops and coffee produced in each group are given in the following table:

<u>Size of farm in Hectares</u>	<u>Number of Farms</u>	<u>% of total Farms</u>	<u>% of land area controlled</u>	<u>Percent of Total Production</u>			
				<u>Corn</u>	<u>Beans</u>	<u>Sorghum</u>	<u>Coffee</u>
Less than 1	70,416	40.4%	2.3%	14.2%	11.3%	14.4%	1.7%
1 to 5	70,057	40.2	10.1	37.7	38.1	39.9	7.8
5 to 10	14,064	8.1	6.5	11.4	12.6	12.7	5.4
10 to 30	12,537	7.2	13.8	13.8	16.0	15.0	13.5
30 to 50	2,997	1.7	7.7	4.4	4.6	4.8	9.6
50 to 100	2,107	1.2	9.7	4.3	4.9	4.2	18.0
Above 100	2,026	1.2	49.9	14.2	12.5	9.0	44.0
T O T A L	174,204	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Even in densely populated El Salvador, the majority of the land is controlled by a relatively few people. Nevertheless, there are a large number of small, subsistence farms for which the major emphasis of land programs needs to be toward improving the standard of living and the efficiency of the people involved. For the large farms emphasis also should be placed on greater production of commercial crops to increase the gross national product.

THE SOLUTION: From the above review it is evident that the solution to El Salvador's lands problems must center primarily on improving the lands already in use to increase national production, and to increase the economic and social position of the small farmer through increased yields and improved efficiency in the production of food crops. Projects for the improvement of housing, health, educational and social facilities as well as projects for the direct improvement and increased utilization of the land are recognized to be essential. Maximum social reform and maximum use of labor in agriculture must be sought along with an increase in the gross national product. At the same time over-used lands must be retired to less intensive uses. Some of the more important planned and actual projects in various fields of activity relating to the land problem are described below.

Collection of Basic Data: At least some of the basic data necessary for the planning and implementation of land programs continues to be gathered. A soil reconnaissance of the country, jointly supported by the Salvadorean Government and ICA is in progress. Contour maps with a vertical interval of 20 meters and a scale of 1:50,000 have been completed. Cadastral surveys are being initiated. Climatic and limited stream flow data are being collected. FAO has been assisting in the training of personnel for the planning and execution of agricultural economic surveys, and the development of crop forecasting. The Government of El Salvador plans to take a complete census in 1961. FAO is also providing an expert to train personnel and to assist with an inventory of the pinewood forests and forest industries. The Instituto Tropical de Investigaciones Cientificas of the Universidad de El Salvador provides facilities and limited financial support to foreign scientists wishing to make investigations in the country. A number of studies, particularly in the fields of geology and biology have been published. An agricultural research program with technical support from ICA covering,

the fields of soils, crops, horticulture, plant protection and livestock, is underway. This program is particularly important to the encouragement of the more intensive use of the lands of the higher capability classes. As examples of accomplishments, the introduction of hybrid corn has reached the stage where it is significantly affecting production of corn. An extensive group of soils has been identified in which the lack of phosphorus is the limiting factor for corn production. The use of phosphate fertilizers will permit the expansion of corn production onto these lands.

Conservation and Reforestation: The need for programs in the fields of conservation, reforestation and land-use readjustment has long been recognized. In 1946 the Institute of Inter-American Affairs made and published a Preliminary Survey of Conservation Possibilities in El Salvador. At about the same time a citizens' group known as "Amigos de la Tierra" was formed which continues to be a militant force in the development of agricultural policy and programs. This group actively supports conservation education and encourages farmers in the application of conservation practices. The Ministry of Agriculture directly assists farmers in the application of conservation and drainage practices. The Extension Service and the National Vocational Agricultural School, which receive limited technical support from ICA, participate in conservation education.

A nation-wide forest conservation and management program is being planned. FAO has given technical assistance with this. An ICA-supported pilot project to initiate reforestation and management of the pine forests along the northern frontier of El Salvador is planned for implementation in FY 1961. It is proposed that the work be done by a civilian conservation corps under administrative direction of Salvadorean army officers and the technical supervision of ICA technicians. The area involved, which has an extent of about 225,000 acres, is critical to water-shed protection above hydroelectric installations on the Lempa River. It is a rugged, mountainous area with limited agricultural possibilities. Expansion of such programs to a much larger area is needed. However, it must be recognized that much of the land involved would have limited commercial forestry possibilities, and financial assistance will be needed.

Land and Water Resources Development: On a limited scale, dry-season irrigation has been successfully practiced in El Salvador for generations. Annual yields from such lands being double to triple to those of non-irrigated lands. The Government has long recognized that ultimately it will need to develop as much land as possible for year-long use by this means supplemented by drainage where needed. Since 1947 it has made exploratory studies of six possible irrigation and drainage projects covering more than 175,000 acres. One of these (Chucuyo) is being activated by the Government of El Salvador. Another (Zapotitán) is being planned in detail with the intention of beginning development immediately. Preliminary estimates of the costs of developing these projects totalled a little more than \$ 80 millions. This includes the cost of some electric power development. However, most of the estimates were made 5 to 10 years ago when construction costs were lower than now. Obviously outside capital will be needed.

Transportation: El Salvador is served by an international railroad which inter-connects Atlantic and Pacific ports. It has a local railroad which connects

San Salvador, the capital and largest city, with the port of Acajutla. Air transportation facilities are good. The primary road system is fairly adequate. Few areas lack access roads. Additional roads are under construction or are being planned. Continued orderly development of roads at the present rate should meet requirements.

Agricultural Credit, Cooperatives and Marketing: Credit sources for farmers of limited resources are not good. The Ministry of Agriculture in keeping with its desires to help the small farmer, has been planning for the development of a supervised agricultural credit program that will combine credit with training and assistance in the use of improved farming techniques. The program should give considerable impetus to the introduction of improved varieties and the use of fertilizers and insecticides on food crops. This should lead to increased production, greater return per man-hour of labor, and expansion in the use of impoverished lands. A source of funds to provide credit for the project is being sought. ICA proposes to support the training of personnel and provide technical advice to officials of the agency. Commodity cooperatives in the fields of cotton, rice, coffee, sugar and milk have been operating effectively in El Salvador for a number of years. They provide credit, marketing facilities and technical support for the commodities concerned. They chiefly serve the large farmers. Interest has been expressed in the development of agricultural cooperatives for medium and small-size farmers. They would provide for cooperative credit, ownership of machinery, marketing of produce and purchase of farm supplies, fertilizers, etc. Their organization should be encouraged. ICA is ready to provide technical assistance. Changes in marketing methods are needed both to improve the quality of the product upon arrival at market and to reduce the costs. An ICA sponsored marketing consultant will spend 2 months during 1961 to assist with training and surveys which should lead to the setting-up of a marketing division in the Government. It is expected that this division will develop a suitable program for the orderly improvement of marketing conditions. ICA has agreed to provide technical assistance.

GOVERNMENTAL POLICY: On October 26, 1960, the Government of José María Lemus was overthrown. Power was assumed by a six-man civilian-military Junta which immediately replaced all cabinet Ministers, Supreme Court Justices, and other high officials, and suspended the Legislative Assembly. The new Government was recognized by the United States on December 3rd. Subsequently, communications were re-established with the new Ministry of Agriculture officials. They give the impression of being able, moderate and well qualified.

The new Minister has expressed his appreciation for technical cooperation and his desire to expand its activities. He has expressed interest in the programs of supervised production credit, agricultural cooperatives and agricultural marketing planned for with the previous administration. However, it is too early to judge the extent to which these programs may be implemented. When shown the Act of Bogotá the new Minister was obviously interested in the assistance it offers for social and economic development. However, no definite program or policies regarding land problems have yet been announced.

The Executive Junta has announced its intention of setting up a Development Board and Coordinating Council on which the Development Bank (INSAFOP) will have a strong voice and be responsible for processing proposals. This is a step in the right direction. Although there may be some delay in the implementation of activities in agrarian reform due to the change in Government, the situation seems hopeful for a Program of Social and Economic Development in line with the Act of Bogotá. That the Junta is interested in land development is indicated by the inclusion in the 1961 budget of an item of \$182,000 for investigations to determine the availability of underground water for use in one area proposed for irrigation.

Relation of Soil Surveys and Land Classification to Land Use Adjustment and Land Development Programs

Presented here is an analysis of the Relationship of Soil Surveys and Land Classification to Land Use Adjustment and Land Development Programs, by W. C. Bourne, Soils Advisor, USOM/El Salvador. It has been prepared at the request of ICA/Washington for use as background material at the Conference on Land Problems, Programs and Policies to be held at Santiago, Chile, February 20 - 24. The presentation is not intended to be a comprehensive treatment of the subject. Rather, it is confined to some of the more important aspects which experiences of the author indicate are apt not to be appreciated fully by those planning land programs. Those wishing more complete discussions of soil surveys and their uses are referred to the brief appended bibliography.

Soil survey, land classification and related studies constitute the foundation on which the planning and action phases of land-use adjustment programs must be built. In initiating such programs the organizers will do well to start surveys at least concurrently with planning phases and as far as possible in advance of actual operations. Failure to do this may result in costly errors. Soil surveys and the accompanying land classifications are integral parts of successful programs. It must be recognized that laboratory studies, agronomic research, and often other types of surveys and studies, are necessary adjuncts. In the case of remote virgin areas, pilot farms may need to be developed and operated for a time before a comprehensive set of alternative uses can be predicted.

THE LAND USE ADJUSTMENT PROBLEM. Land use adjustment needs to be recognized as a multiple direction process. In many areas readjustment in the use of lands already under cultivation may be equally or more important than the development of new lands. Anyone who has studied land problems in Latin America even casually cannot help but have noticed the marked maladjustment which frequently exists between the people and the land. Recognition of this problem and the desire to do something about it have, of course, been primary motivating forces for the calling of the Conference on Land Problems and Policies in Santiago, Chile. The problem is depicted graphically by the everchanging panorama of over and under-used lands observable on extended journeys by air. Often, lands immediately surrounding centers of population are over-cultivated, lacking in protective vegetative cover, actively eroding, impoverished, capable of supplying little of the materials needed to sustain human life. In contrast, more distant lands may be thinly populated and largely in virgin condition. Even such densely populated countries as El Salvador still have areas of under-developed land.

Many are the causes for the development of the present population patterns. Deep-rooted attachments of the people for their home villages; health hazards; uncomfortable climates; unsolved management problems specific to the lands involved; lack of adequate transportation, schools, churches, markets, and other community facilities -- these and many other factors have retarded movement into virgin areas, even at the expense of appalling destruction of land resources. However, as we all know, social, economic, political and population pressures have built to the point of forcing the development of new areas. At the same time many old areas need to be rehabilitated and protected against further deterioration. It is my belief that the primary responsibility of government in the aid of this imminent process of land-use readjustment is that of providing the necessary institutional services. It is not too much to expect that a people will adjust to the land under a system of free enterprise if given adequate educational, extension, credit and research institutions coupled with health and other community services and sufficient market and transportation facilities.

NEED FOR SOIL SURVEYS. Obviously soil surveys and land classifications are needed to implement programs of this kind. They are needed to determine the use suitabilities of lands, to distinguish lands that should only be used for perennial vegetation from those suitable for cultivation, to locate areas potentially suitable for irrigation, drainage or other forms of reclamation. They are needed as a guide to the selection of crops and livestock to be produced, the cultural and supporting practices required, and the management plans to be pursued on specific tracts of land. They are needed to indicate the maximum number of people that the land can be expected to support. They are needed for the determination of research requirements and for the efficiently planned, orderly development of community service institutions in such fields as agricultural extension, credit, marketing, transportation, education, health and local government. They are needed to assess the ultimate effect of the land-use adjustment and development programs on the social and economic structure of the country.

Soil surveys and land classifications are particularly needed for those programs involving the subdivision of land into farm units. Without them it would be virtually impossible to fit balanced farm units to the land which are capable of producing the gross product deemed necessary by the master plan. The Soil Survey is the medium through which those concerned with agricultural economic and social development implement their plans.

