December 1966

LTC No. 31

THE LAND TENURE CENTER
310 King Hall
University of Wisconsin
Madison, Wisconsin 53706

INTERPRETIVE SYNTHESIS AND POLICY IMPLICATIONS OF LAND TENURE CENTER AND RELATED RESEARCH

By

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This paper originally appeared in the appendix to the Land Tenure Center's 1966 Annual Program Report, submitted to the Agency for International Development January 1, 1967. The author is professor of agricultural economics and director of the Land Tenure Center, currently on leave serving on the staff of the President's Council of Economic Advisers.

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I. Introduction

". . . the process of foreign assistance," said David E. Bell, former administrator of AID, "is inherently dependent on research. It is often described as a process of transferring know-how, but this is plainly wrong; it is instead a process of developing know-how--a process of finding out what will work in Nigeria not of transferring what has been found to work in Nebraska. It might well be, if we understood our own business better, that the whole process of foreign aid would be best thought of as a research process, aimed at learning how to move a particular society, with its special and unique characteristics of history and culture and physical geography, toward specified objectives."[1]

This is an important insight. Yet, because of the complexity of social-economic-political systems, adequate conceptualization of the process to which he refers has not been achieved. Attempts at such conceptualization have resulted in more restricted models. Even then, reliable, scientific evidence is scarce. And this is not surprising since there are always gaps, sometimes complete voids, within the puzzle which have to be filled in with hunches, opinions and deductive reasoning. Any major policy position can be refuted and countered by another which is reasoned from a different set of premises. The strands of history are untangled with difficulty; it is no simple matter to arrive at some total explanation of the developmental process.

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*I wish to acknowledge my debt to five students whose work in summarizing key points in the literature and assembling information made this report possible: George Drake, James Grunig, Rubens Medina, Fernando Monge, and Rodolfo Quirós. Comments by Professors William Thiesenhusen and John Strasma on an earlier draft were especially useful and appreciated. I, of course, assume full responsibility for all statements made in this report.

[1]Address by the Honorable David E. Bell, Administrator, Agency for International Development, Department of State, before the American Society for Public Administration, Statler-Hilton Hotel, Washington, D. C., April 15, 1966.

But complexities and heated controversies notwithstanding, policy makers and administrators are faced with the practical question of what to do and how to proceed with the process of development. And they do not begin with a clean slate. Rapid population growth, widespread unemployment, chronic inflation, existing institutional structures, lack of capital and trained manpower, a small industrial base, unrest in the countryside--these are but a few of the "realities" that face many Latin American governments. Introduction of modern technology in certain lines of production and communication and the heightened aspirations of large segments of the population have upset the equilibrium of the traditional Latin American systems.

Some progress in development and industrialization has occurred in Latin America (especially in some countries). But given the rapid growth in population and compared with rapid advances in the developed countries, progress does not seem sufficient throughout most of this region.[2]

This statement does not deal with the entire array of issues in development. Presented here are the findings of research, mostly studies in depth of particular institutions or local conditions. The purpose of this report is to provide an interpretive synthesis and point to some policy implications growing out of this research.

II. Tenure Systems and Evaluation of Present Performance

A. Land Ownership Concentration and the Use of Power

In spite of many difficulties, there have been sufficient field studies and refinements in census data to show clearly that from 5-10 percent of the landowners in most Latin American countries control from 70-90 percent of the agricultural land.[3]

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[2]Solon L. Barraclough and Arthur L. Domike, "Agrarian Structure in Seven Latin American Countries," published in Spanish in El Trimestre Económico, Vol. XXXIII (2), No. 130 (Mexico, Abril-Junio de 1966), pp. 235-301, and scheduled for English publication in the November issue of Land Economics. This is a summary statement of the first phase CIDA (Interamerican Committee for Agricultural Development) studies directed by Barraclough. Land Tenure Center personnel actively participated in several of these country studies. The seven countries were Argentina, Brazil, Chile, Colombia, Ecuador, Guatemala and Peru.

[3]Ibid.

In Guatemala, given rapid population growth since overall country tabulations were last reported, there are perhaps nearly 90 percent of the farm units at or below the size level needed to utilize fully the labor of one family.[4] In Costa Rica, land concentration is much less pronounced, but there are substantial numbers of very small farms, minifundia, even though areas of the country are still available and suitable for agriculture.[5]

Study after study could be cited giving details by countries.[6] The general conclusion is that land ownership (and in some countries or particular regions of all countries also operatorship) is concentrated in relatively few hands. This in itself may not be too significant unless it can definitely be shown that a particular size range is inferior or superior in productivity or some other important measures of performance. But the evidence is not clear. There certainly seems to be a gross misallocation of land and labor resources, with large units wasteful of land and small ones wasteful of labor.

Less research has been done on specific tenure forms and their relation to performance. The reason for this may be the magnitude of size differences which makes classification by specific tenure forms insignificant. It is more meaningful to group a renter of 3,000 hectares with an owner of equal size than with another renter who may rent only three hectares. Stratifying by size and tenure in any given area (more or less homogeneous with respect to other characteristics) leads to small numbers in each subclass of the large farm groups and makes comparisons difficult. Consequently size alone is frequently used as the key classifying variable. Furthermore, the common U. S. family farm tenure forms of owner, part-owner, renter and sharecropper are far from exhaustive of the multitude of tenure forms found in Latin America. The owner of a large farm may operate the farm himself or turn over all decision making to an administrator. The labor supply may be entirely or in large part living on the farm and working

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[4]Lester Schmid, "Preliminary Report of Study of Migratory Labor in Guatemala," Land Tenure Center project in process.

[5]George W. Hill, "The Agrarian Reform in Costa Rica," Reprint No. 6, Land Tenure Center, University of Wisconsin, Madison (reprinted from Land Economics, 40 (1): February 1964).

[6]Barraclough and Domike, op. cit., give good country breakdowns. See also Michael Sund, Land Tenure and Economic Performance of Agricultural Establishments in Northeast Brazil, unpublished Ph.D. thesis, Department of Agricultural Economics, University of Wisconsin, 1965 (an abbreviated version of this thesis is available as Research Paper No. 17, Land Tenure Center, University of Wisconsin, Madison); Dale W Adams, "A View of Minifundia Problems in Colombia," Mimeografiado No. 32, Centro Interamericano de Reforma Agraria, Bogotá, Colombia, November 1965.

small parcels of land, or most of the labor may be hired from outside. Or a large farm may be sharecropped on part of the acreage while the remainder is operated in one unit by the owner's administrator. The sharecroppers may indeed be independent farmers. On the other hand, they may be little more than laborers taking orders from the administrator. It is no simple matter to define the size of unit or the tenure form. Some large farms support a school, a chapel, a medical station, etc., while others do not. How should these costs be considered? All these add to the complexities of analysis. Each case seems unique. This is why evidence on the relation between tenure forms and performance is so difficult to establish.

A recent U. N. report showed a slightly positive correlation for developed countries between the proportion of land under tenant farming and the increase in per hectare output over the decade ending in 1962-63. For the developing countries included in the analysis, the correlation was practically zero.[7] Such categories, of course, do not differentiate by sub-categories within tenure groups nor take into account the size of unit.

In Latin America, the size dimension is dominant over any other tenure consideration. Yet, it is a misplaced emphasis, I believe, to build the analysis around this land ownership concentration without recognizing the fundamental problems which are less measurable but closely associated with size. Indexes can be devised which would show high concentration ratios in certain regions of the U. S. But the same index of land ownership concentration is much less relevant in the U. S. than, for example, in Ecuador. Without employment alternatives and effective collective action with which to confront the landowner, the ownership of land is also the virtual ownership of labor. It is the basis of social class distinctions and the basis of power--power to command others to do one's bidding. It is true that this power has been eroding with increasing labor mobility, some industrialization, and in some instances effective rural labor organizations. But a concentration of economic and political power remains one of the key issues in rural Latin America. And it is the root issue in reform.

context the key - not just size

The issue of power can perhaps be best illustrated in relation to water use and regulation in areas dependent on irrigation and/or where there is also competition for other uses. The very nature of water as a mobile resource and the fact that it varies in scarcity year by year depending on precipitation provides a good opportunity for observing the use of power with respect to

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[7] United Nations Research Institute for Social Development, "Land Tenure, Land Concentration and Agricultural Productivity," paper presented at the World Land Reform Conference, Rome, July 1966.

its appropriation.[8] Our studies in both Colombia and Chile have demonstrated this. The following is taken from a study in Chile.[9]

> Throughout the post-middle age development of water law doctrine in Spain, two threads, each of which has its own theoretical basis, interrelate without ever clearly ending with one or the other in ascendence. These two doctrinal threads are (1) the concept of running waters as a thing belonging to the inhabitants of the nation as a whole, in common and as public and (2) the opposed concept that waters, like any other element, except the sea and the air, could be and in fact were appropriable to private ownership.
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> These two threads persisted in Spain, and when the Indies were incorporated to the Crown of Castile after 1492, they became evident in the Colonies. On the one hand, royal permission was given to alienate the Crown's lands and waters in the newly discovered territories, apparently with full private property rights. On the other hand, early in the settlement the Crown declared all the waters and woods, among other things, in the Indies to be common property for the use of all Spaniards and Indians alike.
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> This 'common property' concept of water was carried over into the Civil Code of Chile. That code, adopted in 1855, specifically declared all rivers and major lakes to be national goods of public use ('bienes nacionales de uso público') and, although allowing riparians to make use of such waters, declared unequivocally, that such permitted use did not constitute dominion over said waters. In the Civil Code the qualification of these waters as national for the public use meant, and was so declared, that the state was responsible for regulating their use among the nation's inhabitants. But the other thread was

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[8]Joseph R. Thome, "Water Regulation and Land Use: A Colombian Example," LTC No. 15, Land Tenure Center, University of Wisconsin, Madison, April 1966. This study shows the limited effectiveness of a regulatory agency due partly to the influence and power of large landowners.

[9]Daniel Stewart, "Preliminary Report on Aspects of Water Law and Agrarian Reform in Chile." This study was sponsored by the Land Tenure Center in cooperation with the Instituto de Economía, Universidad de Chile and ICIRA, Agrarian Reform Training and Research Institute of Santiago, Chile. In the text following, I am condensing somewhat the original statement prepared by Stewart.

not eliminated from the code; on the contrary, the code guaranteed all previously acquired property rights--including those over water.

Thus what was at issue in 1855, and right down to the present time, the 1951 Code for water notwithstanding, is to what extent private rights to water had been acquired prior to 1855, and how these rights could be evaluated, i.e. measured, in a meaningful way. Today the issue is further complicated by the question of what rights to use water acquired after 1855 were in existence at the time of the 1951 Water Code, how these could be evaluated, and what they became as a result of the code. Fundamentally, the issue is whether or not, and if so to what extent, private rights to water are recognized and protected by the Chilean constitution.

These two doctrinal threads interwoven throughout Chilean history show a struggle between the older feudalistic concessions of extensive private property rights in waters and lands as rewards for services rendered, and the central government's administrative control of a resource often treated as a public good. Economic and social realities of the time determined the relative importance of one or the other of these threads: the necessity of recognizing private rights to water irrespective of doctrine when the 'conquistadores' demanded rewards; and the resurgence of the 'common ownership' of the waters when the action of private entrepreneurs was under pressure by those demanding more production and a different distribution of wealth and opportunity.

Thus there is no one 'true' water law doctrine for Chile. Rather, there are two extreme positions which have constantly been at work; whichever one is 'victorious' depends on a factor that is omnipresent when one investigates not only the doctrinal issue--which is quite up in the air, so to speak--but the law as it was applied. And that factor is none other than the factor of <u>power</u>.

In speaking of power, I do not mean absolute power, but that qualified power which enables one party to get from another party more than might be expected to be gotten if that degree of power did not exist. And precisely because it is not absolute power, such as that exercised by a despot over a subjected people, it is a difficult concept to demonstrate and to work with. But it, more than legal doctrine, is what determines which thread is going to predominate in fact if not in law.

In the case study /carried out in the Valley of Illapel/ it is clear that irrespective of doctrine, in practice there exists in Chile a certain 'limited' private power which is capable of being exerted when it is felt necessary and which cannot be counterbalanced under the existing legal and institutional structures. This is not to say that such an exertion may not lead to a more efficient use of water; it is only to indicate that it is used extra-legally and without, if you will, any prior justification of its efficiency whenever it suits the interests of the one capable of exercising it. The issue is a subtle one, precisely because the power exercised is not limitless, and it is trying to define the limits of such power that requires careful analysis.

