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**A critique of the Capitalist
Strategy for Agricultural Development**

By

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I. Introduction.

The performance of agriculture in the last two decades has been very poor in most underdeveloped countries. According to F.A.O., the average annual rate of growth of agricultural production was 2.9%, or 0.3% on a per capita basis.⁽¹⁾ A distressing picture emerges from a closer examination of recent growth experience: the average rate of output growth has declined from 3.2% in the 1950's to 2.5% in the 1960's, which together with a rise in the rate of population growth from 2.4% to 2.6%, resulted in a drop in the per capita growth rate from 0.8% to -0.1%. Furthermore, the slowing down of the rates of output growth has been characteristic of almost all regions - the only exception being the Near East, where the rate of growth in per capita production showed a rise of 0.5%. Clearly, agriculture has acted as a distinct brake on economic and social development in most underdeveloped countries. This, together with the urgent need of accelerating agricultural growth, both for raising the economic and social welfare of the rural people and for enhancing agriculture's contribution to overall growth of the national economy⁽²⁾, leads one to question the relevance of the strategies that have governed agricultural development so far to the problems of today's underdeveloped countries.

Despite some differences in current strategies for agricultural development, these strategies share so many points of similarity that it would be not unreasonable to regard them as variants of a single basic

- 1) Statistics quoted in this paragraph were taken from F.A.O., The State of Food and Agriculture, Rome 1971, p. 131.
- 2) The urgency of the need for quickening agricultural growth can be appreciated by comparing the rates of output growth so far generally achieved with the 4% annual rate implied in the 6% average rate of GDP growth, which is the minimum target set by the UN for the Second Development Decade; or with a far greater rate that would be consistent with doubling or even trebling GDP growth rates, so that the per capita income gap between developed and underdeveloped countries could be closed in a reasonably short time. On the latter point, see: A.P. Thirlwall, "The Development 'Gap'", National Westminster Bank Quarterly Review, Feb. 1970, pp. 33-41.

strategy, which will be referred to as "the capitalist strategy for agricultural development". By the latter we mean a general plan for the organisation and development of resources in which (a) production and distribution are determined on the basis of private ownership of the means of agricultural production; (b) private farming enterprises are principally motivated by the maximisation of private profits; and (c) individual efforts may be supplemented by one form or other of traditional cooperation and state action.⁽³⁾ Adoption of a strategy along these lines will normally require a moderate land reform, preferably introduced by constitutional means, though non-constitutional means are not excluded.⁽⁴⁾ Development-proceeds within the capitalist framework by employing a variety of ingredients including improved credit and marketing facilities, improved technology, research, education and the like. An important feature of this strategy, however, is that development proceeds through the encouragement, confessed or not, of a class of rich farmers (currently called "progressive farmers") which gradually takes over the land of the poorer farmers and employ them as hired labourers. Given sufficient time, and possibly with the government assisting this process by rewarding successful farmers and making it easier for them to enlarge their holdings and to accumulate capital, large-scale modern farming would eventually replace traditional agriculture.

The contention that current agricultural development strategies conform to the one just described rests on the observation that in almost all underdeveloped countries (a) the rights of private ownership of the land and of renting land and hiring labourers, though restricted in certain circumstances, are accepted in principle and guaranteed in practice, and (b) a not inconsiderable degree of concentration of land owner-

3) Strategies of this kind are implicit in most western writings on development. For an explicit treatment see: S.R. Sen, The Strategy for Agricultural Development, Asia Publishing House, London, 1962.

4) A minority places less or no emphasis on land reform as a precondition for development e.g. The Asian Development Bank, Regional Seminar on Agriculture, papers and proceedings, A.D.B., Sydney, 1969, p. 10.

ship, inequality, and class differences is tolerated, if not promoted, in spite of declared goals of equity and equality. Clearly, these conditions generate the sort of agrarian structure and growth policies that are characteristic of capitalist agriculture. Such being the case, the questions which this paper attempts to answer may be stated as follows: Is the capitalist strategy really capable of transforming traditional agriculture and raising it to higher levels of productivity? Can it really provide the agricultural economy with the degree of dynamism and vitality that is required for rapid and lasting growth of agriculture and the whole economy of underdeveloped countries? Can it effectively mobilize the efforts of the rural masses, release their creative energies and enlist their support for serious development? Is it really consistent with the economic and social aspirations of the rural masses? Finally, what are the basic weaknesses of the capitalist strategy and to what extent can they be overcome by reforms, as distinct from radical structural changes?