NATURE OF THE SOIL SURVEY. A Soil Survey in its ultimate form has as its practical objective the prediction, at a specified level of generalization, of the complete set of alternative uses and management practices to which a given soil area may be adapted. Included in the predictions is an estimate of productivity under specified conditions. Thus, if properly done the modern soil survey includes the basic information required for developing a classification of lands for any given purpose.

Whether the soil survey will be properly done depends upon the skill and vision of the soil scientists doing the work and also upon the assistance which they receive from others in accumulating and evaluating use and management data. Benchmark data are needed for the array of soils into use suitability and management requirement groups. These two ingredients - skilled, well-trained soil scientists and benchmark data - are equally essential to the making comprehensive, useful soil surveys and land classifications. Their importance cannot be over-emphasized.

Land classifications are at times made directly without recording the natural soil type. Such classifications usually have limited prediction value beyond the immediate purpose for which they were designed, and often the field surveys must be repeated when other kinds of classifications are needed. Where the soils information is recorded and classified according to a proven scientific system, the original survey will serve for many types of practical classifications.

A soil survey describes, classifies and locates soils as natural segments of the earth's surface. The making of a soil survey is a combined process of science and art dependent primarily upon field observation and correlation. It is made in the field by studying and describing soils in terms of their relationships to the total environment. The soil profile, its position in the landscape, drainage conditions, the underlying geologic formations, the apparent history of geomorphological development, the aerial relationship to other soil profiles, the native vegetation, the response of the soil under study to various uses and managements to which it has been subjected - these and many more characteristics and relationships are studied. In the process, constantly recurring patterns, which can be used to define soil mapping units, are sought.

Once a sufficient body of knowledge about an area has been accumulated, a legend of defined mapping units is prepared, and a map is made showing the location of the areas of each mapping unit. At the same time all possible information about land use and management in the area is gathered. Through the process of correlation this is related to the soils encountered and forms the basis for predicting the various use suitabilities and management requirements of each soil mapping unit.

USE OF THE SOIL SURVEY. Some precaution and understanding must be exercised in the use of a soil survey. In this connection the concept of the mapping unit cannot be overemphasized. A soil map is not intended to indicate the exact soil individual at each point, but rather to classify them into related groups and to synthesize them into mapping units based on their observed pattern of occurrence and relationship to other physiographic factors. Just as one does not know all there is to know about a given cow by knowing she is a Jersey, one does not know all there is to know about the soil in a given field by knowing that it belongs to the mapping unit Yayantique clay loam, mountainous. For very practical reasons only a few of the many characteristics that a segment of the landscape may have can be selected as differentiating characteristics. All others must be accessory. Also each mapping unit must be allowed a certain range of variation. And perhaps most important of all, the quality of the soil map is dependent upon the ability of the soil surveyor to judge the relative importance of the factors which he can observe. Unfortunately soil surveying is not a routine mechanical process. It involves unique judgments and skills. The completed product can only be as good as the training and ability of those making it permits. With respect to the latter, administrators of programs should remember that the making of a reconnaissance requires a great deal more skill than the making of a detailed survey. Where a high percentage of untrained personnel must be used they will do well to begin with detailed surveys. If reconnaissance are required it would be better to import highly skilled surveyors than to depend entirely upon untrained local personnel.

In using a soil survey it also must be recognized that its suitability for any given purpose is dependent upon the level of the generality at which the survey was made. A reconnaissance, for example, has limited value for the making of a detailed plan of management for an individual farm; but it may be more easily used than a detailed survey in predicting the alternative types of farms that can be expected to prosper in a given region. This is because of the inherent difference in what each kind of survey shows. The detailed survey shows the specific kind of soil in each delineated area. Associations of soils are permitted as mapping units only when the pattern is so intricate that the individual soils cannot be shown on the map at the scale being used. In most cases the patterns of soils in these complexes are so intricate that for management purposes the areas must be treated as if they were composed of a single soil. Quite to the contrary, the mapping units of a soil reconnaissance are usually soil associations - i.e. areas or bodies of land with a characteristic and recurring pattern of soils. The mapping units of the reconnaissance are uniform with respect to soil pattern rather than with respect to the soil itself. They are suitable for estimating kinds and extent of soils to be encountered in an area, but not for indicating the exact soil to be found in a given field.

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XI.

G U A T E M A L A

Most Latin American countries, like Guatemala, have the means of meeting the problem of "land hunger". Like Guatemala too, other Latin American countries have opportunity to accomplish what is commonly referred to as "agrarian reform" by the process of evolution rather than revolution. Guatemala, with thousands of new land owners and with plans for future expansion, already has in operation the kind of program that the people of many other countries hope for in the future.

Most Latin American countries have large areas of undeveloped land that could be opened up for settlement. The cost of such operations will depend largely on the amount spent for access roads, for project roads, land clearing, and community facilities such as schools and health service dispensaries.

Latin American countries generally have large privately owned tracts of land that could be made available for sale in family-size farm parcels. It is not necessary to have an agrarian revolution to make such land available for family-size farms. The transition from large estates to smaller, more intensively used farms has been brought about in other parts of the world by realistic land tax programs. Guatemala has under consideration an increase in land taxes for revenue purposes but has not had to consider taxes as a means of encouraging sale of large tracts of land for small farms. Most of the land made available for settlement has been large farms owned by the Government.

People who use the phrase "agrarian reform" to gain support for agrarian revolution imply that big land-owners are a sinister group who must be displaced by force. But the pattern of land ownership in Latin America is largely a product of economic, political, and cultural forces and is subject to change by the same forces.

Latin America has provided two outstanding examples of agrarian reform by the revolutionary approach of expropriation and State ownership: one under President Jacobo Arbenz in Guatemala which ended in July, 1954 and the other under Fidel Castro in Cuba. The Government of Guatemala under President Ydigoras is establishing individual property owners by the evolutionary method.

During the last decade, Bolivia has experienced agrarian reform both by the revolutionary and the evolutionary method as campesinos took possession of large estates and the Government later made grants of land and undertook a colonization program with ICA cooperation. Bolivia and other South American countries also have encouraged colonization by foreign nationals in underdeveloped areas.

A sound credit program, as has been demonstrated in many parts of the world, is an essential part of an effective agrarian program. Most families, interested in agriculture as a way of life and in buying and operating a family-size farm will need long-term credit for land purchase and permanent improvement. Such families usually will need also short-term credit to finance purchase of supplies and equipment essential to farm operation. Families without financial resources, even if given land under a homestead-type program, have little opportunity for more than subsistence and cannot be expected to contribute to the economy of the country unless they have the help of a credit program to get started.

Guatemala's supervised agricultural credit program now has been in operation for five years, and has served existing small farmers as well as new farmers under the land settlement program with loans for farm operation and development. On the request of the Government of Guatemala an agricultural credit servicio has been established to administer the credit program. Borrowers have the help of the credit agent and the agricultural extension agent in developing a farm plan that will enable them to repay their loans. Loans for land purchase in Guatemala have been limited by inadequate loan capital. Government plans for borrowing for loan capital will make possible more land settlement by persons able to purchase farms with the help of long-term credit. Some Government-owned farms, available under the Agrarian Law at 10 percent down payment and 10 years for the remainder are available for those able to buy land.

In the years since the overthrow of President Arbenz in 1954 the Government of Guatemala has established about 4,000 families on their own land in tracts of about 50 acres each. Most of these new owners are former farm laborers. In this phase of the agrarian program in Guatemala, the United States has provided technical assistance and cash contributions to help with the expense of land clearing, roads, schools, and health centers and for home-construction and well-drilling.

Another 4,200 new owners have received from the Government small land parcels which enable them to grow some food for home consumption while obtaining income from other employment. About 12,000 have received rights on land held in community title in the traditional method common in the areas occupied largely by indigenous population. Urban lots on land formerly held by the Agrarian Affairs Agency have been obtained by about 1,500 individuals. In total, the efforts of the Government through this agency, have resulted in creating about 22,000 new property owners during the last five years.

Permanent improvements on family-size farms include 603 houses, 431 latrines, and 554 wells. A total of 19 schools and 18 health centers are completed or under contract.

A total of 72 miles of access roads have been completed and contracts for an additional 108 miles of access roads are approved or in process. Interior roads completed on the settlement projects total 355 miles.

In Guatemala, on underdeveloped land, preliminary clearing by mechanized methods, has been limited to five acres per farm which gives the new settler opportunity to grow a small crop while he is doing further clearing by traditional hand methods. Usable timber from land clearing operations supplies a sawmill where framing units are prefabricated for homes for new settlers.

Plans for the future include development of a new and now sparsely settled jungle area that will provide for about 6,000 additional families. The soil is good but the mountainous approach will require substantial investment in an access road as well as in roads within the project. The Government has plans for financing this project with funds borrowed over a five-year period.

Much has been learned in five years of experience with agrarian programs in Guatemala with conclusions that should be useful in any Latin American country concerned with land policies and programs and desiring to undertake projects in these fields. True agrarian reform is more than a process of land distribution.

If it is to contribute substantially to economic and political stability and well-being, it must provide opportunity for the individual to become a more productive, more responsible member of society. It must take into consideration adequate credit, better health and education and usually improved marketing. Ownership must be vested in the operator, farms must be large enough to pay indebtedness and development costs and provide the family a decent standard of living, loans must be adequate and credit accompanied by technical guidance.

The USOM has provided technical advisors for the program in Guatemala through a contract with International Development Services. In this way it has been possible to draw on experience gained in Venezuela and Brazil in land subdivision and agricultural credit and in the United States under the family farm ownership and supervised credit programs of the Farmers' Home Administration.

The Government of Guatemala, through democratic processes, is making good progress with an agrarian program that will make a lasting contribution to political stability and economic development.

XII. H A I T I

I - Problems

Factors contributing to land problems and impeding land program in Haiti are:

- a) Small areas of arable lands as compared to population density.
- b) Very small agricultural yields due to non-rational production methods.
- c) Indifference of absentee owners toward land utilization.
- d) Lack of interest shown by investors toward agriculture.
- e) Absence of security in land holdings bringing about extensive litigation bankrupting farm operators and reducing their enthusiasm for agricultural pursuits.
- f) Inadequate financial resources necessary for the implementation of improved production methods.
- g) Theft and superstitions.
- h) Excessive parcelling of lands.

II - PROGRAMS UNDERWAY OR UNDER CONSIDERATION

- A) LAND REFORM PROJECT, 1959. This proposal sets forth as its objectives:
 - a) Encourage the formation of family type farms.
 - b) Facilitate investments in Agriculture and related industries.
 - c) Inaugurate a policy of liberal agricultural credit for peasants.
 - d) Improve production of existing crops and introduce new crops.
 - e) Facilitate a better distribution of land through expropriation and distribution of private land and the distribution of lands belonging to the State.
 - f) Carry out the cadastral survey of the Republic.
 - g) Improve the system of rural police.
- B) RURAL CODE, 1959, which is a revision of earlier rural codes dating back to 1880. This code encompasses all phases and aspects of rural activities. Its principal contribution would be toward improved land utilization.
- C) BUREAU OF AGRICULTURAL CREDIT, created in 1956 and expanded in 1959 to provide financial assistance to agricultural production, processing, storage, and marketing.
- D) AGRICULTURAL AND INDUSTRIAL BANK, 1952, has as its purpose the improvement and expansion of agriculture and related enterprises.

- E) CADASTRAL BUREAU AND LAND COURT, 1949, to provide assistance to land owners in protecting their legal rights.
- F) ARTIBONITE VALLEY DEVELOPMENT PROJECT, 1949, included the construction of a dam to provide hydro-electric power, development of an irrigation system, and land reclamation.
- G) HOMESTEAD ACT, 1947, established procedures whereby tenants of State lands may be granted title to the land. Essentials of this program are: rational cultivation of the land for three to five years; regular rental payments; and upon receipt of title the owner may not sell or subdivide the land.
- H) COLONIZATION ACT, 1934, 1939, a land settlement project whereby displaced persons were located on State lands. Provisions were made permitting receipt of title upon completion of certain requirements.