The research in the Illapel Valley shows that the distribution of property in Chile has produced a situation in which the legal concepts of private property rights in land and water, the concepts of freedom of contract and reciprocity among 'equals' cannot be expected to function smoothly when a conflict of interests between the parties arises. No matter what the law provides, if the solution to conflicts among parties with gravely disparate economic, social and political resources is left to a laissez faire judicial process, the more powerful party is going to get more than it might if somehow the bargaining position of the parties could be more nearly equalized. And if the distribution is left to an organization of irrigators as if they were all of more or less similar economic and social standing, the more powerful will even become more predominant.

In the present state of affairs in Chile, at least until 1964 and perhaps even after depending on how some of the reforms proposed by the present government are implemented, government has been employed not to administer the 'thread' of common property zealously and objectively, but rather as an ally of the parties who have asserted the other position. Thus, one sees a process by which the unequal positions of the individual parties is made even more pronounced by the operation of government in such a manner as to accentuate the imbalance and not to attenuate it. The crucial issue is how in fact the power of the government is to be used to counterbalance the unequal distribution of power among the existing claimants to the nation's water resources. And this goes to the very heart of the matter as presented by the supporters of the two diametrically opposed 'threads of doctrine' with regard to water: (1) should water be viewed as any other property right and more or less be distributed by the market, or

(2) should it be administered by a central authority as it deems best under the circumstances?

In the past, government and those who have had the lion's share of power have been almost synonymous, and it is only to be expected that the interests of the powerful would have been allowed to prevail. Whatever the legal system, and it can indeed be argued that the system was one which emphasized the common nature of waters doctrine, as long as government was either an active force in favor of the powerful, or a silent observer, it could not have been, and was not, capable of redressing the balance of power. As we know from U. S. experience, resort to lawsuits is a costly process and one which requires considerable practical skill. With a very exaggerated gap between the incomes of the less powerful and those of the more powerful, how could it be expected that in the long run the weaker party would be able to continue to assert his 'legal rights,' even if he knew what they were. And, what is more, the legal system in Chile was one, and still is by and large, which is based on the assumption that all are equal, and that each is capable of presenting and must himself present all his legal claims. Those who in fact cannot do this because they are ignorant or too poor to hire competent legal counsel lose out.

The present Chilean government is faced with a de facto situation in which rights to water are at best very, very unclear. By accepting the existing system of use and distribution, it will ipso facto be sanctioning the use of power which it claims must be altered. A reform government cannot accept a situation produced by the use of power based on the distribution of wealth under attack. It would, on the contrary, refuse to sanction the status quo and elect to give more weight to the public use doctrine. If the government accepts the present pattern of use and distribution and still hopes to reform the system, it must then face the legal rights thus sanctioned. With a 'revolution in liberty' it will then face a long, complicated and expensive process of expropriation. This is the legal dilemma facing the present reform government in Chile.

Neither Chile nor water as a resource are unique with respect to the problem of unequal distribution of power. In fact the processes of democracy seem to be more advanced in Chile than in most other Latin American countries. However, it does have one of the highest concentrations of landownership. Such concentration of resource ownership and power requires public intervention and protection for those who are without it. The

unrestricted use of these resources and this power cannot be justified by the rights inherent in private property. There is always a public interest aspect to the use and/or misuse of private property. This is more important when property is concentrated in a few hands and when the nature of its use and administration affects the well-being of large numbers of people (or the well-being of the nation itself).[10] "What's private is private and one should know according to his own resources and interests what is to be done with his enterprise,"[11] may be considered a legitimate attitude by a small farmer shifting from dairy to beef cattle. But it must be viewed differently if the decision of a few to use vast land areas of the country extensively worsens already acute problems of nutritional deficiency and massive unemployment.

B. Productivity in Agriculture

Some countries in Latin America are much more dependent on agriculture than are others. In all countries the percent of gross national product from agriculture is markedly smaller than the proportion of the total population engaged in agriculture. In recent years from 28-30 percent of Chile's labor force has been engaged in agriculture. But the sector contributed less than 10 percent to the gross national product.[12] In Colombia, about 60 percent of the population is employed in agriculture. The agricultural sector provides about 80 percent

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[10]Raymond J. Penn, "Public Interest in Private Property (Land)," Reprint No. 14, Land Tenure Center, University of Wisconsin, Madison (reprinted from Land Economics, 37 (2): May 1961).

[11]CIDA, "Tenencia de la Tierra y Desarrollo Socio-económico del Sector Agrícola--Ecuador," publicado por Unión Panamericana, Washington, D. C., 1965, p. 443. A statement by a large Ecuadorian landowner who got tired of organized worker pressure for higher wages and decided to change from the production of labor intensive sugarcane to cattle and thus relieve himself of this labor problem.

[12]Ministerio de Agricultura, Sinopsis de la Agricultura Chilena, 1961-1963, Santiago, Chile, Agosto 1964.

of Colombia's export earnings and about one-third of gross national product.[13]

Table 1 provides data on the growth in per capita agricultural and food output by countries in Latin America over the past six years. Some of the countries show impressive gains. In others, production is lagging. Taken as a whole the 19 countries registered slight improvements in per capita output. In some countries a large part of the increase came from new lands brought into production. Part of the increase is attributable to increased yields.

If the statistics are accurate, the record is not too bad, given the fact that population has grown between 2-3 percent annually throughout this period. However, these gains must be much greater if present diets are to be raised to more adequate levels and the new population additions are likewise to enjoy this improved level of food consumption.

The question of the reliability of the statistics remains. Everyone who has worked with national agricultural data in Latin America is aware of the difficulties in trying to obtain accurate estimates. There are some major inconsistencies, for example, between several published sources.[14] In one,[15] average per capita agricultural production for the years 1957-59, measured in U. S. dollars, is as follows: Brazil 63, Chile 40,

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[13]Dale W Adams and Arturo R. Tobón, "El Sector Agropecuario en el Desarrollo de la Economía Colombiana," Economía Colombiana, 26 (82): 9-32, Marzo 1966. This report concludes that "over the past few years, however, agricultural production has lagged behind the growth in the rest of the economy. Efforts to spur agricultural production through price incentives and special development institutes have had some success, but a general lack of investment in agriculture and an unfavorable land tenure structure appear to be slowing further progress. The lack of rural education and poor health facilities in the rural areas also hinders further change. It is likely that further progress in Colombia's economic development will depend in large part upon making major commitments to the agricultural sector."

[14]These comparisons are for different years than those shown in Table 1 of this report. This is the nearest comparison that could be made from data in the sources shown in the following two footnotes. Thus the data that follow in the text should not be confused with those shown in Table 1.

[15]"Indices of Agricultural Production for the 20 Latin American Countries," ERS-Foreign 44, January 1966 (calculated from Tables 1 and 2).

Table 1. Simple Average of the Index of Agricultural and Food Production Per Capita for Years 1960-1965: 19 Latin American Countries. (1957-59 = 100)

Country	(1) Agricultural production per capita	(2) Food production per capita
Argentina	96.0	96.3
Bolivia	101.0	100.5
Brazil	99.0	104.5
Chile	96.5	94.3
Colombia	101.3	102.1
Costa Rica	98.5	97.1
Dominican Republic	93.8	92.8
Ecuador	109.3	107.1
El Salvador	112.8	100.7
Guatemala	117.1	107.7
Haiti	84.7	88.3
Honduras	106.8	105.7
Mexico	107.0	107.1
Nicaragua	113.1	99.1
Panama	94.1	93.5
Paraguay	95.5	93.8
Peru	104.8	100.5
Uruguay	106.6	109.5
Venezuela	110.3	115.7
19 Country Total	100.8	102.7

Source: "Indices of Agricultural Production for the 20 Latin American Countries," ERS-Foreign 44, January 1966 (averages calculated from Tables 2 and 6).

Colombia 62, Costa Rica 87, and Mexico 42. Figures for 1960 from a second source are:[16] Brazil 44, Chile 48, Colombia 96, Costa Rica 82, and Mexico 63. The average index of per capita production for the years 1958-60 (1957-59 = 100) increased in all countries. The highest increase (4 points) was for Costa Rica whose average value product per capita declined (from 1958-60 according to the two sources cited). Mexico and Brazil both had average increases of one index point. While Mexico

[16] "Changes in Agriculture in 26 Developing Nations, 1948 to 1963," Foreign Agricultural Economic Report No. 27, ERS, USDA, November 1965 (calculated from Table 67).

showed a substantial increase in value of output per capita, Brazil registered a marked decline. Price variations are reflected in the index numbers just as they are in the dollar values per capita. Thus these are contradictory results.

Additional doubts are raised as we view other statistical series. The agricultural balance of trade became less favorable over the years 1955-63 for Brazil, Chile and Colombia.[17] During this same period, food shipments under U. S. Public Law 480 increased substantially,[18] especially for Brazil. And for Latin America as a whole, "food and feed" imports increased more rapidly than exports during the decade 1953-63.[19]

If the increase in the index numbers for total agricultural production in 1960-65 is divided by six to give us a simple average annual increase in production, Guatemala shows an annual growth of 5.8 percent, Venezuela 5.2, El Salvador 5.1, Nicaragua 4.9, and several others near 4 percent.[20] According to one publication, the largest average annual rate of increase in farm output achieved in the U. S. was during the period 1939-45 when the average annual rate of change was +3.05 percent.[21]

There is good reason to believe that today much higher agricultural production growth rates can be achieved than the 3 percent registered by the U. S. 20-25 years ago. Yield increasing technology is more highly developed than in earlier periods. Yet the above data inconsistencies introduce some doubt and skepticism about some of these high growth rates.

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[17]"Chile: Recent Trends in Agricultural Production and Trade," ERS-Foreign 84, ERS, USDA, May 1964 and Trade Yearbook, 1958, 1961, 1964, UN/FAO (Rome). Statistics on other Latin American countries were not assembled.

[18]"Foreign Agricultural Economics," ERS-Foreign 122, ERS, USDA, May 1965.

[19]"The State of Food and Agriculture, 1964," UN/FAO (Rome) 1964.

[20]That is, summing the index numbers, subtracting 600 and dividing the difference by six. Calculated from source shown under Table 1 above.

[21]"Productivity of Agriculture, United States 1870-1958," Technical Bulletin No. 1238, ARS, USDA, April 1961. The U. S. figures are not strictly comparable to the simple averages shown for Latin American countries. However, the differences would not be great for short time period (5-6 year) comparisons.

Part of the registered growth in agricultural output probably reflects the increased volume of commodities moving through commercial channels in recent years as a result of large increases in urban populations. Over the 1950-60 decade, with large rural-urban migrations, the urban rate of population growth was 4.5 percent compared to a rural rate of 1.4 percent.[22] Thus if commodities moving in commercial channels are more likely to be accurately measured, this disparate growth rate in urban and rural populations could result in a recorded increase in agricultural production substantially larger than that actually realized.

Thus the productivity record of agriculture in Latin America remains somewhat uncertain. Some countries are obviously doing quite badly. Others like Nicaragua, Guatemala and Ecuador registered large gains due to major increases in the production of single crops (cotton or bananas), primarily for export.

C. Income Distribution

There is a related question concerning the distribution of income arising in the course of this production. A more accurate accounting of the productivity record would not shed light on this question. Depending on the pattern of distribution, large productivity gains could benefit only foreign stockholders or a small group of domestic growers leaving the mass of the rural population no better off than before.

Land ownership distribution and the power associated with ownership of large tracts of land sets the pattern for the distribution of income in the rural sector.[23] As with land

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[22]Richard M. Morse, "Recent Research on Latin American Urbanization: A Selective Survey with Commentary," Latin American Research Review, No. 1, Fall 1965.

[23]Barraclough and Domike, op. cit. "In Chile, for example, the upper 3 percent of the agriculture population now receive 37 percent of the agricultural income, while the bottom 71 percent of the farm labor force receives only one-third of the income. In one zone studied in Colombia, 85 percent of the farm units received 9.3 percent of the agricultural income." See also, Peter Dorner, "Issues in Land Reform: The Chilean Case," Discussion Paper 5, Land Tenure Center, University of Wisconsin, Madison, August 1965, and "Land Tenure, Income Distribution and Productivity Interactions," Reprint No. 5, Land Tenure Center, University of Wisconsin, Madison (reprinted from Land Economics, 40 (3): August 1964).

concentration ratios, one should not overrate the skewness in the income distribution per se. Two qualifications need to be made. First, the absolute level of income of the large mass of the population is an important consideration. If this is so low that most of it is required for food and the barest necessities of clothing and shelter, there can be little demand stimulus for new kinds of manufacturing industry from this source. The second important consideration is the means of disposition of income on the part of those at the top of the income scale. If they invest in directly productive capital or make funds available for the construction of social overhead, the development stimulus will be much greater than if they spend a great deal on consumption (especially if they incline toward consumption of imported goods).