Criticisms have been made of various aspects of current strategies agricultural development, and a number of social scientists and international organisations have been demanding a "new approach". The main defect of available critiques, however, is that they fail to grasp what we hope this paper will clearly bring out, namely the organic links between the shortcomings of current strategies and certain fundamental aspects of the capitalist framework for development. It is the failure to recognise this relationship which explains why most critiques end up by recommendations for changes within the capitalist framework. Even the few critics who are able to see the advantages of socialist farming systems, do not appear to have lost all faith in capitalist farming systems and continue to regard the latter, possibly with some reforms, as a feasible solution - with the choice between capitalist and socialist forms of tenure being reduced to a largely technical matter to be settled with reference to such factors as the technical requirements of production, the prevailing pressure on the land, alternatives open to

crop patterns, etc.⁽⁵⁾ We cannot agree with this. As we hope to show in this article, reforms within the capitalist framework are of little value, and a radical restructuring of agrarian relations and institutions appears to be inescapable, if rapid and self-sustained economic and social progress is to be achieved in underdeveloped countries.

II. Is the Capitalist Strategy Really adequate?

The following appraisal of the capitalist strategy for agricultural development will focus on four of its important, and naturally inter-related dimensions: (i) the time dimension; (ii) the agricultural economic dimension; (iii) the general-economic dimension; and (iv) the social dimension.

(i) The Time Dimension

It should be clear from our definition of the capitalist strategy that there are important similarities between the process of growth characteristic of that strategy and the process of growth which the western advanced countries followed in their early phase of development. To be sure, there are certain differences too. For instance, the state and co-operation are allowed to play a larger role at present, which might speed up the development process. On the other hand, today's underdeveloped countries lack many of the advantages which were open to developed countries in the past, and no doubt quickened their development, e.g., the opportunity of huge territorial expansion through colonization of overseas lands, and the exploitation of their resources through trade as well as through plunder, and of economic expansion through their markets; technical superiority relative to the rest of the world which enabled these countries to invade an almost unlimited market with little or no resistance, etc.

(5) See for instance: U.N., World Economic Survey, 1968, U.N., New York, 1970, p. 28; and E. Jacoby, Man and Land, Andre Dentsch, London 1971, p. 169.

Nevertheless, the essence of capitalist development today is the same as in the past, namely the central role of private ownership of the land and private farming, and the gradual taking over of the land of the small peasants by the larger ones and proletarianization of an increasing section of the rural population. This means that the pace of development under the contemporary formulation of the capitalist strategy may not differ very much from that of past capitalism. Experience of western advanced countries shows that the transformation of agriculture has been a very slow process, extending over several centuries. Even in countries such as Japan, Taiwan and Mexico, as will be shown, agricultural development so far extended over very long periods - over 100 years in Japan and over 40 or 50 years in the case of Taiwan and Mexico; and the transformation there is still far from complete. This is partly because of the evolutionary nature of capitalist development, but mainly because, in contrast to a socialist structure, the capitalist agrarian structure does not make possible full utilization of all available resources, particularly realization of the potential economic surplus and channelling it into productive uses.

(ii) The Agricultural-Economic Dimension.

The main questions that will be discussed under this heading are: What type of farm structure does the capitalist strategy lead to? How does this farm structure affect the growth of agricultural production and productivity? Does it provide an effective framework for mobilizing the rural masses for infrastructural and other development work? What are its effects on the accumulation of capital in the countryside? How does it affect technological change in farming?

Dominant feature of farming structure.