III - ACTIVITIES RELATING TO LAND PROBLEMS

A) Government

To this time the LAND REFORM project and the RURAL CODE have not been formalized into law and remain under consideration.

The CADASTRAL BUREAU and LAND COURT are operating locally in a few areas. There is no complete cadastral survey of the country and, in general, land titles and litigation remain largely in the hands of Notary Publics, Lawyers, Surveyors, and Justices of the Peace.

Under the HOMESTEAD ACT substantial numbers of family type farm units have been established. This act constitutes the most active attempt to distribute State-owned lands. Even so it is estimated that one half to two thirds of the Republic remains State land.

The AGRICULTURAL and INDUSTRIAL BANK has made a limited number of loans, generally to larger enterprises. Presently its principal function is in the supervision of existing loans.

The ARTIBONITE VALLEY DEVELOPMENT project is actively operating as an autonomous government agency. Currently 57,000 acres have been put under irrigation and work is under way on an additional 30,000 acres. Facilities have been provided for processing, marketing and storage. Too, community development projects have been initiated.

B) Other Institutions

The Export-Import Bank and D.L.F. have provided financial assistance to the Artibonite Valley Project.

c) USOM

The BUREAU OF AGRICULTURE CREDIT, a joint activity of the GOH and USOM is extending credit country wide for agriculture production. Agricultural industrialization is being encouraged through credit to cooperatives and other groups for processing and storage units.

Two area development projects, Poté Golé and the Artibonite Valley are functioning as joint activities of the GOH and USOM. Aspects of these integrated programs are agriculture, health, education, and public works. Of primary concern is improved land utilization.

XIII.

H O N D U R A S

Background Paper On
Agrarian Reform Problems

Agrarian reform programs are usually undertaken to correct an anomalous land tenure situation through provision for a more equitable distribution of land in an attempt to create greater political stability, improve economic conditions and reduce disparity among social classes. Unfortunately, most agrarian reform programs are limited to a redistribution of public or private lands and fail to consider that the irregular pattern of land distribution is the result of a great many interesting factors, and, as such, is only a visible symptom of problems which must be corrected in order to achieve the desired end results.

Although Honduras land tenure statistics (Table I) indicate an undesirable pattern, redistribution alone would not solve the basic problems, which involve the characteristics of the land, the character of the people on the land, and the conditions under which they have arrived at their present situation.

I. BACKGROUND

Neither physiographic nor edaphic characteristics of Honduras are conducive to efficient development of the agricultural economy (Table II). The country is mountainous, with few extensive areas of rich agricultural soils suitable for mechanization, and these are isolated from each other and from markets by mountain barriers or heavy forest. Most of the country is more suited to forestry or extensive grazing than to intensive agricultural pursuits.

The Pre-Colombian economy of Honduras was based on a shifting agriculture with agrarian rights being conferred on the family rather than on the land. The Spanish added a system of land titles, but permitted communal (ejidal) ownership of land in most of the populated areas of Honduras. Since the Spanish conquerors and their successors were more interested in mineral wealth than in agriculture, the agricultural pattern remained essentially unchanged. Even today, most of the larger holdings are farmed under a colono or sharecropping system, with each family working a very small holding or minifundio. With the exception of the fruit companies, who developed extensive areas on the north coast of Honduras, little initiative has been shown towards developing the extensive national lands away from established population centers. Thus, the Honduran population has become continually more concentrated in the western highlands, with attendant fragmentation of holdings and misuse of resources, while large areas of more suitable land remain unused.

The average small farmer, who would be the principal beneficiary of an agrarian reform based on land redistribution, is unable with his present resources to cultivate all that is available to him. The average farmer has only about two hectares (out of a 3.5 hectare total) in cultivation, half of which he plants to corn and the rest to grain sorghum, beans, coffee, sugar cane, bananas, rice, etc., depending upon his farm's location, or is fallowed. His tools are a machete, hoe and planting stick. Only one farm in six has a plow, a cart and a team of oxen. His normal source of credit is the village merchant, to whom he usually sells his crop at harvest to pay his bills and make his few major purchases. His annual income is about \$300 when prices are good.

II. PROBLEM ANALYSIS

Some form of land redistribution may be essential to solve the Honduras land tenure problem, particularly as regards to resettlement of peasants from overpopulated areas of land unsuited to intensive agricultural use on more suitable, under-utilized national lands. However, the principal effort should be directed towards resolving the conditions which have led to the present situation, and this effort must apply not only to the resettled farmers, but to the entire agrarian community. These conditions include the following:

A. Legal Factors: Honduras has never had a cadastral survey, and land descriptions are limited to metes and bounds and physical witnesses. Many land titles are clouded, and their clarification is subject to a cumbersome procedure dependent upon time elapsed without challenge. Land taxes are administered locally, are not uniform, and bear little relation to true value or productive capacity. A graduate land tax would vastly encourage proper land use as well as lead to a realistic set of land values. Lease and sharecropping agreements are virtually all verbal and unregistered, while laws governing these agreements are so broadly worded as to be meaningless.

B. Social Factors : Lack of communications, principally highways, effectively prevents a free interchange of products, information and services between the producing areas and the market. This lack of communications also hinders the Government in providing physical security and educational and health facilities, and helps create an economic and political situation which discourages any influx of new capital and enterprise (either local or foreign) into most of the rural area. These side effects demonstrate the necessity of an integrated plan, recognizing all basic factors, for the success of a development program.

C. Agricultural Services: Inadequate agricultural credit is perhaps the most serious factor limiting improvement in the agricultural economy. Private banks limit agricultural loans to short-term credit to a very few of the more affluent land owners. The Banco Nacional de Fomento, GOH agency charged with the responsibility for filling the credit gap, is unable to do so because of inadequate capitalization and administration. It is virtually impossible for the average small farmer to obtain the long and intermediate term credit necessary to increase his cultivated area beyond the subsistence level.

Virtually no agricultural or economic investigation is carried on in Honduras, the extension service operating primarily on the basis of adaptation of results of investigations conducted elsewhere. Although the agricultural extension service is doing a generally effective job, its effective radius is severely limited by illiteracy and lack of communications. This organization would have to be expanded tremendously to make a major impact on the widely-scattered illiterate rural population.

D. Agricultural marketing is extremely primitive, with no centralized markets, poorly-defined marketing channels and no market reporting. There is practically no pre-processing or classification of agricultural products and very little processing of by-products. Inadequate transportation increases marketing costs and prevents the development of many areas, including those under consideration in the Agrarian Reform Program.

E. Supply and service operations normally conducted by private enterprise are lacking in all but the principal cities. It has been necessary for the agricultural extension service and later the Banco Nacional de Fomento, to maintain

for sale: stocks of seeds, fertilizers, veterinary supplies, insecticides, fungicides, feeds and agricultural implements in order to carry out their programs.

III. PROPOSED AGRARIAN POLICY AND PROGRAM

The agrarian problem has been recognized for some time in Honduras, and several programs to solve this problem through legal or executive action have been promulgated in the past. Some of these programs have been aimed at correcting the basic causes, while others have aimed at land distribution, but none have been thoroughly planned and executed. Simple land distribution in the past has generally been unsuccessful, principally because of inadequate selection of the participants and insufficient support in terms of credit, technical assistance and motivation. Nevertheless, an extensive program distribution of national lands is under way at present, with little consideration of these aspects. Programs aimed at correcting the more basic problems have had only limited success, principally because of inadequate technical support and limited financing.

During the past year, an Agrarian Reform Commission appointed by the President has been preparing a proposal which, if adequately supported both technically and financially, would lead to considerable improvement in both land tenure and the agricultural economy. This proposal calls for land distribution (principally national lands), but insists that the agrarian reform in Honduras cannot be based on a single redistribution of land, but must constitute an integrated program of agricultural, social and political development. The proposal calls for increased agricultural credit, land development, communications, markets, health, education and administrative facilities.

Honduras has recognized the lack of basic information and of technical and executive competence required to carry out this program and has requested and received assistance from OAS to conduct the initial studies and develop the basic plans and laws and organizations. The GOH proposal calls for the creation of a National Agrarian Institute which would draw on existing agencies for technical support and would coordinate the activities of these agencies in relation to the program. USOM has received informal requests for technical assistance to the Institute upon withdrawal of the OAS team.

The proposed scope of the program, the most comprehensive ever suggested for Honduras, raises the question of the resources needed to carry it through. In view of the availability of land, the two critical resources are financial and technical.

A. Financial Resources: The direct costs of the agrarian reform program proposed for Honduras for land development, penetration roads, agricultural credit, technical and economic studies, etc., will be far beyond Honduras' ability to finance from internal sources, assuming that the political urgency of the program limits the time available for its initiation and execution. Honduras is limited by existing loans and by the quality of its planning and administration in its ability to obtain additional external financing.

The President has stated in open forum that GOH can handle the basic administrative budget of the program, but that the development operation will require external financing and that he anticipates this financing to come through the "Plan Eisenhower" as formalized in the American Republics Cooperation Act.

B. Technical Resources: There is virtually no source of reliable statistical information essential to integrated basic planning. Resource surveys are limited in number and have usually been handled in a sporadic and isolated manner, which limits their usefulness when an attempt is made to correlate the different studies. Accurate maps (even base maps) are not available. The number of qualified technicians available for making basic studies, developing programs and plans, and executing and managing operations is extremely limited. The possibility of developing the local technical resource in a reasonable period of time is dubious, given the limited local educational facilities and the urgent requirements for even partially-trained technicians.

External technical assistance, if provided in quantity, can to a limited extent substitute for local talent in conducting initial surveys and developing financing proposals and development programs. Perhaps enough local talent could be developed for the key executive positions, if this were backed up by adequate technical assistance during the formative period. However, the operating positions (extension agents, colony administrators, field engineers, supervised credit agents, etc.) will have to be filled by depleting staff of other agencies and by intensive training of subprofessionals.

Because of their inexperience in using an integrated approach to such a broad and complex problem, and the limited resources they can bring to bear on it, it is doubtful that the proposed program will achieve the desired impact. Recognition of the necessity of such an approach to complex problems is an important step, however, and could lead to integrated planning for other problems.

MEXICO

XIV.

AGRICULTURE AND LAND REFORM IN MEXICO.

Agriculture and the Mexican Economy

Mexico is a predominantly agricultural country. Approximately 58 percent of the population is engaged in agriculture and related fields; while industry accounts for 16 percent, and commerce, transportation, and services for 21 percent. Agriculture contributes more than half (55 percent) of the country's exports. The proportion of the gross national product from agricultural sources, however, is relatively low. In 1958 it reached the highest level in recent years but still represented only 22 percent of the total product.

Land Use

Mexico has a wide range of climates. It has low, humid and tropical regions as well as high-elevation, temperate-climate regions. Climate in Mexico depends to a great extent on the altitude. Most of the country is mountainous and arid. Only 10.1 percent or 49.2 million acres of the country's area is tillable, accounting for 14% of the land in farms, and, of this, 80 percent is arid and only 20 percent is humid or irrigated. Little more than half of all the tillable land is actually planted to crops, while nearly half is left fallow due largely to lack of rainfall. Of the area planted each year, about one-eighth is lost, principally as a result of drought.

About 8 million acres or 16 percent of the total tillable land is irrigated. The amount of irrigation is increasing steadily through a program of the Federal Government for the building of dams as well as through the drilling of wells. The expansion of the irrigated area has been an important factor in increasing production, especially of cotton and wheat.

Land Reform and the Ejido

Reflecting the great heterogeneity of the land, climate and people of Mexico, as well as the varying effect of colonial history on different regions, Mexican officials and technicians are fast discovering that no one land reform policy will accomplish the dual objectives of providing the landless with land while maintaining or increasing production.

Prior to the revolution of 1910 and the subsequent agrarian reform movement which continues to the present day, Mexican land tenure was characterized by (1) land-holding villages, (2) ejidos, (3) encomiendas, and (4) the emergence of the hacienda.