A number of our studies in Guatemala, Brazil, Chile and Colombia suggest that very large segments of the rural population are indeed at a bare subsistence level. Expenditure patterns of high income recipients are more difficult to document. Available evidence strongly suggests a high consumption-low saving and domestic investment disposition on the part of many of the high income recipients.[24]

Although there are obvious differences between the pre-Civil War United States and Latin America today, an interesting and I believe meaningful parallel can be drawn on the point of income distribution in the U. S. South and its effects on industrial development. Conrad and Meyer point out that

> Slavery produced an income distribution so skewed that it was difficult to support the large mass markets necessary to the development of local consumer goods production. Seigneurial consumption was not likely to be a substitute for the broad market that could have made it profitable in the South to manufacture consumer goods more sophisticated than the most elemental of subsistence wares. Also, seigneurial display that rested upon consumer debt, whether that debt was held within the South or by northern financiers, was inconsistent with growth, as 'productive' or at least producers' debt would not have been.
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> This inequality need not have restricted income growth in the presence of strong demand pressures in the world cotton markets. However, it is not simply the size but the distribution of income that is crucial for structural change, and it is in respect to the degree of inequality that slavery could have injured the South's

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[24]Barraclough and Domike, op. cit., draw this conclusion on the basis of evidence that could be mustered in the seven countries studied by CIDA.

early chances for industrialization. Under the burden of this inequality and the consequent inefficiency of manufacturing enterprise, southern industry could not proceed against northern competition.[25]

Although proof is not possible, many studies strongly suggest that high rates of economic growth cannot be sustained given present inequalities in the distribution of property, power and income. The key issues in Latin American development are not adequacy of resources or productivity as such. The more fundamental questions seem to lie in the area of building more adequate institutions of distribution.

D. Population Growth and Migration

Rapid population growth more than any other single factor has dramatized the need for accelerating development. Declining death rates, rather than changes in the birth rate, have been the major reasons for this growth. Rates of increase in population of 3 percent per year are not uncommon in Latin America. From 1958-65, average annual population growth was reported to be 2.8 percent.[26]

From 1920-60, developed regions of the world registered population increases of 41.1 percent versus 70.5 percent for the underdeveloped regions, the major gains coming in the most recent decades. In this same period, Latin America's population more than doubled, increasing by 126.3 percent.[27] The U. N. has estimated that the Latin American population of 230 million as of 1965 could reach 700 million by the year 2000 given present growth rates.[28] Even so the population-resource relations are much more favorable in Latin America than in many other regions of the world. However, this more favorable position will surely change over the next several decades unless population control and technological innovations in production become more effective.

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[25]Alfred H. Conrad and John R. Meyer, The Economics of Slavery and Other Studies in Econometric History (Chicago: Aldine Publishing Company), 1964, pp. 228 and 229.

[26]"The Western Hemisphere Agricultural Situation," ERS-USDA Foreign 154, March 1966.

[27]Kingsley Davis, "Recent Population Trends in the New World," The Annals, March 1958.

[28]Barraclough and Domike, op. cit.

Much of the population increase is occurring in the large cities as a result of large rural-urban migrations. In the seven countries studied by CIDA for the 1952-60 decade, 11 million people of a total natural increase of 19 million in rural areas migrated to the cities.[29] Industrial jobs have grown at about one-half the rate of increase of urban populations. It is a measure of the failure of the land tenure systems in Latin America that more of these people are not provided with gainful employment in the rural areas. Opportunities could be created for a much larger agricultural population even without moving into frontier areas.[30]

Why do rural people move to cities where economic opportunities are also scarce and where they almost inevitably end up living in the large slum areas surrounding the cities?[31] Recent studies of rural migrants have all shown that economic reasons were the major stimulus. And even though economic conditions in the city were very poor, the majority conceded

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[29]Barraclough and Domike, op. cit.

[30]Peter Dorner and Juan Carlos Collarte, "Land Reform in Chile: Proposal for an Institutional Innovation," Reprint No. 2, Land Tenure Center, University of Wisconsin, Madison (reprinted from Inter-American Economic Affairs, 19 (1), Summer 1965). For estimate of the magnitude of these opportunities in the seven countries studied by CIDA, see Barraclough and Domike, op. cit. On prospects and problems of increasing job opportunities in industry, see Gunnar Myrdal, "The United Nations, Agriculture and the World Economic Revolution," Journal of Farm Economics, November 1965; and Celso Furtado, "Political Obstacles to Economic Growth in Brazil," International Affairs, Vol. 41 (Chatham House, Oxford University Press), April 1965, pp. 252-266.

[31]It is estimated that Recife in Northeast Brazil has 50 percent of its population in the slums. Belden Paulson, "Difficulties and Prospects for Community Development in Northeast Brazil," Reprint No. 4, Land Tenure Center, University of Wisconsin, Madison (reprinted from Inter-American Economic Affairs, 17 (4): Spring 1964).

being better off than in the rural areas from which they came.[32]

Rural migrants to the cities are also disadvantaged because they have poor educational preparation. Many are functionally illiterate; those with some schooling have generally had teachers with less education than those in urban areas. In Colombia, for example, 41 percent of the urban but 78 percent of the rural primary teachers had no more than a primary school education.[33]

Not all rural migrants move to cities; some move to frontier areas in search of new and better opportunities. In a new settlement area in Nicaragua, the influx of new settlers is due to "(1) the completion of the Rama Road, which gives the area access to all important markets of Nicaragua and (2) the economic situation of the settlers while living in the areas from which they migrated. Many of the settlers were caught in a 'squeeze' because lands which they formerly rented for crop production have been converted to pasture."[34] Studies of minifundio areas in Colombia indicate that the dearth of economic opportunities and population pressures have led to migration to the interior of the country.[35] While such new areas hold some promise, the creation of opportunities requires substantial public

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[32]A. Eugene Havens and Elsa Usandizaga, Tres Barrios de Invasión, Estudio de Nivel de Vida y Actitudes en Barranquilla, Ediciones Tercer Mundo y Facultad de Sociología, Universidad Nacional, Bogotá, Colombia, Primera Edición, Marzo 1966, 94 págs. A. Eugene Havens, Támesis: Estructura y Cambio, Ediciones Tercer Mundo y Facultad de Sociología, Universidad Nacional, Bogotá, Colombia, Primera Edición, Marzo 1966, 184 págs. Wava Haney, Integration and Adaption of Rural Migrants to a Colombia Urban Center, unpublished Master's thesis, Department of Rural Sociology, University of Wisconsin, 1965. William Flinn, "Rural to Urban Migration: A Colombian Case," Research Paper No. 19, Land Tenure Center, University of Wisconsin, Madison, July 1966.

[33]A. Eugene Havens, "Education in Rural Colombia: An Investment in Human Resources," Research Paper No. 8, Land Tenure Center, University of Wisconsin, Madison, February 1965.

[34]Preliminary report from James R. Taylor on a Land Tenure Center research project in process.

[35]Eduardo L. Montero, "Organización de las Explotaciones Agropecuarias de una Comunidad Andina de Minifundio: Contadero, Nariño," Agricultura Tropical, 21 (8): 413-434, Agosto 1965.

investments.[36] In most cases these have not been of sufficient magnitude or promptness, and settlers have frequently become stranded or moved back again to the previously settled areas.

E. Concluding Comments

Present land holding patterns and the resulting unequal distribution of power and income are not conducive to a more rapid pace of economic development in Latin America. Efforts to increase productivity cannot have their full impact until the institutional arrangements controlling income distribution are altered. The creation of new opportunities for the underprivileged masses in the rural sectors could serve both to increase agricultural productivity and to provide the extension of markets needed for further industrialization. There is an urgency to these questions which is well stated by Gerschenkron:

> In certain extensive backward areas the very fact that industrial development has been so long delayed has created, along with unprecedented opportunities for technological progress, great obstacles to industrialization. Industrial progress is arduous and expensive; medical progress is cheaper and easier of accomplishment. To the extent that the latter has preceded the former by a considerable span of time and has resulted in formidable overpopulation, industrial revolutions may be defeated by Malthusian counterrevolutions. Closely related to the preceding but enormously more momentous in its effects is the fact that great delays in industrialization tend to allow time for social tensions to develop and to assume sinister proportions.[37]

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[36] Ronald L. Tinnermeier, New Land Settlement in the Eastern Lowlands of Colombia, unpublished Ph.D. thesis, Department of Agricultural Economics, University of Wisconsin, 1964. (An abbreviated version of this thesis is available as Research Paper No. 13, Land Tenure Center, University of Wisconsin, Madison.) George W. Hill, et al., Un Area Rural en Desarrollo--Sus Problemas Económicos y Sociales--Costa Rica, Instituto Universitario Centroamericano de Investigaciones Sociales y Económicas, San José, Costa Rica, Noviembre 1964.

[37] Alexander Gerschenkron, Economic Backwardness in Historical Perspective: A Book of Essays (Cambridge, Massachusetts: The Belknap Press of Harvard University Press), pp. 27 and 28.

III. Alternative Routes for Realizing Agriculture's Potential

A. Existence of a Potential

The potential of rural Latin America, as elsewhere, is to be found in its people. Looked at historically, one must conclude that rural Latin America has been exploited for centuries--the people have worked and produced goods, most of which they were not permitted to retain. At the same time, few investments were made in their behalf. Present low levels of literacy, health and social development support this interpretation. Releasing the creative energies of the rural people constitutes the real potential and in the opinion of many Latin Americans provides ample rationale for rather sweeping reforms. It seems very difficult to introduce the required investments under present institutional arrangements where so many of the rural people have no resources to commit to their own improvement. Rural community development programs assume economically independent decision makers who have secure control over some resources, however meager, which can be put at the disposal of development programs and from which efforts they stand a reasonable chance of realizing the benefits. Where these conditions are not met, community development programs usually fail.

Land and people are the basic resources of rural Latin America. And the land must be utilized to develop the human capacities (judgment, decision making and creative abilities). This is not a task of one or two years or even of 10. A generation or two is involved.

With some regional exceptions within countries, Latin America has the resource potential to accomplish this. The population-resource situation is not nearly as desperate as in some countries of Asia and the Middle East. True, there are some highland Indian communities where mass out-migrations must occur. But even without opening up the tropical areas, the capacity to absorb and provide economic opportunity for more people in the present agricultural regions is very great. To hold the population until it can be gainfully employed in industry and integrated into urban society is one of the functions of agriculture in the development process. But as the mass migrations point up, it is not performing this function. And it is not likely to do so under present land tenure institutions.

In every one of our studies where this matter was analyzed, the conclusion was that additional families could be supported on lands presently settled and at substantially improved incomes by changing the tenure structure and/or the technology. Some farms owned by the Catholic Church in Chile were placed under new

control and tenure arrangements. Thiesenhusen found that they now support 23 percent more families after the reform than before. Production had also increased, and the settlers had substantially higher incomes than before the reform. Equally significant, there remains a large potential to be realized. In comparing one reform project with a well-run neighboring farm with similar soils and irrigation possibilities, there was a difference of about 40 percent--a measure of the potential yet to be realized by the new farmers.[38] No "new" technology was considered, only that which was already in use in the community. As this potential is realized, the income of the new farmers will increase or, if the economy does not provide more job opportunities, the land will likely have to support more people (sons and sons-in-law of the present farmers).

This is indeed what happened on some settlement projects carried out by the Chilean government some years ago. In the same study, Thiesenhusen interviewed some farmers who were formerly landless laborers and who had been settled under the government colonization program. All received their land at least 12 years ago. Thirty parcels of land, originally sold to 30 families, were supporting entirely or in major part 104 families at the time of the study. This is no success story. It reflects the inability of the Chilean economy to provide sufficient employment opportunities. But it also demonstrates the holding capacity of a reorganized agriculture. Even when incomes were divided to accommodate a new generation, these families received higher net incomes than farm laborers in the area working on large farms.

Morales, in another Chilean study of 96 farms of varying size, concluded that if all farms produced at the level of the average of the upper half (ranked by gross income per

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[38] William C. Thiesenhusen, Experimental Programs of Land Reform in Chile, unpublished Ph.D. thesis, Department of Agricultural Economics, University of Wisconsin, 1965. (Also available as Chile's Experiments in Agrarian Reform, Land Economics Monographs No. 1, Madison, Wisconsin: The University of Wisconsin Press, 1966.) It should be pointed out that these farmers received technical assistance, credit, etc.