One feature which is likely to dominate a capitalist farm structure is the existence of a high proportion of small holdings. This feature has, of course, characterized the farm structure of most underdeveloped countries long before these countries began to formulate any plans for agricultural development. It continues to exist after

the adoption of a capitalist strategy for two principal reasons. The first is that the scope of capitalist-style land reforms is very limited in the sense that only a tiny proportion of available land is redistributed. In conditions of rapid population growth, the lack, or sluggish growth, of employment opportunities inside and outside agriculture, and the resulting high population pressure on the land, on the one hand, and the growing political pressure to benefit the greatest number of landless peasants, on the other hand, a capitalist-style land reform will inevitably lead to holdings which are too small to provide full-time employment or adequate income for the peasant and his family. Even when the reform law specifies a minimum size of holdings, so as to ensure economic viability or a minimum level of living, it is not infrequent that in practice the actual size of holding falls short of the specified minimum. The problem of small-sized holdings is further aggravated by the prevailing inheritance laws which often lead to further sub-division and fragmentation.

The second reason for the persistence of small holdings is that many of these holdings have an astonishing capacity for survival in the face of adverse economic circumstances. The experience of western countries provides ample confirmation of this phenomenon, which renders attempts to consolidate sub-divided and fragmented holdings largely ineffective. The reason why small farmers refuse to co-operate in consolidation schemes is basically that the alternative to their low but certain level of economic security is often an uncertain future. Governments, on the other hand, do not attempt to force the process of consolidation and enlargement of holdings unduly, particularly when the economy is unable to absorb the growing rural population at a satisfactory level of productivity, and probably because this would amount to an open alliance with medium and large farmers, which is at variance with declared social objectives.

Sacrifice of potential increases in production.

The prevalence of a large number of small holdings and the persistence of this situation for a long time, leads to a definite economic loss. This loss is represented by the potential increase in output which could be obtained with larger holdings. In this connection, one should not under-estimate the economics of large size, even when technologies of the "green revolution" are widely adopted. As an F.A.O. study pointed out, although in theory these technologies are neutral with respect to scale, this appears not be true in practice.⁽⁶⁾ It is also worth remembering that it was in recognition of the relationship between scale and efficiency that many underdeveloped countries have incorporated in their land reform programmes measures to ensure that certain operations will be carried out on a large scale. But, as will be seen shortly, the impact of these measures should not be exaggerated.

Accumulation of capital.

The inability of a farming structure dominated by small holdings to realise sizable increases in production and productivity - unless they are supported by a vast and efficient network of services, which most underdeveloped countries have neither the time nor the resources its creation calls for - have serious implications for the accumulation of capital in the countryside. Small holdings are often incapable of producing any significant surplus over and above the consumption needs of their owners, and, in many cases, small peasants have to supplement their income by working for rich farmers. This means that the capacity for investing, in land improvements, acquiring modern inputs or applying improved technologies is either negligible or totally non-existent for the majority of holdings.

(6) F.A.O., The State of Food and Agriculture, 1970, F.A.O. Rome, 1970, p. 162.

True, the small savings of peasant cultivators may have a better effect on capital formation and production if they are concentrated in single body such as a co-operative. This, however, presents serious problems which arise largely from the diverse and conflicting interests of private farmers, especially when their economic power is unequal. The suspicion of the small farmer that it is the medium and big farmers who benefit the most from such organization is not often unjustified. Furthermore it is doubtful if co-operatives of the type generally favoured by advocates of the capitalist strategy, namely associations of private farmers free of state control or supervision is required to raise levels of saving and investment. (7) Furthermore, it is conceivable that the latter could be raised still further if the limits which traditional cooperation impose on output growth were removed.

Mobilization of the rural masses.