On January 6, 1915, while the bitter civil strife which followed the outbreak of the revolution was still raging, a decree was issued by the Carranza Government which marked the beginning of the agrarian reform program. It stated that villages had the right to receive sufficient land for their needs and that such lands were to be expropriated from adjacent properties. The agrarian program was later incorporated into Article 27 of the Constitution of 1917, which is the legal basis for all subsequent agrarian legislation. The first Agrarian Code was promulgated in 1934, toward the end

of the administration of President Abelardo Rodríguez. The Code was modified several times during the administration of General Lázaro Cárdenas and a second Agrarian Code was issued in October 1940, a few weeks before the end of that administration. A third Code, which is still in force, was issued in December 1942.

Lands granted to communities on a restitution basis or by donation, whereby a group meets the necessary requirements relating to need, occupation, and citizenship often involved expropriation of private lands. Owners of such lands are protected up to the following limits:

1. One hundred hectares (equivalent to about 250 acres) of irrigated or humid land or
2. Two hundred hectares (equivalent to about 500 acres) of seasonal (temporal) land or pastures susceptible of cultivation, or
3. One hundred and fifty hectares (equivalent to about 370 acres) devoted to the cultivation of cotton, or
4. Three hundred hectares (about 740 acres) when occupied by plantations of bananas, sugarcane, coffee, cacao, fruit trees, henequen, and a few other perennial crops.
5. In the case of land devoted to livestock production, the limit is the area required to maintain 500 head of cattle, according to the grazing capacity of the land.

This does not mean that all holdings in excess of the above limits are automatically expropriated. It means only that such holdings are subject to expropriation if a request is made by a legally qualified village within the radius of 7 kilometers.

When a private property is affected by an agrarian donation, the owner is allowed to choose the location, within his property, of the land he is permitted to retain, which should not exceed the limits mentioned above. The remainder is expropriated by the Government and turned over to the requesting community as an ejido. The land is given free of any charge to the recipients.

Extent of Program

The area distributed under the agrarian program from its beginnings in 1915 up to the present time amounts to about 39 million hectares (or about 98 million acres). This area has been granted to about 1,600,000 individuals. Stated in relative terms, this means that 27% of the total area of the country and 44% of all the crop land is now held by ejidatarios, or recipients of land grants in the ejidos, who represent more than half of all the farmers in the country.

Organization of the Ejido

The majority of the ejidos are of the so-called individual type. This means that, although ownership of the land is vested in the village, the land has been distributed to the ejidatarios who work their plots individually. These plots cannot be sold or mortgaged, but they remain in the possession of the ejidatario for life, provided he works the land, and may be bequeathed by him to one of his children. It will be noticed that these conditions are almost identical to those placed on the possession of land in the altepletalis of pre-Conquest Mexico.

The area in ejidos in 1950 represented 27 percent of the total area in farms and 44 percent of the total crop land of the country. The remaining 56 percent of the crop land is held by private owners. Approximately 11 percent of the total crop land is in private farms having up to 25 acres of crop land, 18 percent in farms with more than 25 but less than 250 acres of crop land, 7 percent in farms with more than 250 but less than 1,000 acres. The number of private farms with more than 1,000 acres according to the 1950 Census, was 1,546.

Ejido plots on the other hand are usually very small. Of the total number of 1,378,326 members of ejido communities in possession of land in 1950, 8 percent had less than 2.5 acres of crop land, 34 percent had from 2.5 to 10 acres, 42 percent had from 10 to 25 acres, and only 16 percent had more than 25 acres of crop land.

The small area of the ejido plots is due largely to the method used for distributing land in the early days of the agrarian reform. The area of land made available by expropriation holdings in excess of certain limits was divided among the total number of claimants located within a certain radius of the affected property, without regard for the size of the individual grants. This usually resulted in very small plots per family, particularly in the central region where the pressure of the population on the land is greatest. In later years, a minimum area of 10 hectares (about 25 acres) has been established for individual grants in new ejidos, but little has been done to correct the situation created in earlier years. This situation has been aggravated by the rapid growth of the population. The population of Mexico is increasing at the rate of 3 percent per year. There is little or no room in the ejidos for the sons of the ejidatarios. Those who do not migrate to urban centers in search of industrial employment remain in the village only partially occupied. According to the Mexican Agrarian Department, there are at present over half a million peasants whose right to land under the agrarian laws has been recognized but for whom no land is available at present.

Conclusions

Although the land distribution program has been a factor in the economic development of the country, it has not been as successful as its originators and supporters had hoped. The program ended the land monopoly which existed prior to the Revolution and broke the power of the landed aristocracy that ruled Mexico at that time, it also freed the peasants from the economic bonds which attached them to the haciendas, and gave them the mobility which brought so many of them to the cities in search of industrial employment. Most observers agree that the agricultural economy of Mexico today, taking both ejidos and private farms into account, is much more efficient than the hacienda system which prevailed before 1910. Annual agricultural production is now nearly four times the output obtained 30 years ago. Great progress has been made in improving techniques, increasing yields, and diversifying total output. It is also clear, however, that the ejidos have not progressed as much as private farms. Yields per hectare on the ejidos are in most cases from 20 to 25 percent lower than those obtained on private properties. The chief reasons for these lower yields are: first, the small area of the plots, which makes for an uneconomic use of the land; second, the poorer quality of the soil in the ejidos as compared with private farms; third, the lower educational level of the ejido population, with the consequent lower level of techniques and a slower acceptance of improved methods, and fourth, the smaller use of capital per unit of area, which is an important factor in the lower productivity.

XV. NICARAGUA

I. EMERGING LAND PROBLEMS IN NICARAGUA

The problems with which the GON will need to concern itself with respect to land development can be grouped into three major categories:

- (a) the socio-political problem of land ownership;
- (b) inadequacies of the existing tenure situation; and
- (c) land policy in relation to agricultural development.

A. Socio-Political Problem of Land Ownership

Although the pattern of land ownership is less concentrated in Nicaragua than in many other Latin-American countries, it is probably vulnerable to social-political pressures of the type that have been accentuated in Central America since the emergence of the Castro regime in Cuba. Two-thirds of the gainfully-employed population is engaged in agriculture. A large part of this group is associated with the operation of extremely small farming units. On the basis of the most recent agricultural census, 35 percent of all farms were less than 7 hectares in size, and 20 percent less than $3\frac{1}{2}$ hectares. At the other extreme, farms over 140 hectares, although only 5 percent of the total number, occupied 57 percent of all land in farms.

There are extensive land areas in Nicaragua that are presently unoccupied but they are in general without roads, the developmental cost is high, and much of the land is of questionable agricultural value. Most of the agricultural population is heavily concentrated in the highly-developed, western coastal plain, an area of excellent agricultural land but one in which land resources are severely limited in relation to the present farming population.

This situation, however, has aroused little articulate protest. Occasional reports of distressed families have appeared in the local press as a result of the removal of "squatters" from land which they were occupying. There have also been occasions when the evicted families burned fences that were erected against them. Yet, concern over these incidents, or over the general problem of land redistribution, has not been reflected in the program of the left-wing political organizations in Nicaragua. Moreover, preoccupation with the problems of agrarian reform has been shown both by the Conservative (opposition) party and the existing government. In 1957, 1958 and 1959, a member of the Conservative party introduced a proposal for agrarian reform in the National Congress:

B. Inadequacies of the Existing Tenure Situation

Several elements essential to stable tenure arrangements and to an effective land settlement and development program are absent in Nicaragua:

- (1) A cadastral survey, that would provide an adequate basis for determining property boundaries, has not been made. The Ministry of Development, with the assistance of the U.S. Geodetic Survey, has prepared large-scale maps of western Nicaragua. The need of a cadastral survey is recognized and would

be undertaken, if adequate financial assistance and the necessary technical backstopping were available.

- (2) There is now no procedure for the settlement of public lands, which comprise a very considerable part of the country. Provision was established in a law of 1917 whereby any Nicaraguan might acquire title to public land. The legal procedure was clear and relatively simple, as it placed upon the prospective settler the responsibility of locating the property, making a preliminary determination of boundaries, and undertaking a formal declaration before the administrative head of the department in which the property was located. This law gave rise to abuses, however, as it was used to create latifundia, and those without education or the resources to retain a lawyer did not benefit. For these reasons, it was suspended in 1952. Many small farmers now cultivate public land without title as "squatters."
- (3) An effective institutional arrangement for the rental of agricultural land with a long-term lease has not been developed. There are many tenant-operated farms in the developed agricultural area of western Nicaragua with a verbal contract that extends only for the crop season (six months). The rent is paid in cash in terms of a rate per hectare that is relatively uniform. Because of the pressure for land within the developed agricultural zone the rental market is an active one; although the tenant farms are small (typically less than 10 hectares) the tenant operator may rent land from several owners in making up his cultivated area for the crop season. Equipment and oxen are also frequently rented. This situation has considerable flexibility and does afford farmers without resources a means of acquiring access to land. But it is not conducive to good land use or the development of a stable farm enterprise.

C. Land Policy in Relation to Agricultural Development:

There are two major requisites in the formulation of an effective policy with respect to land resources in relation to agricultural development:

- (1) Knowledge of the resources in terms of land suitability, and
- (2) in areas of suitable agricultural land, provision of the facilities which will allow the areas to function as part of the country's commercial agriculture.

The GON has begun to appraise the land resources of Nicaragua. In 1958, a Department of Soils was established within the Ministry of Agriculture; soil survey work in one small area has been almost completed. As a complementary activity, ecological studies based on reconnaissance survey have been made of several areas. This work contains much information that is useful for land-use planning.

In central and eastern Nicaragua, which comprise a large portion of the country and which are relatively undeveloped, effective land settlement will depend upon the provision of transportation and marketing facilities. There are now scattered communities of settlers that have become stagnant because of the very limited volume of products that can find a market outlet.

II. PROGRAMS DIRECTED TOWARD LAND REFORM

A. Host Country Activities

In mid 1960 the executive branch of the GON decided to take definite action in the field of agrarian reform. A small group, that included cabinet ministers, worked with the President in drafting a proposed law. A first draft of the law was completed early in December; it is expected that, later this month, it will be presented to the Congress for approval.

In its present form, the draft appears generally adequate for a rather comprehensive program of agrarian reform.

- (1) It would create an Agrarian Institute, as a semi-autonomous agency, reporting to the President through the Ministry of agriculture with broad responsibilities over land settlement.
- (2) Land settlement would involve public lands, lands purchased by the Agrarian Institute, and, where necessary for the realization of a settlement project, expropriated land with compensation determined by a board of arbitration. In cases of expropriation, the Constitution of Nicaragua requires that immediate cash indemnity be made.
- (3) A tax on agricultural land is introduced, the revenue from which would be utilized for programs of land settlement. This is a significant proposal as previously land has not been specifically taxed in Nicaragua.
- (4) Both directed and voluntary settlement are contemplated. Any farmer who has occupied public land and cultivated it for a period of one year or more prior to the enactment of the law would be permitted to apply for title, thereby securing up to 50 hectares without charge and the balance, if he has cultivated it adequately, at a price to be determined by a board of experts.
- (5) In the case of directed settlement, land would be sold to the settlers, to be repaid over a period of 15 to 20 years with interest at a rate that is not to exceed 5 percent. The amount to be repaid would be reduced by 5 percent for each son born after the purchase contract is signed. Supervised agricultural credit would be introduced and adequate housing provided for each settler in a government-directed project.

B. Food and Agriculture Organization (FAO)

An FAO land tenure specialist, located in Costa Rica but assigned to work in the Central American area, has made several visits to Nicaragua in an endeavor to organize a study of land tenure conditions to be undertaken jointly with the GON and the National University in Leon.

C. USOM

The USOM has assisted the GON in the preparation of four projects which were submitted for "Special Assistance" loans or grants in the field of land settlement and development. They were the following:

- (1) A land settlement and development training project US\$127,100. (In view of the fact that lack of trained personnel is expected to be the principal obstacle which the GON will encounter in the activities that are planned in this field, the Mission has requested that this request be considered for financing as a T.C. project).
- (2) A loan request of US\$8,000,000 over an eight-year period to support a program of agricultural settlement. The GON wishes to establish 10,000 farm units in the developed agricultural area of western Nicaragua and 3,000 units in the rest of the country. The program includes the acquisition of land, construction of buildings, provision of equipment, livestock and supporting facilities.
- (3) A loan request of US\$6,400,000 to be used in support of four programs that would be undertaken by the National Development Institute. These programs involve agricultural settlement directed towards the development of four commodities—livestock, cacao, bananas and sugar.
- (4) A loan request of US\$1,900,000 for a cadastral survey.