For a Colombian example, see Dale W Adams and L. Eduardo Montero, "Land Parcelization in Agrarian Reform: A Colombian Example," Reprint No. 16, Land Tenure Center, University of Wisconsin, Madison (reprinted from Inter-American Economic Affairs, 19 (3): Winter 1965).

hectare), production would increase by over 30 percent.[39] This could again be achieved with production techniques used in the area. Studying a group of farms in Southern Brazil, Rask found that with present practices, 30 hectares of land were required to provide an acceptable income for one family. But by changing production practices (again the change involved nothing which was not already in use and available within the community), 10 hectares would yield the same income.[40]

Aggregative estimates compiled in the CIDA studies provide the same conclusion. The potential indeed exists. But this potential must not be viewed merely as an additional increment of production. It is best expressed in terms of the greatly improved economic opportunities that can be provided for millions of people throughout rural Latin America.

Considering natural resources in isolation is not sufficient. Some underdeveloped economies are richly endowed (e.g., with oil and mineral wealth). Nor is high production from these resources the key (Cuba was among the higher average income countries in Latin America at the time of the Castro take-over, but average income data fail to reveal its distribution). Active participation by the mass of people in the production-consumption-investment process must be a central concern. And though there may always be disadvantaged areas and groups, Latin America has the potential greatly to improve upon present performance.

Developing agriculture's potential involves many technical questions. A number of our research efforts have focussed on these. Though they can be treated from a technical viewpoint, they are all interrelated with the institutional structures in rural areas.

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[39]Héctor Morales J., Productividad Presente y Potencial en 96 Predios de la Provincia de O'Higgins y su Relación con el Tamaño de las Propiedades, Ingeniero Agrónomo thesis, Facultad de Agronomía, Universidad de Chile, Santiago de Chile, 1964.

[40]Norman Rask, Farm Size and Income: An Economic Study of Small Farm Agriculture in Southern Brazil, unpublished Ph.D. thesis, Department of Agricultural Economics, University of Wisconsin, 1964. (An abbreviated version of this thesis is available as Research Paper No. 16, Land Tenure Center, University of Wisconsin, Madison.)

B. Size of Farm

There has been much discussion and controversy over which size of farm is the most efficient and productive. This issue is sometimes considered central to land reform, but such an emphasis is misplaced. If the appropriate services and institutions exist, small farms can be highly productive. Land, labor and capital can be combined in many ways and proportions depending on their cost and productivity. There are very efficient small farms in Japan, some not so efficient. There are some very large farms in Latin America that are excellently managed and highly productive, but many that are not. The same is true of small farms. This holds also for the U. S.

Focussing on this issue diverts attention from the key issue which concerns the distribution of and wider access to economic opportunities by rural people. This is the critical question underlying controversies over reform. All the evidence in the world showing higher productivity of small farms would not convince large landowners to divide up their farms and offer the land for sale at bargain prices. Nor would the reverse evidence be convincing to those pressuring for reform.

The issue also takes on a different meaning depending on the conditions that now exist. For example, in some countries with many small peasant holdings (owners or renters) analysts have felt that economies of scale could be realized by combining these small farms into larger administrative units or producer cooperatives. In India, Long found no economies (i.e., higher output per unit of land) associated with size. The reverse seemed more likely to be the case.[41] Under other circumstances of topography, climate and dependence on irrigation, such central administration for certain key production decisions may be highly advantageous.[42]

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[41]Erven J. Long, "The Economic Basis of Land Reform in Underdeveloped Economies," Land Economics, May 1961. For an excellent theoretical analysis of the issues as well as empirical comparisons, see Don Kanel, "Size of Farm and Economic Development," LTC No. 17, Land Tenure Center, University of Wisconsin, Madison, July 1966 (in process of publication).

[42]Kenneth H. Parsons, "Land Reform in the United Arab Republic," Land Economics, November 1959.

On strictly efficiency grounds, a constant return to scale (or size) would not justify such aggregation of units. In fact, some positive economies that might be realized by aggregation might be insufficient to offset the capital obsolescence that may occur in moving to production on a larger scale.

On the other hand, where large operating units now exist and the distribution of income and opportunity is of central concern, the situation may be evaluated differently. If there are indeed great economies of size, the distributional objectives might be realized by a changed economic organization (cooperative, profit sharing, corporation) rather than physical subdivision. Even some diseconomies may be tolerated because of capital obsolescence resulting from subdivision and the added investments needed to establish small units. However, it is doubtful whether such refined economic arguments will have much influence unless the gains are very substantial or the resources are extremely scarce. Neither of these conditions seems to prevail in Latin America.

The aggregative statistics compiled by CIDA[43] as well as data collected on our projects, show that the value of agricultural production per worker increases with farm size. This simply indicates the crowded labor conditions on the small farms. Where labor is plentiful relative to land and capital, production per unit of land is the more significant measure. Here the CIDA studies show a consistent relationship in all countries, with the highest value of output per hectare registered for the "subfamily" farm, a farm too small to utilize effectively the labor of one farm family. The relationship is much more pronounced when the land measure is "agricultural land" than it is with "cultivated land."

But these are very crude, gross data. Variables such as soil type, proportion of land irrigated, location, etc., must be controlled if the net influence of size on production is to be isolated. Furthermore the most notable difference in productivity among size classes used by CIDA occurs between the "subfamily" and the "family-sized" farm. Differences between family farms and the two classes of large "multi-family farms" used in the CIDA studies are much less pronounced and more erratic. No one argues for the establishment of more "subfamily" minifundios in Latin America, which is what reasoning based on these results would imply. Value of product per hectare on these very small farms is bound to be higher because a much higher proportion of the land is devoted to high-value home consumption products (garden, eggs, etc.).

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[43] Barraclough and Domike, op. cit.

Eliminating farms of under 10 hectares from the analysis gives a different picture. Morales attempted to establish the relationship between farm size and present production per hectare, while controlling such factors as soil quality, location, proportion of land irrigated and farming type. Farms ranged in size from 10-500 hectares of irrigated land. Although the average gross income per hectare appeared to be larger for farms in the larger size classes, the variation within groups was so large that these differences were not statistically significant at the .05 level.[44]

The conclusion from this study is that with very small farms eliminated from the analysis and with other strategic factors held constant, there is no significant difference in value of output per hectare by size of farm. The reasons for not achieving more of the production potential were different for farms in different size classes. For example, a much smaller percentage of the farms in the small size classes received credit in the year under study than did those in the large farm classes. There was likewise a much higher percentage of land area with reported irrigation difficulties (water shortages) in the small farm classes. This may reflect the inability of small holders to acquire or to enforce their claims to water rights.

In a study of Brazilian data,[45] Sund divided his sample farms into two groups: small farms relying largely on family labor and larger farms using considerable hired labor. Among the larger farms, when the value per hectare of land (a measure of soil quality) was held constant, there was no significant relation found between size and percent of land cultivated or the number of workers per hectare. Without controlling for land value, there were significant decreases in the percent of land cultivated as size of farm increased. This suggests that at least some of the frequently cited evidence about more extensive land use on large farms is due to the fact that the bigger farms are found more often on less valuable land.[46]

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[44]Morales, op. cit.

[45]Sund, op. cit.

[46]Or, perhaps more accurately, the proportion of "poor" land relative to "good" increases with the size of farm.

On smaller farms, land use was much more intensive and each worker operated a much smaller number of acres than on the bigger farms. The intensity of land use on small farms could not be explained by the statistical functions obtained from data on the large farms. That is, even after taking land value into account, the land use on smaller farms was more intensive than could be expected. This again reflects the crowding of people on small farms and the production emphasis in high value, family consumption products.

Productivity depends on so many factors other than size of unit that its particular influence is not too important. Small farms are less productive than they might be because the majority of the institutions which serve agriculture (credit, markets, irrigation, etc.) are directed toward the dominant large farm. Large farms, on the average, are less productive than they might be for other reasons, an important one of which seems to be the fact that their owners have more lucrative investment alternatives outside of agriculture, along with consumption patterns which do not make intensive investments in agriculture attractive.

C. Farm Prices

It is frequently argued that farm prices are too low to offer sufficient incentives for investments. In an attempt to keep food prices low for the growing urban population, the government deliberately controls farm prices at low levels, the result being a stagnant agriculture.[47] There is no denying that the level (and perhaps even more important the stability) of prices is an important consideration in increased investments and production in agriculture. But the evidence available, though sketchy and incomplete, does not indicate a major imbalance between prices received and production costs.

Echeverría studied the price elasticity of supply (which could only be measured in terms of hectares planted for lack of other statistics) over the past 10 years for a number of crops in Chile (wheat, rice, onions, garlic, sugar beets and sunflowers). Preliminary results show the price elasticity for the first four crops being very low (generally less than .5). The latter two crops had much higher elasticities (over 1).[48] These two crops

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[47] In Chile, however, it has been shown that during the decade 1951-1960, the level of the controlled prices actually rose slightly more than that for products not subject to price control. See Kurt Ullrich and Ricardo Lagos, Agricultura y Tributación--Dos Ensayos, Instituto de Economía, Universidad de Chile, Santiago, 1965, p. 33.

[48] Roberto Echeverría, "Respuesta de los Productores Agrícolas Ante Cambios en los Precios" (manuscript in process).

are relatively new to Chilean agriculture and have special firms which provide an integrated package of services to the producers under a type of contract farming arrangement.

In some of our studies we found large, well managed farms yielding very substantial net earnings. The question arises whether the present price structure is really detrimental to incentives when these farmers demonstrate such favorable returns. It seemed that additional light might be shed on this question if one could compare various groups of farmers in terms of the percentage of total cash income retained as net cash income. Thus we compared seven large, well operated Chilean farms[49] and nine small Chilean farms[50] (average management) with over 700 Wisconsin farms (all members of farm management associations and above average in management). The Chilean farms (both large and small) retained 50 percent of total cash income as net cash, while the Wisconsin farms retained only 44 percent.[51] Even after taking into account payment in kind of part of the wages on Chilean farms, the conclusion holds that price-cost relationships are not too different from those on Wisconsin farms.

Perhaps more significant are absolute levels of income. The average large Chilean farm had net cash income of E° 137,122, the average Wisconsin farm E° 22,358 and the average small Chilean farm E°2,536 (all in Escudos, with exchange rate approximately 2.63 per U. S. $). A Chilean farm worker's wages were probably around 600 in this period (plus some perquisites).

The above comparisons, as well as the wide variation in economic performance among large farms, throw some doubt on the assertion that production would increase substantially with a higher level of prices. This does not mean that producers will not shift from one crop to another if relative prices change.

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[49]Collarte, op. cit.

[50]Thiesenhusen, op. cit.

[51]All data were for the years 1962-64. These comparisons are reported in Peter Dorner, "Open Letter to Chilean Landowners," published in Spanish in La Nación, Santiago, Chile, June 21, 1965 and in English in NEWSLETTER No. 22, Land Tenure Center, University of Wisconsin, Madison, November 1965-February 1966.

Fertilizer is without question one of the production inputs with the greatest potential for increasing yields (especially when combined with high yielding varieties adapted to the area and other practices). It is frequently maintained that the fertilizer-product price ratios are unfavorable for encouraging its wider use in many countries. Yet, Table 2 shows that it is not clear that these ratios are much less favorable for the Latin American countries shown than for the U. S., Italy, Spain, Japan and Taiwan.

Of course, the price ratio does not provide sufficient information for judgment. One needs to know the physical response of output to fertilizer input. The ratios in Table 2 indicate the number of units of output needed to pay for one unit of fertilizer input. Where present application of fertilizer is at a relatively low rate, a response ratio of 10 to 1 is a conservative estimate. All ratios in Table 2 are highly favorable according to this estimate.[52]

In a wide variety of fertilizer trials throughout the world, high net returns per dollar invested are reported. In almost all those reported the net return per dollar value of fertilizer exceeds 100 percent.[53]

I do not question the existence of bottlenecks in the availability of fertilizer and in distribution of that which is available. Nor do I question the inhibiting role of uncertainty in the case of small farmers who may be reluctant to try new techniques, the output results of which, to them, are not well known or understood. I am arguing that farm product price levels and input-output price ratios do not appear as unfavorable as much of the literature on the subject would indicate. And all the above factors--unavailability, distribution bottlenecks, uncertainty, etc.--are much less relevant in explaining the unresponsiveness of owners or managers of the large farms. Some large farmers have overcome these difficulties, and most of them seem to have the ability and the means to overcome them to a larger degree than they have in the past.

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[52]See "Changes in Agriculture in 26 Developing Countries," op. cit., pp. 52-54.

[53]Ibid., Table 39, p. 52. Under certain sharecropping arrangements, however, the sharecropper may be able to retain only a part of their return even though he pays the entire cost of the fertilizer. It should be recalled that produce prices used in the calculations in Table 2 are prices at wholesale. Prices received by farmers would be lower and consequently the ratios shown would be higher had farm level prices been available and used. But it is doubtful that this would change the general conclusion.