Director's Note: USOM has also been providing the services of its Agricultural Economist who has been made available to advise and assist GON officials concerned with the various Agrarian Reform Programs.

XVI. PANAMA

I. EMERGING LAND PROBLEMS IN PANAMA

A. Land Tenure and Size of Farm

The First National Agricultural and Livestock Census of Panama made in 1950 provides some very pertinent information regarding land tenure and use in the Republic. The following statistical data are from this source.

There are 85,473 farms of one hectare or more, encompassing 1,159,082 of the 7,447,000 hectares of the Republic. The average (but much larger than typical) farm contains 15.6 hectares of which 2.8 are in crops (excluding tame pasture).

Fifty-six per cent of occupied persons in Panama are in agriculture but only 5 per cent of the land area is in crops and only 16 per cent is in farms. Twenty per cent of the land in farms is under cultivation. Sixty-seven per cent of the farmers are squatters and do not have title to the land they use. This situation makes it difficult for farmers to obtain credit and discourages long term plans and improvements. Eighty-six per cent of the land used by squatters belongs to the nation.

Panama has some large and efficient farms but 52 per cent of the farmers have units of 1.0 to 4.9 hectares and operate only 8.3 per cent of the total land in farms (Table 1). The average size of these small farms is 2.2 hectares of which 1.5 are in crops.

TABLE 1

NUMBER OF FARMS, AREA IN FARMS, AND AREA IN CROPS,
BY SIZE OF FARM - REPUBLIC OF PANAMA, 1950 (1)

Size of Farm	Total Farms		Total Area		Area	Total	Area in
	N°	%	Ha.	%	per Farm	Area in Crops	Crops per Farm
Hectares			Ha.	%	Ha.	Ha.	Ha.
1.0 to 4.9.....	44,442	52.0	95,903.5	8.3	2.2	68,837.9	1.5
5.0 to 19.9.....	29,082	34.0	259,033.3	22.3	8.9	87,806.4	3.0
20.0 to 49.9.....	8,231	9.6	236,794.4	20.4	28.8	35,189.4	4.3
50.0 or more	3,718	4.4	567,351.3	49.0	152.6	44,778.2	12.0
Total	85,473	100.0	1,159,082.5	100.0	13.6	236,611.9	2.8

(1) The data on the number of farmers and the area were taken from Volume II of the 1950 National Census. The percentages and the tables were prepared by the Economics Division of SICAP.

Seventy-four per cent of the farmers on these small units are squatters and do not have security of tenure. Regardless of tenure status, these farmers on small units produce very little for sale and their purchases of goods are extremely limited.

Thirty-four per cent of the farmers operate units of between 5 and 19.9 hectares and 66 per cent of them are squatters. This group operates 22 per cent of the land in farms. The average size is 8.9 hectares of which 3.0 are in crops. Although production per farm is very small, most of commercial crop production is on small farms.

Eighty-six per cent of the farmers in Panama are on farms of less than 20 hectares but they operate only 30 per cent of the land.

Slightly less than 10 per cent operate farms of 20 to 49.9 hectares and 52 per cent are squatters. Farms in this size group average 28.8 hectares of which 4.3 are in crops.

Four and four-tenths per cent of the farms contain 50 hectares or more but average 152.6 of which 12.0 are in crops. These farms include 49 per cent of the land in farms. Nearly 19 per cent of these operators do not have title to their farms.

On some of these farms there are large areas of land suitable for mechanized crop production but now used only for grazing if at all. If these areas were put to more intensive use, the importation of many food products could be drastically reduced.

B. TYPE OF FARMING

Agriculture is typically tropical with the exception of some small areas at high elevation near David, where some cool season crops such as lettuce, cabbage, carrots and potatoes are produced. The major agricultural areas are concentrated on the Pacific slope in an area about 300 miles long between the city of Panama and the city of David, near the Costa Rican frontier.

Eighty-six per cent of the farms are of less than 20 hectares on which most of the agriculture is of the cut-and-burn type and nearly all of the operations are carried out by hand. The modal farm is a subsistence unit and produces very little for sale. A majority of these small units are located on the poorer soils many of which are not suited for mechanization.

Mechanized crop production is limited to about 200 farms, the most of which are rice farms in the province of Chiriqui. Panama is nearly self-sufficient in rice and the Government supported price is \$5.50 per cwt of unmilled short grain rice. At a Government supported price of \$2.50 per cwt,

corn production approximately is equal to current demand.

The cattle industry includes an estimated 750,000 head of cattle, a large majority of which are found on farms of 50 hectares or more. This group includes only about 4.4 per cent of all farms but about half of the land. Some of these livestock farms are quite large and a few of them are very well managed. Mechanization is limited almost entirely to transportation.

C. CADASTRAL SURVEY

A great deal of confusion exists relative to land ownership boundaries for lack of cadastral surveys. The Government of Panama is currently exploring ways and means of initiating a nation-wide cadastral survey.

D. TAXES

Land taxation procedures now in operation permit the speculative holding of large tracts of idle land. There is a land tax of \$1.00 per year per hectare on uncultivated lands in excess of 500 hectares per owner. Also, for each hectare of cultivated land 5 hectares are exempt from the \$1.00 tax. In many cases the taxes are not collected.

E. CREDIT

Commercial credit is supplied to operators of farms to a limited extent by the National Bank and the Chase Manhattan Bank. Agricultural development credit is supplied by Instituto de Fomento Economico but the amount is very inadequate in relation to need. Bank credit to operators of small farms is practically non-existent.

II. PROGRAMS OF LAND REFORM

1. Host Country

At this time the distribution of Government owned lands is the responsibility of two agencies:

The Lands and Forests Department of the Ministry of Finance sells and rents Government lands up to 500 hectares to any one person. Larger tracts are available in special cases. It also grants free title to farmers having an annual income of less than \$600. A maximum of 10 hectares is granted to the head of the family plus 5 hectares for each son under 21 years of age. The title is given without cost to the farmer. Relatively little land is being transferred by this agency.

The Homestead Department, of the Ministry of Agriculture, Commerce and Industry, also distributes Government lands. The program administered by this agency is known as Patrimonio Familiar, by which the head of a campesino family may secure 10 hectares of land free of charge but may not sell or transfer the land. Patrimonio constitutes land, house and up to \$1,000 of other assets. Very little land is transferred under this activity because finances for houses and other assets are not available.

In an effort to correct the situation which exists under present laws and administrative procedures, proposed legislation has been made in the form of the Agrarian Code. This code is a comprehensive document which provides for the fair and orderly distribution of land with special protection for the small and medium sized owner. It provides for timely agricultural credit suitable for his production needs and for continuous and practical technical assistance to facilitate the development of his farm. It provides for assistance to increase efficiency and reduce costs of production and to obtain a fair market for his products. The objective is to enable him to earn a more satisfactory living and contribute substantially more to the nation as a citizen and as a producer.

In order to implement the provisions of the Agrarian Code, a single agency, to be known as the Institute of Agrarian Development, has been suggested. If this agency is created and given resources with which to work, it should be able to provide the necessary surveys, classify land, grant satisfactory titles, extend credit, provide technical assistance and many other things necessary for the successful settlement and development of economic farm units.

2. International

a) Food and Agriculture Organization (FAO)

An Italian Land Tenure Specialist arrived in Panama in August, 1960. He assisted in the preparation of the Agrarian Code.

b) USOM

USOM does not have a land tenure specialist in Panama. However, several USOM technicians are assisting in the formulation of program proposals to be carried out by development loan funds. Currently, three projects are under consideration. These are: Cadastral Surveys, Land Development, and Resettlement.

XVII. P A R A G U A Y

I. EMERGING LAND PROBLEMS IN PARAGUAY

A. Squatters

Perhaps the principal and potentially the most explosive land tenure problem is the fact that, according to the Census of 1956, approximately 50% of all farmers in Paraguay are listed as squatters, having no legal title to the land they farm. For obvious reasons, this group of farmers is reluctant to make improvements in either their homes or farms and consequently subsist at a very low level. The Government of Paraguay (GOP) has recognized this problem and has enacted legislation with the intention of improving the situation. The law actually passed in August 1960 (Law N° 622), however, appears to satisfy no one as it offers little benefit to the squatters and results in further title insecurity to current landowners, thus contributing to the very problems it was enacted to alleviate.

B. Lack of Cadastral Surveys

Due to a lack of cadastral surveys and to poor organization of the Land Registration Office, overlapping and conflicting claims cause profitless boundary disputes and contribute further to insecurity of land titles.

C. Utilization

In the central area of the country, near Asunción, are many farm units, with depleted soils and uncertain ownership. In other areas the land is used very extensively or not at all. Publicly owned land, amounting to approximately 22% of the total, is largely used as open range.

D. Obstacles to Successful Colonization

A very high percentage of colonization schemes sponsored by the GOP over the years have been failures. Although a complete survey to determine the cause for these failures has not been made, it is likely that the following are contributing factors:

1. Scattered settlements have made administration difficult and expensive.
2. Shortage of capital, equipment, facilities and production credit.
3. A low level of technical training on the part of both administrators and farmers.
4. Poor or non-existent marketing facilities, including poor transportation to markets.
5. GOP officials have apparently concentrated upon the legal aspects of land tenure and colonization, while paying little or no attention to the technical, economic and sociological factors involved.

II. PROGRAMS DIRECTED TOWARD LAND REFORM

A. General Background

It is said that Paraguay is a land without farmers and farmers without

land. There are latifundios and minifundios. Biggest latifundista and aware of it is the Government. This awareness has been part of their thinking for many years as is manifest in the legislation that exists to correct this condition. Following are some of the laws that were enacted:

1904- Homestead and Colonization Law which:

1. Established criteria for the selection of land suitable for settlement. (colonization).
2. Established criteria governing expropriation and compensation.
3. Reserved land for communal pastures.
4. Tried to establish minimum size of farms.
5. Issued titles.
6. Considered the development of an Agrarian Policy and the establishment of agricultural schools.

1906- General Office of Immigration and Colonization was created.

1920- The Homestead Law was enacted - this law modified some features of the one enacted in 1904. It states that title to land granted by the State to individuals could not be transferred until ten years from the date of issuance. Such titles could not be sold or attached.

1940- The Department of Land and Colonization was created.

1951- The above Department became the Institute of Agrarian Reform (IRA)

1960- A law (#622) which states that 10% of any property larger than 10,000 hectares is subject to colonization under the control of IRA providing the land is suitable for agriculture.

B. Programs Directed Towards Land Reform

1. Host Country

Today, the Government is still struggling to solve the problems concerned with the high percentage of squatters, the minifundio area which is concentrated around the Capital and with the settlement of families on government land.

In attempting to improve the situation of the squatters, a law, N° 622 mentioned above, has been passed this year (August 1960) making it possible for squatters who have occupied land for twenty (20) years to purchase it. This law, intended to regularize the legal status of the squatters, has resulted in their becoming owners of uneconomic units, has deterred them from occupying more suitable land in the government colonization projects and has created uncertainty in the existing ownership of land.

The IRA is in charge of all settlement projects, including the supervision of privately established colonies. IRA, and its predecessor agency, the Department of Land and Colonization for almost 40 years, has been concerned largely with the division, distribution and sale of land acquired through expropriation of large holdings.

Through 1959, a total of 144 national colonies and 45 private colonies has been established. No statistics are presently available regarding the number of families in each colony. However, a rough estimate would be about 34,000 families have been settled in the national colonies since the original Homestead Act of 1904. No

record is presently available as to how many of these families are still within the colonies. Except for the religious sects and Japanese colonies, all others can be considered to be failures with few of the original settlers still within the colonies.

Although IRA is charged with the responsibility of establishing all colonies, some colonies have been established by Crédito Agrícola de Habitación (CAH) and one by the Minister of the Interior. Presently, the Minister of Agriculture is interested in establishing a colony of 2,000 settlers on a recently acquired tract of 100,000 hectares in Eastern Paraguay.

IRA presently owes more than \$s. 200,000,000 for land which it has expropriated. Its present policy is not to expropriate any more land but to use its funds for the establishment of colonies on public land. IRA is also encouraging private enterprise to carry on colonization projects.

2. International

a) Food and Agriculture Organization (FAO)

The GOP requested assistance in Agrarian Reform from FAO. An Egyptian Agrarian Reform Expert was then assigned. This expert completed his assignment more than a year ago but to date his report is not available. During his assignment, a National Seminar on Agrarian Reform and Rural Social Welfare was carried on. Various papers on this subject were presented and round-table discussions held. Attendance was limited to highly placed officials from various governmental agencies, the University, legal courts, Parliament, private industry and private land colonies.

The Paraguayan and Japanese Governments recently signed an agreement to settle 85,000 Japanese families in Paraguay. It calls for a maximum of 3,000 families each year for the next 30 years.

b) USOM

A land tenure consultant assigned by ICA/W has recently completed a 45-day TDY assignment in Paraguay. This assignment was a fact finding survey limited to investigating the land tenure problems arising out of insecure tenure and title uncertainty.

Perú is a land of contrasts. Differences in climate, topography, soils, and population density in the three distinct areas (Coastal valleys, the Sierra, and the Selva) together with an unusual history have led to the development of differences in the systems of land tenure and the size of holdings.

The basic economic problem of Perú is overpopulation, especially in the Sierra, and a scarcity of land resources. This is the cause for low productivity per person and general disguised unemployment in the heavily populated Sierra region. It has been estimated that the Sierra population has to be reduced by two million people to give the remaining ones full employment.

1. Situation at the Coast

Most of the irrigated farm land of the coast is in the hands of large landowners. Absentee ownership and corporation farming are typical. Some estates are several thousand hectares in size and the principal crops are cotton, sugar, and rice. In general the management is efficient and many of the operations are mechanized. Wages are low in comparison with other Latin American countries. Laborers live in barrack-like houses and have few recreational and cultural facilities. Farm machinery is gradually displacing the permanent labor force and the proportion of seasonal labor for harvesting is increasing. The workers on most of the estates are unionized and strikes to obtain recognition, higher wages, and better living conditions have become more frequent in recent years even though real incomes may be higher than in other parts of Peru. Owners of the estates are conscious of the growing unrest and some of them are willing to make liberal concessions to avoid labor strife.

Surrounding the large estates are small farms, operated by owners, tenants, and sharecroppers. Their efficiency is considerably below that of the large farmers. Factors involved are poor management, little mechanical equipment, inadequate water supply, poorer soils and lack of technical knowledge. Standards of working conditions and housing for farm labor on the smaller farms are appreciably lower than those on the larger ones.

2. Situation in the Sierra

The imbalance between population and land resources is most serious in the Sierra, especially in the South where unfavorable climate and broken terrain are the principal factors limiting production. Land distribution is highly unsatisfactory. Large haciendas are surrounded by innumerable small holdings on which the Indian family cultivates an average of 1.7 hectares that produce an income estimated at little more than \$US100 per year. Each holding is subdivided into about 25 widely scattered parcels and it is estimated that the small landholder spends no more than 40 man-days a year on his farming operations. The indigenous population is organized in "comunidades" and the ancient system of working the land cooperatively "ayne" prevails in many parts of the country. Pasture land is usually owned by the community. Except for the Interandean valleys, the small Indian farmer owns most of the tillable land while the large haciendas are usually located on the "Puna" at altitudes of more than 4,000 meters where livestock raising and wool production are the principal enterprises.

As on the coast the large haciendas of the Sierra are usually better managed

than the small ones, although there are many exceptions. The labor force of the haciendas consists mostly of "colonos" who are obliged to work a certain number of days on the hacienda in return for the use of a plot of land. Attempts to organize the peasants of the Sierra in unions have had little success until now because the majority of the Indians are landowners who are closely tied to their "comunidades".

It has been estimated that if all the land of the haciendas, including public lands, were divided among the small Indian farmers and "colonos," each family would receive no more than 1/5 of a hectare of additional arable land. Thus any drastic land reform program aimed at breaking up large landholdings would do little to solve the basic problem of overpopulation. It certainly would reduce total production. On the other hand, as long as there are any badly managed estates surrounded by land-hungry Indians, a focus remains for discontent and social unrest. In fact, invasion of private lands by Indians and their subsequent expulsion by police force has been increasing during the last few years.

3. Situation in the Jungle Area

The colonization of the jungle area has long been considered as the logical solution for relieving the population pressure in the Sierra. Until now government measures to promote migration to the jungle have been few. However, spontaneous colonization, especially in the "high Selva" (at 600 to 2,000 meters altitude) has been going on for years and is gaining momentum. Colonists in the "high Selva" are mainly Indians who are drifting down from adjoining, overcrowded areas of the Sierra, while the "low Sierra" is being settled at a slower rate by mestizos who have grown up in the region. Unfavorable topography and soils of generally low fertility impose restrictions on large scale colonization of the Selva.

Most of the land being settled is owned by the Government. Except for a few large coffee and tea plantations the size of the average farmstead does not exceed ten hectares. Existing laws regulate the extension of land that may be claimed, fix the price and mode of payment. Unfortunately, those laws are largely ignored or circumvented. As a result, land speculation has become a serious problem. While the large landowners have usually title to their land, the much larger number of small colonists have frequently nothing more than squatter's rights. In fact, the difficulty of the colonist in obtaining title to the small parcel he claims has been one of the principal obstacles to an orderly colonization program. The lack of adequate maps, the inadequate personnel in the land offices, the lack of funds for cadastral surveys, and the political influence of speculators are the principal reason for the insecure status of land ownership in the Selva.

4. Proposed Land Reform Law

A comprehensive land reform law has recently been presented to the Legislature by the executive branch of the Government. The proposed law visualizes land reform as a comprehensive program to bring about an improvement in the social and economic structure of the rural population. An equitable distribution of land and the correction of unsatisfactory systems of land tenure and labor contracts are part of the program.

Measures are proposed to bring about a gradual reduction in the size of large land holdings to a maximum of 250 hectares as well as a consolidation of "minifundios"

into economic units. The family-size farm is considered the ideal unit, at least from the social viewpoint. It is recognized that a conflict exists between the economic advantages of highly mechanized estates and the social benefits associated with family-size farms. As a compromise, it is recommended by the proposed bill that the efficient sugar and cotton estates on the coast be left intact for the time being. It is also appreciated that drastic and sudden reform measures might lead to a reduction in overall agricultural production. Therefore, the program is to be put into effect gradually, to be completed in about ten years:

Anachronistic labor contracts are to be outlawed; this applies especially to the "colono system" under which the laborer of an hacienda is not paid in cash but merely receives a plot of land which he works for his own account. Tenant farming as such is not considered undesirable but measures are recommended to protect the tenant against exploitation.

A graduated land tax varying from six per mil to 45 per mil of the land value is proposed to force the breaking up of large estates, to bring idle land into production and to prevent land speculation in the Selva.

5. USOM Activities

Except for informal discussions, USOM personnel did not participate in the drafting of the Agrarian Reform Law. However U.S. technicians are taking an active part in the survey work required for the colonization of the Selva. In collaboration with Peruvian technicians, a plan has been worked out for the systematic evaluation of the land resources of the Selva. Field work of several area studies has already been completed. It is believed that the information gathered will be adequate to serve as a basis for a reliable calculation of the cost-benefit ratio to justify a program of penetration roads.

In addition, USOM takes every opportunity to stress the need for sound, detailed planning and for the establishment of a system of priorities for development projects. USOM points out that a new set of laws and regulations will have little effect unless an efficient organization is created to enforce the proposed measures. Finally, USOM is discouraging plans for creating a few, costly model colonization projects; instead it favors a plan for a uniform development of accessible jungle areas, giving first attention to such matters as cadastral surveys, land titles and the expropriation of idle, privately owned lands.

In July 1960 the Ex-Import Bank and DLF conceded Peru a loan for \$US52.5 million. Of this amount \$US32.6 million are earmarked for the construction of penetration roads and \$US10.0 million for financing the establishment of future colonists. Both banks have requested USOM participation in the preparation of the economic justification of the proposed projects.

XX. TRINIDAD

I. GENERAL

Each of the Island Territories comprising the West Indies Federation presents specific and distinctly different problems related to land settlement and use. These differences arise from the impact of divergent, socio-economic factors upon the development of the agricultural economy of the islands. The factors having influenced current farming and land policy practices in the several islands are:

1. Ethnic origin of early settlers.
2. Dependence on export markets for agricultural products.
3. Colonialism.
4. Comparative isolation of each island.
5. Absence of basic cadastral surveys.
6. Sugar estate economy in certain island territories.
7. Absentee ownership, often encouraged by no or extremely nominal land tax.
8. Lack of strong institutional support for agricultural development of the family size farm. (Agricultural education, farm credit, marketing extension services and rural education).
9. Land use surveys and soil classification in many islands are just being completed.
10. The generally rugged and broken topography of the Leeward and Windward Islands has made communications difficult.
11. The absence of access roads has prevented the settlement of relatively large areas of potential agricultural land.
12. The problems related to land ownership are most acute in the islands with largest population and density and where the sugar estate system of agriculture, due to inefficient production and volume, is being replaced by other agricultural pursuits. The larger profits obtained from banana culture are accelerating the shift from sugar and intensifying the land reform problem in St. Lucia, St. Vincent, Dominica and Grenada.
13. In those islands with strong French background inheritance laws have encouraged fragmentation to the point where lack of clear title to large acreage of "family lands" has discouraged cultivation.
14. Low production per unit of land on "Peasant Farms" compared to estate farming encourages the large holdings and prevents the breaking up of large estates.
15. Low productivity per unit of labor is a major agricultural problem.

The spread of Trade Unionism to the large estates is increasing production cost to the point where absentee ownership may become less attractive.

II. PATTERNS OF LAND OWNERSHIP AND TENURE

A. Freehold

I. With one Owner

Except in the rare cases where an owner has but one child or leaves his land to one specifically designated person, land which is freehold has been purchased by him. The reason for this is that in most cases on the death of the owner an estate becomes family property,

and on probation of the Will, the estate is registered in the names of the progeny.

2. With more than one Owner

The simplest form of freehold with more than one owner arises when a company purchases land.

3. Family Lands.

These are lands subject to ownership by the descendants of the original owner - fragmentation does not take place as is the case in parts of the Middle East where each member of the family is given a fragment and works it.

In the Federation generally and more specifically Dominica, St. Lucia and, to a degree, St. Vincent, family loyalty and lines of descent are not firmly developed or established. As a result family lands are seldom amicably parcelled out but are abandoned. In the event one member of the family cultivates the land, all members attempt to return and cultivate it. This system dissuades any member of the family from working the land.

4. Crown Lands

In many of the Island Territories certain lands are held by the Crown. Systematic attempts are being made to assure that proper land use practices are inaugurated on these lands. Much of the land is sub-marginal and will be retained for forest or public use - Other lands are being held for settlement by peasants as small holdings.

III. PROGRAMS UNDERWAY OR UNDER CONSIDERATION

In many of the islands little or no attention is focussed on the basic problems of land use and land tenure. In others serious attempts to settle the land by owner-operators are being made under development programs - These may be classified as follows:

1. Encouraging settlement of underdeveloped areas by building farm-to-market roads.
2. Improving the agricultural extension services as a means of providing technical guidance with the objective of increasing production per man.
3. Rural development scheme in St. Lucia to provide credit, feed, stock marketing, soil conservation and extension facilities on a pilot basis to encourage the rehabilitation of small farmers in a specific region. This project is being undertaken as a pilot demonstration with ICA technical assistance.
4. The Government of St. Vincent has purchased two large estates which will be resold to farm families in acreages of sufficient size to provide the economic potential for efficient small scale farming.
5. In Grenada a Cooperative Group with the assistance, in an advisory capacity, of the Government Cooperative Department has purchased an estate consisting of 200 acres - 34 families were involved in the purchase. The cost was \$200,000 BWT, of which \$122,000 was paid in cash and \$78,000 was borrowed from the owner of the estate. The Cooperative

will set up arrangements for marketing, etc. Details for the operation of this estate are extremely vague since it is the first attempt at such an activity in the island.