Table 2. Fertilizer-Product Price Ratios for Various Countries, 1962.*

Country	Nutrient	Wheat	Corn	Rice	Beans	Potatoes
United States	N	3.45	5.95	1.38	1.67	5.14
	P_2O_5	2.38	4.10	0.95	1.15	3.54
	K_2O	1.18	2.04	0.47	0.57	1.76
Italy	N	2.22	3.47	1.35	1.39	3.85
	P_2O_5	1.51	2.35	0.92	0.94	2.62
	K_2O	0.90	1.41	0.55	0.57	1.57
Spain	N	2.84				4.20
	P_2O_5	1.35				2.00
	K_2O	0.72				1.06
Japan	N	2.39		1.17		
	P_2O_5	1.86		0.92		
	K_2O	0.83		0.41		
Taiwan	N			3.21		
	P_2O_5			1.57		
	K_2O			0.91		
Chile**	N	4.86	4.87	4.87	1.93	6.25
	P_2O_5	2.27	2.26	2.26	0.92	2.95
	K_2O	2.07	2.08	2.08	0.82	2.67
Colombia**	N	2.83	3.14	1.92	0.76	7.04
	P_2O_5	1.70	1.88	1.15	0.47	4.22
	K_2O	1.32	1.46	0.90	0.35	3.28
Peru**	N	1.57	0.82	0.86	0.48	1.35
	P_2O_5	1.57	0.82	0.86	0.48	1.35
	K_2O	0.91	0.48	0.50	0.28	0.79
El Salvador	N		3.32	1.30	1.72	2.55
	P_2O_5		1.21	0.47	0.64	0.93
	K_2O		1.60	0.62	0.85	1.23
Venezuela**	N		3.28	1.00	1.06	2.47
	P_2O_5		2.64	0.81	0.85	1.99
	K_2O		1.12	0.34	0.30	0.84

*Number of kilograms of produce necessary to purchase one kilogram of plant nutrient; based on 1962 wholesale prices of produce and prices paid by farmers for plant nutrients (bagged). Prices of nutrients refer to Ammonium Sulfate (N),

D. Research and Extension

Research and extension play an important role in increasing agricultural productivity. There is an urgent need to develop effective institutions for carrying out these functions.[54] Yet these functions, along with the new production techniques that they represent, are not completely absent in any country. Our studies in Chile, Colombia, Brazil and Central America show some modern techniques employed by some farmers even in areas of small, minifundio-type farming.

In a Guatemalan highland community, for example, with average size of farm of about 1.5 hectares, 8.5 percent in the sample of 106 used improved seed, 2.8 percent used insecticides, 15 percent used chemical fertilizer, and 25.4 percent used natural fertilizers.[55] From another Guatemalan study, Hill reports that "family incomes are low not primarily because of backward methods of farming, but because land is being cultivated that should not be cultivated, . . . and land area is too small to provide an adequate return."[56]

Superphosphate (P_2O_5) and Muriate of Potash (over 45% K_2O).

**Price ratios for these countries were calculated using national currency unit prices. Ratios for other countries express relative prices in U. S. dollars. The difference was made necessary because of incomplete price information, lack of uniformity in the monetary units in which prices were expressed in the sources used, and difficulty in conversion as a result of the exchange rate structure and variabilities.

Sources: Computed from data appearing in the following publications: UN/FAO, Fertilizer: An Annual Review of Production, Consumption and Trade, 1964 (Rome, 1965); OAS, América en Cifras 1963; and UN/FAO, Production Yearbook 1964.

[54]See Bryant E. Keerl, "Communications in Economic Development," Research Paper No. 7, Land Tenure Center, University of Wisconsin, Madison, September 1965.

[55]Lester Schmid, op. cit.

[56]George W. Hill, "Rural Development and Land Tenure Relations," talk given at a meeting of the Task Force on Rural Development, AID/Guatemala, Guatemala City, April 23, 1965.

It is nevertheless true that most small farmers are ignored by extension, frequently reporting that they have had no contact or assistance from anyone.[57] It is likewise true that without credit many small farmers may not be able to adopt a new practice even if they have the desire to do so. Finally, there is evidence that where credit, inputs and information are supplied with sufficient technical guidance on the part of well trained technicians, small farmers are responsive.[58]

There is much need for intensifying the research efforts in the agricultural sciences. But there are a number of problems. There is a tendency for research efforts to be scattered in several governmental ministries, universities and an increasing number of autonomous institutes. There is a like tendency for the extension function to be dispersed and there is frequently little contact between the research and the extension institutions.

Reasons for the underdeveloped nature of these research and extension functions are many. There is a shortage of trained personnel in the agricultural sciences. The in-flow of foreign aid funds from various sources in recent years have indeed stimulated research and extension activity, but have also contributed to the scattering and proliferation of agencies.[59] This very proliferation has added to the existing tendency of having a disproportionate number of the scarce technicians in administrative posts in capital cities. A

57A. Eugene Havens, et al., Cereté: Un Area de Latifundio (Estudio Económico y Social), Sección de Investigación Social, Facultad de Sociología, Universidad Nacional de Colombia, Informe Técnico No. 3, Mayo de 1965; and Adams and Tobón, op. cit.

58Especially well demonstrated in Chile on some of the church reform projects studied by Thiesenhusen, op. cit.

59Herman Felstehausen, Marion Brown and James Grunig, "Communications Research in Connection with Land Tenure Center Studies in Latin America," Annual Program Report 1965, Part VI, Land Tenure Center, University of Wisconsin, Madison. Marion Brown, "Sources and Uses of Information by New Landowners," paper presented at the First Interamerican Research Symposium on the Role of Communications in Agricultural Development, Mexico City, Mexico, October 5-13, 1964.

universal bureaucratic tendency also contributes to this--the desire for self-sufficiency within agencies. An agency set up to disseminate information to sharecroppers soon gets into the supervised-credit field, establishing cooperatives, etc., while agencies set up to perform these functions set up their own extension services.

But there is another factor at work. Since there is a wide variation in farm size and tenure conditions within the country, agencies are set up with responsibilities to farms of a specific character and/or in a particular region. This too adds to the diversity of agencies, bureaus and institutes.

The large farmer has the advantage since he has the means to establish direct contact with the research stations or even obtain research results from other countries. In the many cases where large farms are not well managed, access to research information is not the most limiting factor. Much more important seems to be lack of interest or motivation, or more lucrative alternatives elsewhere.

It is not an easy task to give outside aid to extension activities under these circumstances. There is the question--which agency should be supported (there are usually several) and which group within the agricultural sector should be favored? The major resources and potential are in the lands controlled in large units.[60] Yet there is little evidence that lack of information is the critically limiting factor on these large farms. And on the small farms--indeed even on many of the family size units--information alone is not sufficient. Credit and intensive technical assistance must be combined if they are to be effective.

One arrangement that has been found to be quite successful is a package-of-services program through a contract farming arrangement. Our studies in Chile and Colombia have been especially convincing on this point.[61] Chile has three examples of

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[60]They may not always be operated in large units. In most countries, nevertheless, from 40-80 percent of agricultural production comes from farms owned and operated as large units. See Barraclough and Domike, op. cit.

[61]Brown, op. cit.; Felstehausen, Brown and Grunig, op. cit.; and Ronald L. Tinnermeier, "The Role of the National Institute of Tobacco in Increasing Tobacco Production in Colombia," Research Paper No. 2, Land Tenure Center, University of Wisconsin, Madison, November 1964.

highly integrated service organizations which are organized on a commodity basis that give credit, distribute inputs, provide technical information, control the use of the technology and provide a firm marketing contract with prices fixed before planting time. Where service institutions are absent or geared to the needs of very large farms, this approach appears to be a fruitful one.

It may be especially useful in an agrarian reform situation. Contracting the production of certain key crops with new landowners would seem to have several advantages. Colonists would have much needed security during the crucial first years. A more conventional extension program, even if it succeeded in raising production, would not provide a secure market. By concentrating on a single crop within a given area, agents are able to give better advice and develop better rapport with their clientele. Farmers of small units in Chile seem to have a very high regard for the specialists who work in the sugar beet program. ". . . the effects of insisting, through contractual arrangements, that farmers use certain inputs and follow certain practices are all positive, provided that the recommendations insisted upon are well researched."[62] Several of these "one commodity" integrated organizations carry on their own research for the crop in which they specialize, thereby providing a sound scientific basis for the practices insisted on by the technicians.

E. Credit and Cooperatives

In the countries studied by CIDA, it was concluded that the major part of the credit available from commercial and state banks was allocated to the large operators. This is not too surprising. Owners or administrators of large farms have the required collateral and better access to bankers. The small farmer relies largely on an "informal credit market." Very few empirical studies have been made of this market.[63] Many Latin

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[62]Personal correspondence from Marion Brown, reporting on his Land Tenure Center sponsored research from Chile.

[63]A study under way in Chile will shed light on this. This study is sponsored in part by the Land Tenure Center and conducted by Charles T. Nisbet. His findings indicate very high interest rates on loans obtained from this market resulting from the high degree of imperfect competition under which it operates. Nisbet estimates that 75 percent of Chilean farm operators are excluded from the institutionalized credit markets and thus dependent on this informal market for their credit needs.

American governments, however, have set up supervised credit programs for farmers with small farms. Research on these programs in Colombia and Chile,[64] has shown little supervision and guidance offered by the agency in charge. In Colombia, a field study with a control group indicated that those receiving supervised credit were younger, better educated, and had more experience in the use of credit than nonusers. Although the program resulted in measurable improvements in production and capital acquisition, a general shortcoming was the very small numbers reached. This is also true of the Chilean program. Plans are under way for major expansion of supervised credit in these countries. Lack of available personnel will undoubtedly make more intensive assistance and supervision even less likely.

In a number of our studies we have been able to evaluate the functioning of cooperatives. There are some efficiently operating cooperatives in Latin America. But in cases where they have been introduced in connection with settlement or colonization projects, they have generally failed.[65] Poor administration, lack of capital, lack of understanding by the members of what the cooperative's function could be, distrust, unwillingness to sell through the cooperative where payments for marketings are delayed and preferring sales to country buyers where immediate cash is obtained even though the price may be lower, etc.--these are common findings. In some colonization projects, members have diverse backgrounds and economic and social standing which make it possible for a few to dominate and gain some advantage from the cooperative at the expense of less knowledgeable members.

Successful cooperatives, of course, require identification of a common problem, purpose and interest by a group of people who then select the cooperative form of organization as the best means to realize this common purpose. The history of

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[64]Dale W Adams, et al., "Supervised Credit in Colombia's Agrarian Reform: An Evaluative Study," Mimeografiado No. 40, Centro Interamericano de Reforma Agraria, Bogotá, Colombia, January 1966; and Hugo Ossio S., El Crédito Agrícola Supervisado en Chile, Grad. thesis, Programa de Estudios Económicos Latinoamericanos para Graduados, Universidad de Chile, Santiago, Chile, 1964.

[65]See especially, Tinnermeier, New Land Settlement in the Eastern Lowlands of Colombia, op. cit.; Thiesenhusen, op. cit.; and J. Francisco Ortiz M., "Factores que han Contribuído al Fracaso de una Cooperativa en Antioquia," Mimeografiado No. 50, Centro Interamericano de Reforma Agraria, Bogotá, Colombia, April 1966.

paternalism in rural Latin America, where help has always been sought through vertical channels, going to the patrón who had connections in a higher strata within the class structure, rather than through horizontal organization of equals for collective action, is difficult to overcome.[66] Attempting to superimpose a cooperative form of organization frequently leads to failure.

In some of the church reform projects in Chile studied by Thiesenhusen the organization in charge of the reform (INPROA) took special pains in trying to settle people with some similarity in background. Intensive technical assistance was also provided and decision making by members through committee organization was encouraged. On one project the cooperative developed enough strength and cohesion in its first years to threaten INPROA with a law suit if year-end payments for sugar beets were further delayed. This same cooperative voted to assess members (for both money and labor contributions) for road and other construction in the settlement.

F. Concluding Comments

This section considered some of the more conventional policy prescriptions for agricultural development--research, extension, credit, incentive prices, cooperatives, etc. They all require a fairly elaborate administrative structure manned by large numbers of technically trained people, and a free, literate, opportunity-oriented and profit-seeking farm population with available alternatives and the capacity to exploit them. But such assumptions are unrealistic for most of rural Latin America. Because of a shortage of professionals and sound administration plus the rather rigid economic and social structure in the countryside, the above policy measures yield results quite different than those expected on the basis of U. S. experience.

These services and institutions are all underdeveloped. While the large farmer can operate within this system, it is nevertheless true that he or his administrator must spend an inordinate amount of time in obtaining credit, getting inputs, marketing products, etc. But unlike the family farmer who does most of the manual labor required on his farm, the operator or administrator of a large farm in Latin America spends full time on administration. And although he devotes much of his time to it, he can get credit from a bank in the provincial or national capital; he has or can establish contacts for marketing of produce (e.g., actual cases from experience in Chile: contract with supermarkets in capital city to sell eggs from 20,000 hen laying flock; direct export of onions, beans and

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[66] Some notable exceptions will be discussed later.

and grapes to New York; wool to England; processed mint to Germany); he can get inputs even though he may have to place his order a year in advance; he can go directly to the research worker or institute for the latest information, etc.

But the small farmer cannot operate in this manner. He becomes in many ways dependent on the large farmer and local buyers and merchants. In certain areas of Chile, Brazil, Colombia and elsewhere where there is a system of independent farmers (resembling somewhat the U. S. family farm system) many of these services are more adequately developed. In these areas one is also most likely to find successful cooperatives.

In Latin America, many of these rather fundamental aspects of agricultural policy discussed in this section have been handled over the years on an ad hoc basis. Farm prices may have been controlled to keep food costs in the city low, but there were compensations—taxes were low too and collections not rigorously enforced. In spite of elaborate social security measures, minimum wages also remained low, sometimes eroding with inflation, and sometimes legislative requirements were simply not enforced. Landholding provided an access to credit which was sometimes used for purposes other than to further agricultural production. And under conditions of inflation, the real interest rate was frequently negative. Public investments in roads, power and irrigation works likewise benefited the large resource holder. While there is obviously much to improve in the organization of both factor and product markets, price and credit programs, research and extension efforts, etc., the existing situation with respect to these matters is more disadvantageous to small than to large farmers who often do quite well within this system.

The several policy measures here discussed are aimed at improving productivity, ordinarily assuming the economic and social organization as given. But these measures do not in themselves greatly affect the distribution of opportunities within the rural sector. While more adequate agricultural policies might improve production, they have no necessary relation to the improvement in the living conditions of the mass of people who are without resources. Most of the benefits of higher prices inevitably go to those owning and controlling the income flow of the resources. Where the distribution of ownership is very unequal, the benefits from these measures will likewise be unequal. Thus political and social tensions could mount at the same time that production increases. Institutional reform which provides a better distribution of power, opportunity, and security is needed before these measures can serve both to increase production <u>and</u> to improve the living conditions of many

more people in the process. The latter seems necessary if national markets are to be expanded and industrial development supported.

IV. Possibilities Within the Present Context

A. Agrarian Reform Legislation

It is unlikely that many Latin American countries will carry out major distributive reforms within the next several years. But one must distinguish between reforms carried out by peaceful and orderly processes and those that result from widespread violence, disorder and revolution. Given existing tensions in several countries, the latter course--that followed by Mexico, Bolivia and Cuba--is always a possibility.

Among Latin American countries, only Venezuela has made major changes in its land ownership structure without revolution. The political organization of campesinos in the 1930's and 1940's made it possible to introduce basic structural changes during the period 1945-48. This program was interrupted by a 10-year despotic dictatorship which was overthrown in 1958. Since then democratic procedures with widespread campesino participation have led to the settlement of nearly 100,000 landless on lands of their own.[67]

But 19 of the Latin American countries (all except Argentina) have passed agrarian reform laws. Most of these laws were passed since the signing of the Charter at Punta del Este which established the Alliance for Progress. The Charter contains a strong statement favoring major distributive reforms and changes in traditional agrarian structures. It is not possible to measure the extent to which various land reform laws were enacted as a mere formality to comply with the Charter or whether they reflect a deep national consensus on the need for reform.

The provisions of the various laws vary widely. Agrarian reform statutes in Latin America can be divided into two main categories based on how each deals with the crucial issue of private property rights in land:

67John D. Powell, The Politics of Agrarian Reform in Venezuela: History, System and Process, unpublished Ph.D. thesis, Department of Political Science, University of Wisconsin, 1966. (This study was sponsored by the Land Tenure Center. Financial support for the final phase was also provided by CIDA.)

1) Some place major emphasis on the social function of property, substituting legislative formulas for the classical protection of vested individual property rights. A summary expropriation procedure and special agrarian courts are the common tools of rapid enforcement.

2) Some continue to provide full protection to the classical rights of private property as substantive law plus the various procedural devices designed with this end in view.

A third category is more common, however. In it (1) is the declared policy, but inadequate procedural tools are provided so that the results in substance are the same as those under (2).

Procedural problems retard the execution of agrarian reform programs. The agency charged with carrying out the reform may have insufficient legal powers. Its resources are usually inadequate to the task it confronts. Also, there are factors over which the agency itself has limited or no control, such as a lack of cadastral surveys, inadequate law enforcement and judicial administration.

The judicial function in agrarian reform is frequently difficult to fulfill. A principal reason for this seems to be that most courts are located in cities too far from the sites of dispute. These regular courts are not too cognizant of rural problems and are frequently subject to the influence of vested interests.

To correct some of these deficiencies, it has been suggested that for certain judicial decisions special courts or "travelling land judges" could be created which would hold sessions and make decisions at the site of the controversy. This would be especially useful for resolving conflicts in the application of labor laws, tenancy regulation and the settlement of title conflicts.[68]

Establishment of special courts is a feature of some of the agrarian reform laws. The Chilean agrarian reform bill proposes the establishment of additional agrarian courts which would complement the existing court system of Chile. The creation of special courts is not a vote of "no confidence" in the quality and integrity of the regular judges. Rather, the concern is

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[68]See sections by Joseph Thome, Land Tenure Center Annual Program Report 1965, in "Summary of Colombian Research Activity of the Land Tenure Center."

over 1) delays implied by placing all these cases in the already overloaded regular courts, and 2) the need to involve agricultural specialists with judges in handling land reform cases.

There may be sound reasons for the establishment of special courts for the quick resolution of certain specific questions, such as the clarification and resolution of title conflicts. However, the problems inherent in relying too heavily on special courts should be recognized. On the basis of his review of the Chilean land reform bill, Professor Beuscher points to the following factors that should be carefully weighed in deciding on the desirability of special courts:

1) the possibility of delay by arguing that the case brought in one court should have been brought in another;

2) the lack of coordination between adjudication dealing with land and that dealing with water, for instance;

3) the need for an efficient system of local justice over the long pull to adjudicate conflicts between beneficiaries and the local cooperatives, and between the beneficiaries and the patrón who elects to continue farming on his reserved hectares.

In general, concern for a special court system to aid in efficiently carrying out land reform should be broadened to a concern for an efficient and relatively simple system of rural justice to protect the objectives of land reform over the long pull. Intensive empirical research into the system of rural justice in carefully selected areas of several Latin American countries is greatly needed if we are to understand the contributions courts can make or barriers they may erect to a total program of agrarian reform and development.[69]

B. Colonization and Resettlement

Colonization and resettlement represent the major effort by Latin American governments which are attempting to transform their land tenure structure (or at least relieve pressures in the countryside). In addition to overt governmental action, there has been a great deal of spontaneous movement and squatting, sometimes on public lands, sometimes on lands legally claimed as private property by other individuals.

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[69]Jacob H. Beuscher, unpublished notes.

Governmental efforts and spontaneous settlement do not describe completely the activities in this area. In some cases the Catholic Church has established special organizations to subdivide some of its lands.[70] Private companies have done some parcelization.[71] And there are cases where private owners have given over their farms to real estate firms for subdivision and sale.[72]

In addition, of course, there has been some splitting up of larger units through inheritance. While this has been going on for centuries, it is at a "turtle's pace compared to the present day avalanche of disequilibrating forces. According to one study of changes in size of property in a sample district of the Argentine Pampa, where there have been more 'modern' influences than elsewhere on the continent, it would require 130 years of continuous subdivision at present rates for the existing large scale holdings to disappear."[73]

Spontaneous movement into frontier areas is generally by people from overcrowded traditional areas.[74] Governments have attempted to aid settlers of new areas, but efforts have often fallen far short of needs. Substantial new investments are required to establish viable communities and to keep them from being isolated islands unattached from the national life and economy. Given other "priorities," government funds have not been sufficient to meet these needs. Serious title conflicts also arise in these areas, sometimes between settlers and sometimes between settlers and an outsider who claims legal title to the land. Taylor reports from Nicaragua that "farmers who have been working land for as long as 20 years have been told to leave by individuals who have recently obtained some sort of title. . . . the 'squatters' strongly believe in their right to continue working the land, and have maintained their

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[70]Thiesenhusen, op. cit.

[71]Adams and Montero, op. cit.

[72]Antonio Idiáquez, "Private Subdivision of Land in Chile," NEWSLETTER No. 22, Land Tenure Center, University of Wisconsin, Madison, November 1965-February 1966.

[73]Barraclough and Domike, op. cit.

[74]Reported from studies in Costa Rica, Nicaragua and Bolivia.

position in spite of arrests and the actual or threatened destruction of their improvements.[75]

Except in Venezuela's more inclusive program, government efforts at resettlement have been on scattered lands previously owned by the state or some specific ministry, or on lands expropriated for this purpose. Relative to the task, these efforts have been insignificant.[76] One of the major shortcomings of these efforts is that they frequently establish islands of change which are surrounded by all the traditional institutions. The effort is too small in any given location to generate the new service institutions which the new farmers require. Another critical factor is the selection of colonists. A heterogeneous group from different geographic areas which represent various social classes yields neither a cohesive neighborhood nor the basis necessary for a viable cooperative.

The cost of colonization efforts has been very high. In many cases the former landowner has been paid in cash, and farmsteads have been completely established for the new settlers. Means must be found so that land payments can be delayed through issuance of bonds, and much of the construction on new units must be left to individual settlers if any significant progress is to be made. The costs of $3,000-4,000 per settler, which has been the common experience, is much too high considering the magnitude of the task.[77]

Even the most conservative estimate indicates that over one-half million families should be benefited annually in Latin America. This assumes that present migration rates to cities will continue and that the magnitude of the problem of

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[75]Taylor, op. cit. These issues are well analyzed in Joseph R. Thome, "Title Problems in Rural Areas of Colombia: A Colonization Example," Reprint No. 12, Land Tenure Center, University of Wisconsin, Madison (reprinted from Inter-American Economic Affairs, 19 (3): Winter 1965); Tinnermeier, New Land Settlement in the Eastern Lowlands of Colombia, op. cit.; and also Hill, et al., op. cit.

[76]William C. Thiesenhusen, "Research on Recent Colonization in Latin America," Annual Program Report 1965, Part VI, Land Tenure Center, University of Wisconsin, Madison.

[77]Thomas F. Carroll, "Issues of Financing Agrarian Reform: The Latin American Experience," paper presented at World Land Reform Conference, Rome, Italy, 20 June-2 July 1966.

landless people would be only reduced by one-half after a decade. Using present cost experiences, this means expenditures of $1.5-2 billion annually, which is substantially more than is now provided through U. S. assistance for all development programs in Latin America.

Governments have gained important experience through these colonization programs which they should be able to apply to a larger effort. If major land expropriations with deferred payments become possible (as envisioned in the new Chilean bill), and if a large part of the reconstruction required is undertaken by the new landowners themselves, the rate at which people can be established on their own land can be greatly increased. Past efforts have demonstrated that in this manner incomes can be improved, production maintained or increased and more people absorbed in the agricultural sector.

But unless more technical assistance and credit is made available, the human and productive potentials cannot be realized. Even this might change, however, if reform took place on a large enough scale to prevent economic stagnation on isolated colonies. The "package-of-services" program discussed earlier could be an important extension vehicle in many cases. But perhaps more fundamental than any of these "from-the-top-down" measures is a strong local organization of new landowners. Lack of such organizations is one of the key weaknesses in the development programs of much of rural Latin America.[78]

C. Clearing Land Titles

Problems confronting farm operators who have no clear title to their land are widespread in many Latin American countries. Clearing up land titles would strengthen the small farm sector. Greater security afforded by clear land titles should lead to increased investments.

But not only the small farm is involved. In Bolivia and Mexico (and as proposed under the Chilean bill) holders of large extensions of land could select and retain substantial amounts of land. Their titles too are not cleared in all cases.

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[78]This will be discussed in more detail later.

Clark reports that 14 years after the Bolivian revolution approximately half the landholders lack clear title.[79]

The case of one ex-hacendado is instructive: he was given clear title to his retained land eight years ago, and he now has an extensive herd of improved sheep. In a number of other cases where title matters were resolved three to five years ago, landowners are working out arrangements to begin again to work their lands. But in addition to legal title, they need agricultural machinery and credit to re-establish themselves. Securing titles on the remaining 2-4,000 ex-haciendas should be most helpful to agricultural development of Bolivia.