6. Several Island Territories are making serious efforts to establish farm credit systems to provide for land purchase and agricultural production. Supervised credit will be a feature of these programs.
7. The island of St. Lucia has been considering, but has not formulated, laws to prevent fragmentation of land through inheritance.

As the Federation gains strength it will be able to assist in the orderly solution of Land Ownership problems of the several territories.

XIX.

V E N E Z U E L A

Land Settlement and Development

In view of the current interest in land settlement and development programs in Latin America, the following comments are offered on the Venezuelan Agrarian Reform Program, in light of the planning guide included in the referenced airgrams.

The Agrarian Reform Program of Venezuela has nominally been in effect since 1948, but it is currently being carried out under the Agrarian Reform Law which became effective on March 5, 1960. The comments below will be numbered according to the outline in the airgram under reference.

I. Introduction

As pointed out in the Introduction, land settlement and development is a matter of growing concern throughout Latin America. In the case of Venezuela, with somewhat over 40 percent of the population on farms which contribute less than 7 percent to the gross national product, there was indeed a clear need for a development program. Venezuela has a large peasant class, known as "Campesinos" who make their living on subsistence plots as squatters or by working as farm laborers. They are without knowledge of modern farming techniques and have been principally producers of corn, beans, bananas and root crops. The low value of the crops they produce has prevented them from contributing greatly to the economy of the country, but they have, on the other hand, become a potent political force. They are organized in a Farm Workers' Federation (Federación de Campesinos) which is directed by leaders belonging to the Acción Democrática Party, which is now the most powerful member of the Government Coalition. The Federation was a potent force in bringing about the present Agrarian Reform Program, but the law itself was drafted by representatives of all political parties.

While certain elements in Venezuela are very friendly to Cuba, it is a generally accepted point of view that each country has its own problems and own way of solving them. Venezuela has not asked for any ICA assistance in carrying out its Agrarian Reform Program, but it does receive indirect assistance by sending technicians to the United States to participate in ICA training courses. All expenses for this training, with the exception of the instruction itself, are borne by the Venezuelan Government.

II. Recognized Elements of Basic Policy and Program.

1. Land Tenure

(a) Land Descriptions - Provisions for this are included in the Agrarian Reform Law. A pilot project has been carried out in the State of Tachira.

(b) Land Titles - Venezuela has a system for recognizing legal ownership of land.

(c) Leases - There are legal provisions for leasing land in Venezuela, but it is doubtful that written leases were generally used in tenancy arrangements involving the campesino class.

(d) Purchase Contracts - These are used in some cases. They will probably become more common as industries for the processing of agricultural products become more common.

(e) Title, Lease and Mortgage Recording Systems - It was possible to register titles to land before the Agrarian Reform Law was passed. Reporting Officer does not know if there is a system for recording leases or mortgages.

(f) Agrarian Courts - There are no courts dealing specifically with landlord, tenant relationships, title, etc. The Venezuelan Agrarian Reform Program provides that problems arising from purchase or expropriation of land for the Agrarian Reform Program will be handled through regular civil courts.

2. Agricultural Production Credit

At the present time production credit is granted by the Banco Agrícola y Pecuario, an autonomous institute under the Ministry of Agriculture. The Agrarian Reform Law, however, provides for the establishment of a separate institution, but this has not yet been established and it is doubtful that it will be established in the near future.

(a) Supervised Credit for Individual Farmers - Although the BAP is long on production credit, it is very short on supervision due to lack of personnel.

(b) Credit to Farmer-Organized-Owned and Managed cooperatives - There is no restriction on the granting of credit to cooperatives, but, due to requirements of policy and shortage of funds, almost all of the BAP's loans since the inception of the Agrarian Reform Program have been granted to small individual farmers.

(c) Group Credit - Comments as for "b" above. So far as the reporting officer knows, there are no credit and thrift societies or associations in the country.

(d) Credit to Stimulate Operation of Small Agricultural Processing Plants - This type of credit is very short in Venezuela. Since the beginning of the current Agrarian Program, the country has been in an economic slump and credit for all purposes has been very tight. The bumper crops being harvested this year have re-awakened interest in processing plants. A number of canneries and similar enterprises have been established within the past year, but this has been a result of the protection given by the Government to local industry through import licensing and duties and is not connected with the Agrarian Reform Program as such. Up to now, cereal drying plants, rice mills and storage facilities have been handled by the BAP in connection with its price support operations, although there is nothing in the law that would prevent this type of commercial enterprise.

(e) Farm Mortgage Credit - This type of credit is not considered in the Agrarian Reform Program except that loans may be obtained for capital improvements. Purchase of additional land under the Agrarian Reform Program would be from the National Agrarian Institute and financed directly by that Institute under the same terms as the original purchase.

(f) Commodity Credit - The BAP grants credit of this type but its operations are limited by a shortage of funds and storage facilities.

3. Farmen-Organized-Owned and Managed Agricultural Cooperatives

The Agrarian Reform Law gives special benefits to cooperative enterprises. To date, about 28 cooperatives have been registered with the Ministry of Agriculture. All of these, however, are marketing cooperatives. There are, in addition, production associations (Association of Potato Producers of Senare, for example) and a number of informally organized cooperatives which are not legally constituted or registered with the Ministry of Agriculture. It is anticipated that the cooperative movement will grow.

4. Agricultural Marketing

This is probably the most deficient part of Venezuela's agriculture. As indicated in LA-9, the marketing system is "beset with middle man." There is almost a complete lack of standards for grading, although some attention has been paid during the past year to standards for tobacco, potatoes and sisal.

5. Land Taxation

Reporting officer has no basis for comment.

6. Reclamation: Irrigation - Drainage - Clearing

(a) Due to the urgency of getting the Agrarian Reform Program underway, the first land used was haciendas recovered from friends of the ex-Dictator by the Commission against Illicit Enrichment of Public Employees. Even to the present, almost all the land so far distributed under the program has come from this source. Some work has been done on irrigation projects, but these were started before the Agrarian Reform Law.

(b) Provisions for limiting the size of holdings that benefit from public works financing are incorporated in the Agrarian Reform Law.

III. Elements of the Program Particularly Pertaining to Land Division and Settlement

1. Land for Subdivision and Settlement

(a) Most of the population of the country is concentrated in the Andean Region and the oil-producing areas near Lake Maracaibo and the States of Anzoátegui and Monagas. Approximately two-thirds of the country is virtually uninhabited. Although superficial studies have indicated that some of these areas may be promising for agriculture or industry, they are very remote and lack of transportation has kept them undeveloped. The better agricultural lands along the slopes of the Andes Mountains have been cultivated since Colonial times.

(b) Acquisition of Land for Settlement - The Agrarian Reform Law provides that land used for the program be public lands or those acquired from their owners through friendly negotiation or, if necessary, expropriation. Lands acquired through purchase or expropriation are those located in zones of greatest population pressure and among the first to be expropriated would be those that are uncultivated or exploited indirectly. Lands fulfilling their "social function," that is, lands being used productively by their owner, are also subject to purchase or expropriation, but only in certain special cases stipulated in the Law. Lands acquired through purchase or condemnation proceedings are paid for by Government bonds, ranging in term from

from 10 to 20 years, at various specified rates of interest. The methods of payment used by some countries - payments in terms of a stated amount of principal crops grown would have application here.

2. Surveys

(a) Land Classification and Suitability Surveys - This is provided for in the Agrarian Reform Law.

(b) Economic Surveys - Also provided for.

(c) Determination of Size of Units - The Agrarian Reform Law provides that land sold be in "economic units" as determined by surveys. According to a recent speech by President Betancourt, Venezuela is adding to its labor force at the rate of 80,000 workers per year. The country does not yet provide sufficient employment opportunities in industry to absorb this number of workers each year, so it is the policy of the Government to minimize farm mechanization to maintain the demand for agricultural labor. It is probable that this state of affairs will continue for some years to come so that an "economic unit" will be based on the amount of land necessary to support (at an unspecified level of income) a farm family relying mainly on its own manual labor.

(d) Cadastral Surveys - Provided for in the Law.

(e) Description of Units - The reporting officer has no basis for comments on this section, but assumes that settlement boundaries are being fully and adequately described and marked.

(f) Titles - Titles to land distributed under the Agrarian Reform Program are granted provisionally by the Venezuelan Government immediately upon distribution and become permanent after the price of the land has been paid in full. The reporting officer has been informed by Venezuelan officials that the granting of titles to individuals is considered one of the most important parts of the Agrarian Reform Program. Such titles are registered with land registrars.

3. Roads

The Ministry of Agriculture had a program for construction of farm-to-market roads before the Agrarian Reform Program became effective, but road construction operations have been greatly accelerated during the past year. Access roads will undoubtedly be built as new areas are open for settlement, but most of the construction so far has been of the farm-to-market type.

4. Housing

A Rural Housing Program, under the Ministry of Health, has been in operation for several years, and it is anticipated that this program will be continued to complement construction by the National Agrarian Institute under the Agrarian Reform Program. The Agrarian Reform Law specifies that housing financed under that program meet certain minimum standards.

5. Public Services

(a) Public Utilities and Domestic Water Supply - No comment.

(b) Education - Under the dictatorship of Pérez Jiménez, both urban and rural educational facilities were neglected. The Ministry of Education is now attempting to provide schooling for the entire juvenile population and is receiving the cooperation of the Pro-Venezuela organization for the construction of school buildings. The problem of schooling for children living in isolated areas has not yet been solved.

(c) Health - No comment.

(d) Community Organization and Government - The Agrarian Reform Law provides for government of agricultural settlements by elected committees acting as advisors to technical directors provided by the National Agrarian Institute. The costs of this type of government are borne by the Institute.

6. "Grubstake" Finance

Both types of credit mentioned in this section are considered in the Agrarian Reform Law. At the present time they are administered by the BAP.

IV. Supporting Institutions and Activities

1. Agricultural Research

The research program in Venezuela has been hampered by a lack of qualified technical personnel. The Minister of Agriculture has recently proposed that the Ministry be reorganized to make the Agricultural Research Service one of the major divisions of the Ministry.

2. Agricultural Extension Service

Shortage of competent personnel is also affecting the Extension program. Thousands of campesino families have been resettled on their own land, but at present there are not sufficient extension personnel available to supply managerial guidance or help with agricultural practices. New schools for extension workers are being established, but there is a need, conservatively estimated, for at least ten times the number of extension personnel now being trained. The Minister has proposed that the Extension Service be made one of the major organizational divisions of the Ministry of Agriculture.

3. Agricultural Education and Training

As mentioned above, shortage of trained technical personnel is one of the most serious problems facing the Agrarian Reform Program. The reporting officer does not see how the Agrarian Reform Program can be carried out at the present rate without outside assistance in the training of technical personnel. The GOV recognizes the problem, however, and is training personnel to the limit of its resources.

V. Opportunities for Project Cooperation and Participation by ICA
and Related Activities

Although Venezuela has a comprehensive program for agrarian reform, it is handicapped by lack of personnel and could profitably use additional support in any of the projects mentioned in this section. The reporting officer has occasionally heard interest expressed in ICA assistance, but none of this interest has reached the point of formal request. ICA assistance to Venezuela's program of land settlement and development has so far been limited to U.S. training for a few technicians, as mentioned in "I" above.

NOTE: The Country Background Report for Venezuela was prepared by the Foreign Agriculture Service in response to an earlier ICA circular, Airgram LA-9, August 26, 1960. It is included as it covers the same general material as the other Country Background Reports.

BOON TO ECONOMY EXPECTED FROM AGRARIAN REFORM

More Food and Improvements of Farmer's Standard are Main Goals;
Expropriation Only in Extreme Cases; Farmers to Get Financial
and Technical Aid.

A measure regarded in Venezuela as most far-reaching for the economic future of the country became a reality last February, when the National Congress gave final approval to the Agrarian Reform Act. A few days later, on March 5, President Betancourt signed the bill into law at an impressive ceremony held at the Carabobo battlefield monument and witnessed by 200,000 people.

Two are the main purposes of the new law-- to raise the standard of living of the down-trodden small farmer, the forgotten man in Venezuela, and increase agricultural production to make the country self-sufficient in food-stuffs. Last year, Venezuela imported food products valued at \$90 million from the United States alone.

The new law is not intended to take revenge on large landholders, nor is it aimed at the expropriation of private properties. The nation owns enough public land for the 300,000 small farmers the law wants to favor. Expropriation will be resorted to only in cases where privately owned large tracts of land are unused or in other extreme cases. The law rather guarantees and regulates the right to own land and explicitly defines the obligations of the Government and individuals on land ownership as a social function. On the part of the Government, these obligations include the realization of agricultural and cattle raising development projects, to be financed out of the national budget.

As with other Venezuelan laws, aliens will enjoy equal rights and be subject to equal obligations as Venezuelan nationals, under the Agrarian Law.

Land for distribution under the new Act comprises public lands, Government owned rural properties, land owned by official autonomous agencies, rural properties transferred to the Government as a result of unlawful enrichment at the expenses of the public treasury; state and municipal lands, and land under petroleum exploitation.

None of these lands may be transferred to private ownership except by authorization by the Executive, and this only when the transfer is essential for reasons of public need. No public land may be leased after promulgation of the law.

Proof of peaceful occupation of public land for one year previous to the promulgation of the law will entitle the occupant to the rightful possession of that part of the land which has been effectively cultivated.

Private land must fulfill a social function; that is, efficient development and proper utilization for production. Rural properties kept idle, particularly in economically developed areas, are regarded as not fulfilling their social function, and contrary to the national welfare. To prevent absenteeism, all tillable land under direct management is placed under this category. Idle land will be taxed above regular rates.

Land Allocation

Only good land fit for cultivation is to be distributed. Land may be assigned to single individuals or groups of individuals, the latter to be organized with the assistance of the Agrarian Bureau.

Land may be assigned free of payment to individuals or groups of individuals, when this is justified by their financial situation, after investigation by the Bureau. The size of free plots will depend on the number of dependents of the beneficiary and the potential productivity of the land.

In land transfers by sale, a 5 per cent allowance will be given the purchaser for each dependent under 15 years of age, and for his wife, if she lives with him. Terms of sale will not be less than 20 years nor more than 30 years. Annual payments are figured by dividing the total price into the number of years, payments to start 3 years after the farmer received title of the property.

A farmer whose output has been higher than the predetermined average, during half of the period allowed for the total payment of his obligation, will be rewarded with the cancellation of the balance. Holders of free farmland will be rewarded with special prizes for their efforts to conserve natural resources or for above normal production. They may also acquire additional land by purchase.

Applicants must bind themselves to work the land themselves or with his descendants. They must not own land themselves or may own it only in insufficient amounts to yield any reasonable profit. No person under 18 years of age may get any land under the new land.

Priorities for the allocation of land will be in this order: 1) Laborers, (pisatarios) previously given a piece of land to live and to till within a private rural property; tenant farmers, sharecroppers, settlers and squatters who are actually working the land applied for. 2) Heads of family who are farmers or cattle breeders, depending on the number of children. 3) Other farmers and breeders. 4) Those who have completed courses in agricultural schools, veterinary schools, rural normal schools, farming schools or similiar institutions. 5) Resident foreigners, provided they are farmers or cattle breeders.

In case there should be not enough land for distribution to all applicants, those who have worked the land the longest time will have priority. No more than one plot shall be allotted to each farmer. He may however apply for additional land, if he has a large number of dependents and the original plot is inadequate to support his family. But his application will be accepted only on proof that his plot is being rationally cultivated.

Farming centers may be occupied by both Venezuelan nationals and aliens, but the number of the latter may not exceed 30 per cent of the total.

The Agrarian Bureau is empowered to invalidate any previous land assignment when it is found that the land is being used for purposes other than those specified by the Agrarian Reform Act, when the land has been abandoned without justification; when it has been neglected or improperly cultivated; when it has not been used by its rightful owner himself; or for non-payment of the purchase price.

Expropriation

Land liable to expropriation is that which fails to fulfill the social function intended by the Agrarian Reform Act. But even this land is not subject to expropriation if there should be in the area other lands owned by the National Government, the states or municipalities, which are available for distribution.

Private land expropriation is called for in the following order:

Unused land, particularly in large extensions. Land indirectly developed, in the owner's permanent absence, through temporary land holders, tenant farmers, sharecroppers, settlers or squatters. Land kept idle for five years previous to the expropriation process. Undeveloped land previously parcelled out for individual rural properties. Farming land used to a disproportionately large extent in the raising of livestock. Outside of these conditions, private land may also be expropriated in case of emergency, when no other way is found to solve a particularly serious land distribution problem.

Rural properties up to 150 hectares (1 hectare equals 2.47 acres) of first grade land, or their equivalent in land of other grades, are exempt from expropriation. The law provides for seven land classifications based on - a) nearness to market and ease of transportation, b) climatic conditions and availability of water for irrigation, and c) soil conditions. These three basic classifications are in turn subdivided into agrological conditions. The seven land classifications, correspond to area extensions; for example, 150 hectares of first grade land are equivalent to 200 hectares of second grade land, and so on up to 5,000 hectares.

Owners of expropriated land have the right to select for themselves the land to remain theirs to the limit of 150 hectares of first grade land or their equivalent in land of lower grades.

At any rate, the Agrarian Bureau, before starting expropriation proceedings, shall try to come to terms with the landowner for the purchase of his property. Failing this, an expropriation suit follows, but the final decision is up to a court of law.

Financing

The Agricultural and Livestock Bank will allow loans to farmers in small and medium sized farms, and to cooperatives working large holdings, for all farming activities, including insurance and home and equipment repairs. Interest on these loans will not exceed 3 per cent per year.

The law encourages the creation of cooperatives to facilitate the procurement of loans, draw production programs, use farming equipment, sell produce and purchase everyday necessities. Cooperative rural banks will be eventually established not only to grant loans but also to stimulate savings among the farmers.

The Act authorizes the floating of domestic loans to finance the agrarian reform through the Agrarian Bureau. Three bond issues will be offered to the public on the following terms: 3 per cent yearly interest on bonds maturing in 20 years; 4 per cent on bonds maturing in 15 years; and an interest rate to be set according to market conditions on 10 year maturity bonds. No bond issue may exceed 100 million bolivares (one bolivar equals \$0.30).

Land purchases and expropriations will be paid in cash when the value of the property is not over 100,000 bolivares. Properties worth between 100,000 and 250,000 bolivares will be paid 40 per cent in cash and the balance in agrarian bonds. Between 250,000 and 500,000 bolivares, 30 per cent in cash and the balance in bonds; between 500,000 and 1 million bolivares, 20 per cent in cash; and above 1 million bolivares, 10 per cent in cash.

LARGE CATTLE AREA PLANNED

The Ministry of Agriculture and Livestock is planning to set aside 287,000 acres of land in the La Fria area of Tachira State, for a large cattle development project.

The Ministry will promote the establishment of a plant to produce powdered milk, to be built near the new thermo-electric power plant soon to start generating energy. Preference will be given to the raising of milk cows, without neglecting, however, beef cattle.

To give farmers a start, the Agricultural and Livestock Bank will grant loans of as little as 10,000 bolivares (\$3,000). Repayment of these loans will begin, in the case of dairy farmers, two years after receipt of the funds, and in the case of beef cattle breeders, six years after receipt.

HELP TO FARMERS

Agrarian reform will get into full swing in Venezuela with fiscal year beginning July 1st. A budget of 556 million bolivares (one bolivar equals \$0.30) has been approved by the Executive to put the new law into practice. Of this amount, 256 million bolivares will be spent by the Ministry of Agriculture, 200 million by the Agrarian Bureau, and 100 by the Agricultural and Livestock Bank. This represents about ten per cent of next year's budget. The Executive also approved the issuance of two bond series totalling 200 million bolivares to implement the reform.

Except for higher allotments for agricultural training and research, which are considered essential for the efficient application of agrarian reform, all other expenditures of the Ministry of Agriculture have been cut down.

The distribution of land to landless farmers, under the Agrarian Reform Act just passed by the Venezuelan Congress, will be carried out by the Agrarian Bureau, an agency attached to the Ministry of Agriculture and Livestock.

The magnitude of the project may be realized when it is considered that 300,000 farming families are due to become landowners, and all are naturally anxious to get possession of the properties coming to them. Plans have been concluded to settle 30,000 families every year for the next ten years, beginning in Portuguesa State, and following in Lara, Cojedes, Yaracuy and Aragua, where the situation for farmers is most distressing.

It is estimated it will cost the Government 12,000 bolivares to settle each family, or just enough to give them a small loan for living expenses during the first year, and to buy tools, seeds and other essentials. On this basis, the cost of settling 30,000 families would amount to 360 million bolivares (108 million).

Additional funds will be assigned in the national budget for fiscal year 1960-1961 to various Government departments who must cooperate in the execution of the agrarian reform. The Ministry of Public Works must build roads and dams; the Ministry of Health must provide hospital and sanitation facilities; the Ministry of Education, schools; the Workers Banks, housing; and the Bureau of Sanitation, aqueducts and sewers. The Agrarian Bureau has a reserve fund of 170 million bolivares for initial expenses, and the Agricultural and Livestock Bank, 80 million bolivares for loans.

A beginning has been made by the Bureau to put the new Act into effect by locating thousands of farmers on land of its own, long before Congress passed the bill in February. Last year, 8,017 farming families were set up on 1,298,000 acres in plantations recently acquired or in farming centers developed by the Bureau.

In the Guarico river farming area, a resettlement center is now operating with a much larger population than the 70 families originally established there, and at a cost of only 5,500 bolivares (\$1,650) per family. Another 700 families were set up on the Turen Agricultural Center.

In the meantime, farming centers are under development in the Aroa valley, Yaracuy State; San Bonifacio and Guaraunos, Sucre; and La Fria, Tachira, in preparation for the admission of thousands of new farmers. In Bolivar State, the Agrarian Bureau is clearing 988,000 acres along the Caura and Cuchivero rivers, for the same purpose. In the extensive and fertile plains around lake Maracaibo, the nation owns enough public lands for between 25,000 and 30,000 families. The Development Corporation has transferred to the Bureau eight properties in different parts of the country, with a total of 130,000 acres, worth altogether 16 million bolivares (\$4.8 million).

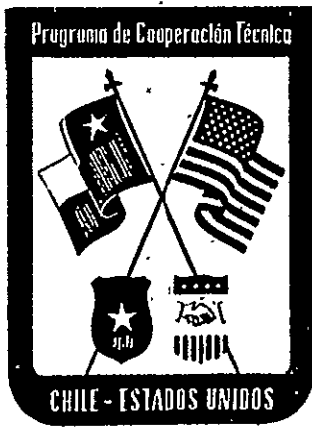
In fine, over seven million acres of good land are available for sale to landless farmers on extremely favorable terms, under the Agrarian Reform Act.

At the same time, a rural housing program is under way to substitute pleasant and sanitary homes made of earth-cement blocks and asbestos roofs for the sordid thatched roof huts which are the customary abodes of most Venezuelan farmers. By last February, 7,742 new homes had been built, the majority of them by the farmers themselves, under the supervision of the Malariology Institute,

originator of this type of homes.

In the new centers, the Bureau has also built four schools, 489 sheds and warehouses, 66 stables, 30 pig sties, 146 miles of roads and 5 bridges, 10 miles of water pipelines and 32 power plants, plus silos, rice drying plants, and reservoirs, all for 43 million bolivares.

To mechanize agriculture as far as possible, pools of farming equipment, including 700 tractors imported from the United States, are being formed in several states, for loan to farmers.



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