Another critical problem in Bolivia is that, with the passage of time, the number of families on ex-haciendas grows, resulting in an increasing disparity between the number of families who claim titles from the National Agrarian Reform Council and those who can legally receive titles. In many cases eight to 10 years have passed between the time when the expropriating decree naming the beneficiary families was signed and when a topographer arrives to measure the lands for subdivision purposes. By this time, the community is reluctant to accept the previous distribution. This would seem to signify that some legal means must be found to overcome the inflexibility of the expropriating decree.

Thome believes that title insecurity is one of the most inadequately discussed aspects of land tenure problems in Latin America. In Colombia alone, he estimates that some 47,000 farms are either exploited without a title or there is a conflict as to ownership. He sets the number of such cases for all of Latin America in the hundreds of thousands. Tenure insecurity has repercussions on the amount of investment that operators are willing to make on their lands. It means also that they are unable to borrow on their land, and, hence, cannot receive a dependable line of credit.[80]

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[79]This and following references to Bolivia are from a preliminary field report by Professor Ronald J. Clark, director of the research project in Bolivia. The Bolivian project is sponsored jointly by LTC and CIDA, with participation by the local AID mission and Bolivian agencies. Present CIDA studies are under the direction of Dr. Thomas F. Carroll of the Interamerican Development Bank.

[80]Thome, op. cit.

Conflict and violence between those claiming ownership and those presently working the land are not uncommon. These problems frequently cannot be resolved outside of the context of a more far-reaching distributive reform which applies new criteria to the holding of property in land throughout the country. Since such new criteria have been applied in Bolivia, clarification of titles there is more of a technical problem than is the case in some other countries.[81]

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[81]Recognizing this possibility, the USAID Mission in La Paz is interested in assisting the Bolivian government in completing this important job. Prof. Thome carried out a study for the mission during the summer of 1966 to determine effective procedures in this undertaking. In a letter he reported the following: "The project here is to study the causes for the slowness in distributing titles to the campesinos who, under the land reform, are in rightful possession of lands. We are attempting to place these causes or factors under two main headings: those that arise from the administration of the land reform program and those arising from the agrarian reform law and subsequent decrees and resolutions.

"The problem is the following: The basic Land Reform Law (Decree Law 03464, August 1953) established the principle that those who worked the land had the primary legal right to obtain ownership over those lands. This principle, in effect, was an attempt to legalize a de facto situation which occurred as part of the revolution of 1952. Thousands of campesinos who previously labored for their patrones under a virtually feudal condition, rebelled against their condition and seized the land of their patrones, most of which represented poorly exploited latifundia. This process was repeated many times in the following years. Unfortunately, many farms which were efficiently exploited were not spared in this process.

"The law, of course, protected certain properties, mainly those well exploited, giving their owners a right to retain a certain maximum amount of land. Nevertheless, the 'land affection' process established by the Agrarian Reform Law has to date recognized the possession of some 400,000 rural families--that is, their legal right to receive titles to the holdings they possess. But of these, only about 50 percent have actually received the titles. Almost all of these campesinos have been in possession of these lands for as long as 14 years. In many cases their legal rights were recognized through a supreme resolution signed by the President five, six or seven years ago, but they are still waiting for their titles. This state of affairs has, of course, created problems and conditions which prevent the economic and social development of the rural areas. The lack of security discourages land investment among the campesinos and

D. Taxation, Labor and Tenancy Contracts

It has frequently been argued that some of the same distributive results hoped for in land reforms could be achieved through taxation or legislation affecting wage rates and other benefits to labor and the regulation of tenancy contracts. There has not been a great deal of taxation research with the above objective in mind. Strasma has begun a project to study the new tax laws in Chile. In a preliminary report after a thorough review of taxation research and from his own observations and findings in Chile thus far reports:

> There is no conclusive evidence that tax policy has anywhere served as an alternative to land reform in this century. Some scholars believe that a progressive land tax with surcharges for absenteeism did help avoid the need for a land reform in Australia and New Zealand in the last century; other scholars are extremely skeptical and, at any rate, the tax has been allowed to become negligible in recent years with no one seriously recommending its reinstatement.
>
> There is slight evidence that the mention of tax values as a basis, and especially as a ceiling to indemnization awards when land is expropriated for land reform, helped to increase land tax assessments in Colombia in 1964. It is possible that the imminence of land reform discouraged large landowners from appealing the new assessments in Chile in 1965, although appeals were already greatly inhibited by legal restrictions on the admissible grounds for appeals.
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> It seems fairly clear that tax policy has not been an important supplement to recent agrarian reform,

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the old landowners who are unsure of their respective rights. Agricultural credits are not granted without a title.

"Legal problems multiply as the years pass. The original campesino may have died or moved and the occupiers must undertake the difficult task of proving their rights as successors. All of this, in turn, has resulted in a loss of faith in the land reform, both by the campesinos and the population at large. Also, it has prevented the full application of the necessary complementary measures to a process of land distribution; that is, credit, technical help, marketing facilities, etc."

except in the communist bloc where compulsory deliveries have been standard and important means of financing development in other sectors. Likewise, there is little evidence that taxation has been useful for extracting wealth from the agricultural sector before reform, except for taxes on exported commodities (bananas, palm oil, cotton, sugar) which are easily controlled at a port. When the export-oriented sector is modern, highly productive, and profitable, this export tax (or marketing board profit) may be a successful substitute for other kinds of taxes though it sometimes appears to have disincentive effects. Traditional Latin American diversified agriculture has probably never been taxed heavily. (Argentina under Perón approached the banana case since the products were largely exported.) In Chile and a few other cases, wealth or income may have been transferred through quasi-taxes in the form of price controls designed to make food cheaper to urban consumers. However, the 'controlled' prices have on the average been allowed to rise just as fast as those of uncontrolled products during the last decade.

In most of Latin America present tax laws and collection systems are definitely not geared to raise the added revenue needed for land reform or other substantial new programs. Chile is improving tax administration at a rapid rate, and this perhaps makes it possible to contemplate a land reform which would include more services and compensate expropriated landowners more generously than would be the case in any other Latin American country attempting major land reforms at this time. Even in Chile, however, land reform will require drastic cuts in public works and some other traditional forms of government spending between 1967 and 1974. It is well established that before 1965 landowners as a class have not been subjected to heavy fixed-cost taxation in Chile despite repeated legislation seeking to impose heavy land taxes. It was not previously established that 76 percent of those having significant amounts of land (over US $4,000 of assessed value, excluding improvements) did not declare <u>any</u> taxable income.[82]

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[82]John Strasma, Field Report, citing figures appearing in President Frei's "State of the Nation" address at the opening of Congress, May 21, 1966. An additional source cited by Strasma is Kurt B. Ullrich and Ricardo Lagos, <u>op. cit.</u>

In their summary of the seven Latin American countries studied in the first phase of the CIDA studies, Barraclough and Domike report:

> There is ample scope for agricultural tax reform. In all of the countries studied, taxation penalized the more productive farmers while leaving those with large, idle estates virtually tax-free. The bulk of government revenues now derived from agriculture comes from taxes on sales and turnover or on exports and wage payments. The farmers with most production carry the burden; meanwhile the tax take is negligible on land, capital, net incomes or inheritances. In Argentina, for example, the CIDA study indicates that only one-third of the total tax revenue collected from the agricultural sector was based upon income, land or capital. In Peru, land taxes are virtually nonexistent. In other countries, land taxes and income taxes are constantly evaded by large property owners.[83]

Barraclough and Domike conclude that the social welfare laws have not benefited the campesinos. In Chile, for example, the average inquilino family's income ranges from 1/80 to 1/230 of the large proprietor's income. In Argentina between the mid-1950's and 1965, wages of farm workers in real terms fell by 30 percent. Education and health services are no more available than when welfare measures were adopted in the 1930's and 1940's. In Brazil, a 1957 survey showed that workers in seven of the eight important agricultural states received wages one-third or more below the minimum wage. In Colombia, Peru and Argentina regulation of tenancy contracts was one of the major reasons why landlords evicted thousands of tenants. There was a 25 percent decline in the number of tenants in Argentina in the decade following the enactment of tenancy regulations in 1947.[84]

At issue in these observations is enforcement of legislation. It recalls again the comment made earlier in this paper in discussing the inequality of power. This is not an absolute power, but a qualified power which enables one party to get from another party more than might be expected if that degree of power did not exist. It is not absolute power such as that exercised by a despot over subjective people, and this is why it is so difficult to demonstrate. But it, more than

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[83] Barraclough and Domike, op. cit.

[84] Barraclough and Domike, op. cit.

legal doctrine, is what determines the actual workings of the system rather than what the law states.

Law is an inherent part of any economic and social system and, consequently, the object of attention in discussing reform of such a system. Law represents the instrument through which goals are adopted (legislation, decrees), implemented (administrative agencies) and reviewed (courts). While the goals in some cases seem to have been defined, they cannot be implemented because of the existing inequality of power. The review process is likewise inhibited because those who are injured through lack of enforcement are not able to bring their case to court or to maintain their case against the more powerful forces within the society.

Here the case of Chile is especially interesting. A new reform-minded government is planning major changes in the land tenure system, and tax reforms are viewed as a complementary device to raise the revenues required to carry out a land reform by orderly means.

E. The Minifundio Problem and Farm Consolidation

The diversity of economic and social circumstances on farms complicates many programs in the agricultural sector. In the literature, the latifundio is often portrayed as a social and economic unit where economic criteria and productivity are at best a secondary concern and where workers are badly treated. This, indeed, is a relevant characterization of some large farms in most Latin American countries, but it fits some countries better than others. There are deviations in all countries. It is true that low productivity and poverty among workers are common. But it is not unheard of to find a very large farm with low productivity but reasonably good working and living conditions for laborers. One can also find large farms with hundreds or even thousands of hectares of land in cultivation with very good management and high productivity and extremely poor living and salary conditions for workers. The matter of reform and institutional change is complicated by such diversity.

In like manner the minifundio is not uniform. There is the dependent minifundio described in much of the literature, in which family labor is employed largely on latifundia in the area. But there is also the independent minifundio, not closely tied to the organizational features and labor requirements of the latifundia, where family labor is used for subsistence production. And there is the commercial minifundio in some areas

of specialized production, where production decisions are tied quite closely to market criteria.[85]

Most agrarian reform laws in Latin American countries have a dual or triple focus: small parcel consolidation, parcellization of large holdings, and settlement in new land areas. Consolidation in areas of dense population leaves unresolved the problem of what to do with the excess people. None of the commonly suggested remedies by itself can adequately treat the diversity of conditions encountered. With present rates of population growth and lagging industrialization, the minifundio will persist for many years. In some areas there is potential for some increases in production with consequent improvement in the living conditions of the people. In fact, some of the minifundio communities have introduced new techniques and have become quite progressive; others have lagged behind and the people try to eke out a living on very small parcels by the most traditional of methods.

F. Local Organizations

All the specific measures discussed seem inadequate by themselves to get the system moving in new directions. None of them makes direct contact with the basic issue of power and the redistribution of opportunities. This issue can only be confronted as an alternative source of power is developed to challenge the position of those in whom this power now resides. From studies in a number of Latin American countries, our research is producing consistent evidence to substantiate this point.[86]

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[85]Dale W Adams and Sam Schulman, "Minifundia in Agrarian Reform: A Colombian Example," Mimeografiado No. 49, Centro Interamericano de Reforma Agraria, Bogotá, Colombia, April 1966.

[86]See works of Thome and Havens in Colombia, Price and Paulson in Brazil, Powell in Venezuela, Clark in Bolivia, Thiesenhusen in Chile. Also see James F. Petras, "Chile's Christian Peasant Union: Notes and Comments on an Interview with Héctor Alarcón," NEWSLETTER No. 23, Land Tenure Center, University of Wisconsin, Madison, March-July 1966, for recent activities in Chile. Earl William Schmidt, The Role of Local Economic, Political and Social Organizations Within the Theory of Planned Change and for the Development of the Newly Settled Areas of Bolivia, unpublished Master's thesis, Departments of Political Science and Agricultural Economics, University of Wisconsin, 1964.

Venezuela and Bolivia have had quite different reform experiences. Yet in each country local campesino organizations played a key role. Reproduced below are two statements from Land Tenure Center researchers in these two countries; the first by Powell on Venezuela, the second by Clark on Bolivia.

> The agrarian reform of Venezuela merits the closest attention of policy makers on several counts: it is the most extensive, nonviolent case of land reform in Latin America; it was brought about under a democratic regime; and it has been accomplished with the active participation of the campesinos themselves, through their own organization, the 550,000-member Federación Campesina (FCV). The combination of these factors has produced a situation of political stability which is something of a paradox: in a restless, fast-growing, predominantly (70 percent) urban society, the nation's two most popular political parties rest solidly on a core of dependable rural support.* The shallow roots and mercurial nature of the urban voter have permitted rural voting blocs to dominate the electoral scene since 1958.
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> The system of organized effort which has forged and maintained this stability is basically an interchange system: campesino voters are organized to elect candidates of the parties which champion agrarian reform; once in office, the parties make great efforts to deliver rewards to the rural areas through government programs. At the heart of this system is a wedding of an interest group (the FCV) with each of the country's three major political parties (AD, COPEI and URD). These organizations are so functionally bound together that they can best be described as a Siamese Quadruplet. The logic of this fusion is found in its genesis.
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> During the 1930's, Venezuela experienced a painful period of stagnation, brought on by the Depression, and even earlier by the loss of its primary high-grade coffee customer, Germany (by blockade and later inflation). The situation dampened down investment and

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*Rural population correlates .65 with rural votes for Acción Democrática (AD), and .76 with votes for the Social Christian Party (COPEI). Rural voting is much less significant for the third largest party, the Democratic Republican Union (URD).

activity in the commercial agricultural sector, resulting in an economic squeeze, which landowners passed on to their campesino laborers, tenants and sharecroppers. The governmental programs which were directed to the solution of these problems were directed toward the commercial and landed interests, which enjoyed access to, and influence in, political decision-making circles. The campesino masses, which grew restless and occasionally violent during the late 1920's and 1930's, enjoyed no such access to the decision-making process; they were in need of effective political representation.

During the same period, a group of young student leaders known as the Generation of '28 began the first organizational efforts which foreshadowed the three major political parties in Venezuela today.* Their primary need was for a base of mass electoral support, looking forward to the day when national politics would be determined, not by oligarchic clique, but by popular participation. The chosen instrument of these young leaders to form and organize this base of mass support was the labor movement.

Beginning in 1936, then, political leaders of what later was to become Venezuela's most popular party--Acción Democrática--began organizing urban and peasant unions. COPEI and URD, which were founded in 1946, entered the field of labor organizing much later, and into the campesino effort only after the 1958 election demonstrated once again the power of AD's peasant support. Thus was consummated a near-perfect functional marriage: peasants in need of effective political representation in government, and aspiring democratic parties in need of a mass base of support. The offspring of the marriage was first the Federación Campesina, and later the agrarian reform program.

Today the FCV is composed of some 3,500 local unions, affiliated about 65 percent with AD, 25 percent with COPEI, and 10 percent with URD: by agreement, the positions on the national executive committee are divided in roughly the same ratio. These local unions group together

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*The Generation of '28 (1928 student leaders at Central University) included Rómulo Betancourt, Raul Leoni and Jóvito Villalba (head of URD).

some 550,000 campesinos, most of whom combine land-quatting family-farming with seasonal wage labor, but including also tenant farmers, sharecroppers, and small-holders of agrarian reform plots. The FCV therefore represents a wide variety of peasant interests. Its primary function for the campesino membership consists of acting as a broker with the variety of government agencies and programs involved in agrarian reform.

In order to press for the interests of the campesino clients, and to expedite the flow of resulting governmental services, FCV leaders utilize their contacts with the parties in (and out of) the coalition government; thus it is common for union leaders to hold parallel party posts. This duality of roles is complete at the national level, almost so at the state level, and occurs often at the local level (30.5 percent).* In addition to routes of influence through the parties, state and national FCV leaders are granted by law and by executive decree representative positions on decision-making bodies in the three government agencies most concerned with the agrarian reform; the National Agrarian Institute (IAN); the Agricultural Bank (BAP); and the Ministry of Agriculture (MAC).**

The primary result of this interest group-political party fusion has been to elect AD-nominated governments (in 1958 and again in 1963) which, in coalition with COPEI and URD, passed the Agrarian Reform Law of 1960, and annually support substantial budgets for IAN, BAP

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*The figures on FCV leadership are based on extensive field work, including interviews with all national FCV leaders, a 30 percent sample of state leaders, and a randomly selected national sample of 118 local leaders. Field work was conducted during the summers of 1961 and 1964, and from December 1965 to May 1966.

**IAN provides land and central management for the agrarian reform; BAP provides agricultural credits and market support; MAC provides extension and technical services.

and MAC.* Moreover, the effects of the agrarian reform program, while brought about primarily by the FCV party marriage, have been spread generally throughout the rural areas, and not limited to unionized peasants (although statistically speaking, unionized areas have received approximately 16 percent more agrarian reform benefits than nonunionized areas).**

Critical to a policy maker's appraisal of this system is a knowledge of the quality and experience of the leadership of the peasant labor movement. Local leaders of the FCV are well rooted members of their rural communities, and occupationally are themselves campesinos, or small family farmers. State leaders are professional labor unionists, many of whom have had considerable experience in other branches of the labor movement. National leaders are both professional unionists and professional politicians; two of the national AD campesino leaders are elected members of Congress, as is one COPEI and one URD leader (in addition many national leaders, especially from AD, have held elected state offices in their careers).*** Other important FCV leadership characteristics include their superior level of education compared with their campesino clients, and the degree of experience they have had in their political parties, in the labor movement in general and in the FCV in particular.

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*AD has held the Presidency since 1958. URD was in the coalition government from 1958 to 1960, and re-entered in 1964. COPEI was in coalition from 1958 through 1963, when it went into opposition.

**This is the result of a multiple regression analysis conducted at the University of Wisconsin Numerical Analysis Laboratory.

***All of these characterizations are based on empirical research results which space precludes from including here. All data will be found in the author's Ph. D. thesis in political science.

Table 1. Comparative Education of Campesinos and Campesino Leaders.

Level of education	Campesinos	Federación Campesina Leaders at: Local level	State level	National level
None	56.3%	30.5%	4.3%	0.0%
Some primary	29.0	45.7	17.4	4.5
Complete primary	9.0	18.6	52.1	68.1
Some secondary or more	1.1	4.2	21.7	36.3

Table 2. Comparative Political, Labor Movement and Campesino Movement Experience of Federación Campesina Leaders.

Leadership level	Average Number of Years of Affiliation With: Political party	Labor movement	Campesino movement
National	17	17	14
State	16	14	8
Local	14	8	7

The higher up one proceeds in the FCV hierarchy, the higher the level of education and political and union experience one encounters. At all levels, the data in Table 2 suggest the recruitment route for FCV leaders is through a political party, with a possible training experience in another branch of the labor movement. The leadership product of such backgrounds is impressively tough, pragmatic, and capable of vigorous pursuit of the interests of the campesino masses who elect them at local, state and national conventions.*

Campesino participation in the agrarian reform process, by means of their local union, has had a marked effect on their attitudes and perceptions of how they have fared over the past few years, and how hopeful they

*For a complete description of the FCV's organization, see LTC Research Paper No. 9.

are of improvements in the future. The tables below give evidence of this in response to a series of questions addressed to a national sample of campesinos.*

Table 3. Perceptions of Improvement and Union Membership.

		Union Member	
		Yes	No
"Personal economic situation in the last five years has:"	Improved	40%	23%
	Remained the same or worsened	60%	77%

Table 4. Perception of Personal Future and Union Membership.

		Union Member	
		Yes	No
"In the next five years personal situation will:"	Improve	93%	63%
	Be same or worse	7%	37%

Table 5. Perception of Venezuela's Future and Union Membership.

		Union Member	
		Yes	No
"The Venezuelan situation in the next 20 years will:"	Improve	93%	74%
	Be same or worse	7%	26%

*The data presented are from one of the samples of Venezuelan groups covered in a joint MIT-Central University study in 1963 known as "CONVEN." The campesino sample (183 interviews) results were made available to me by John R. Mathiason of MIT.

In addition to the fostering of a more positive pattern of attitudes toward his personal future and that of his nation, union participation fosters in the campesino a more positive attitude toward his government at all levels. 'Political efficacy' is an orientation toward government at the opposite pole of a scale from 'political alienation.' It denotes an acquaintance with government and a belief in the ability to influence and affect governmental decision makers. The results below show the extent to which peasants believe their opinions are important and the degree of their positive orientation toward local police, local government and the national government.*

Table 6. Political Efficacy and Union Membership.

Efficacy Measure: (positive responses)	Union Member	
	Yes	No
Own opinion	25%	10%
Toward police	56	35
Toward local government	50	9
Toward national government	25	14

Conclusion

Given a political system such as Venezuela's which is electorally based with competitive political parties or given a system which manifests the potential for developing a similar system, several generalizations can be hypothesized which are directly relevant to policy makers:

1. Political parties play positive roles in the organizational developments necessary to adequately represent the campesino masses, including the recruitment

*CONVEN data: The local FCV leader survey included identical questions, which showed an extremely high degree of political efficacy on their part: 58 percent felt their own opinions mattered to government decision makers and 89 percent were efficacious toward the local police, 76 percent toward local government and 59 percent toward the national government.

and training of leaders, the fostering and administration of campesino benefits through agrarian reform programs and a general incorporation into the life of the nation.

2. Campesinos require leaders with the educational, organizational and political experience necessary to function effectively as brokers for them in the councils of government and in dealings with the local governmental bureaucracy.

3. Campesino movements which are founded and continue to function on the basis of a fruitful affiliation with political parties cannot be expected to behave a-politically as long as the political system remains essentially the same and as long as the relationship remains productive for all partners.

4. Such movements, by bringing the campesino into an active and productive relationship with his local and national government, improves his hopes and expectations for future improvements in his way of life.

5. At the same time, the campesino's experience of fruitful participation fosters a sense of political responsibility and having a 'stake' in the political future of his nation; such attitudes on a wide scale can have significant effects on political stability and the development of democratic processes of government in the future.

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In Bolivia, when the lands were held as they were before 1952, the dominant authority was the patrón or his administrator. This authority was organized in such a way that natural leaders within the hacienda were usually thwarted in their actions by being banished to a different hacienda or to another part of the country. Thus, politically the campesino had no way to express himself except directly to the patrón and individually, in which case his bargaining power was nil. There was no thought whatsoever that he should or could participate in any political activities outside the hacienda.

With the land reform these conditions were changed drastically. The landholder, and the authority he represented, was banished from the countryside. In order to legalize their seizure of the lands, campesinos were organized into syndicates, or peasant unions, which were instrumental in defending the rights of the campesinos

during the expropriation process--especially in those public meetings when someone had to answer the allegations of the landholders. As a result the syndicate has become a major political entity within some communities. In others, there has been a re-emergence of the traditional community structure based on the leadership of elders. In certain cases a strange mixing of these two forms of community organizations has taken place. Nevertheless, notwithstanding variety in the exact type of community organization, the campesino today is much better organized within the ex-hacienda, and regionally through federations of syndicates. As such, he participates in organized group activity within regions and votes locally for syndicate leaders and also in national elections.

There are, of course, those cases where the campesino is abused by the syndicate leader, and where there is little or no freedom of individual expression. However, these cases are in the minority and in areas where we have studied pressures for change are being exerted within these same communities. One can conclude that the campesino, in the areas where we have studied thus far, is organized politically on a regional and national basis to an extent which was utterly impossible under the old landholding structure.

Social participation and mobility of the campesino, within the context of the rural-urban society complex or within what may be called the newly integrated national society, is now a reality. No longer is he denied the right to attain a certain level of education, to vote, to move to the cities or other areas for seasonal work, to explore what may be the new possibilities in the areas of colonization, or to become a small businessman. Formerly such activities simply did not coincide with the values and interests of that minority which controlled the land and the rural population. Social mobility, while still hindered by lack of education or knowledge of Spanish in many individual cases, has been greatly facilitated. Land reform helped to integrate the rural campesino society into the larger national society, thus creating the possibilities for more freedom of movement within that society. This is very important for the eventual creation of a consensus of values within the context of the national society, which is the basis of the modern nation state.

V. Concluding Observations

Land Tenure Center studies have not covered all topics discussed in this paper in all Latin American countries. (However, these studies do take account of the investigations that have been carried on in other countries.) Thus, it is quite possible that some of the generalizations made do not apply to all countries or to all regions within countries. But many issues discussed have been shown to be so widespread that generalization seemed appropriate.

Yet, other analysts may reach different conclusions. There are many unmeasurable gaps and voids which are inevitably filled in with hunches, opinions and deductive reasoning. But in looking over a very wide range of research findings for the preparation of this paper, and drawing on personal observations and experience as well as on those of my colleagues in the Land Tenure Center, I conclude that distributive reforms are required before most other measures herein discussed can have their full impact.

The patronizing attitude of governments and resource owners toward the agricultural workers must be fundamentally altered. Confidence and self-respect among the underprivileged rural classes can only be built through organizations which provide them with a vehicle for expressing their needs and desires and for releasing their creative energies in self-help programs. This requires a long-run effort. Unschooled and deprived peasants will not change quickly. But unless serious efforts are made in this direction, there may well be more bloodshed and revolution.