Another important aspect of the problems of capital accumulation in the rural areas is the mobilization of the rural masses for infrastructural and other productive work. In most underdeveloped countries, there exists a vast pool of unemployed human resources which constitute a potential economic surplus available for development purposes. The experience of underdeveloped countries with a capitalist strategy for agricultural development so far indicates a complete failure in carrying out the urgent task of mobilizing the rural masses for capital formation. F.A.O. has observed that "there is an absence of effective organization or arrangements to involve rural people in the preparation and implementation of plans intended for their benefit, or women and young people in the affairs of their community and nation". (8) This, however, is not surprising, because the capitalist strategy provides no framework for carrying out the job in question. Its traditional co-operatives are basically farmers' organizations, in the sense that they are designed to serve those who

(7) See, for instance: Doreen Warriner, Land Reform and Development in the Middle East, 2nd ed., Oxford University Press, 1962, p.7.

(8) F.A.O., Towards a Strategy for Agricultural Development, Basic Study No. 21, F.A.O., Rome, 1969, p. 39.

own or rent land and have something to sell. They are not primarily designed for the poor and landless peasants and labourers. The strategy concentrates on the farm entrepreneur as the motive force of the development process, and allows little or no room for "mass effort".

The important point is not only that no underdeveloped country outside the socialist camp has succeeded in mobilizing the rural masses for capital formation, but also that it is hard to conceive of a satisfactory formula for doing so within the framework of private land ownership and private farming. Given this framework, most of the benefits from capital formation work by the landless peasants and labourers will be reaped by those who have land to cultivate. Without the possibility for fair participation in the fruits of such development work, it is hard to conceive of a reason why the poor rural masses should participate in this work. Given a capitalist organization of agriculture, the mobilization of the rural people for capital formation will inevitably resemble corvee or forced labour.

Technological change.

The system of small, private holdings presents several difficulties to the spread of modern farming methods. It is not only that the extension service is incapable of reaching the large number of small farmers, and cannot achieve this object in a short period or at a reasonable cost, but also that the rate of absorption of new knowledge and adoption of new methods tends to be very low. The small size of most holdings tends to preclude the use of many improved technologies which can yield economies of scale and proportionality. Fragmentation of land holdings also results in operational units which are so scattered that irrigation, drainage, weed and disease control cannot be efficiently employed. Furthermore, the lack of incentives for the use of new method and/or the risk associated with their adoption constitute barriers to the technological transformation of the small farming units.

These difficulties have led many countries, particularly those associated with the "green revolution" to concentrate their efforts on the larger farmers, who tend to be more responsive to new methods and more able to take the necessary risks than the smaller farmers. Though quick-yielding in the short-run, this policy, as the Mexican experience shows, can only succeed in creating a dual agricultural structure, with the majority of the nation's farmers being left behind, while a tiny minority continues to prosper and accumulate wealth. It is a policy involving faithful application of the capitalist principle of "building on the best" (i.e., the affluent minority of farmers), with the inevitable result that the strong gets stronger and the weak gets weaker and weaker. The social consequences of this principle will be discussed later on.

Human capital formation.

Agricultural productivity in underdeveloped countries is hindered not only by the lack of scope for introducing new technologies rapidly, but also by the wretched material, health and educational conditions of the major part of the rural people. As in the case of the new technologies, the capitalist strategy emphasizes education and health, but the agrarian structure which it leads to is not conducive to heavy investment in these areas. Despite the fact that the share of education and health has been rising in the budgets of most underdeveloped countries, the share of the rural areas in these services has often been disproportionately small. The bias in favour of urban areas in the allocation of social services is not a coincidence. Rather, it is a direct result of the character of the ruling classes in underdeveloped countries, particularly the dominance of the urban-oriented middle classes and the lack or under-representation of the lower social strata in the power system. Redistribution of political and economic power of the order customarily prescribed by a capitalist strategy is inadequate to tip the balance in favour of the deprived majority - the peasants and workers. The contrast between conditions

in most underdeveloped countries and socialist countries such as China, North Vietnam and Cuba, where outstanding achievements have been realized in the fields of education and health ⁽⁹⁾, suggests that a radical redistribution of political and economic power in favour of the workers and peasants i.e. a social revolution, is a prerequisite for the improvement of educational and health conditions for the underprivileged majority in underdeveloped countries.

Limits of current remedies.

Land Consolidation schemes and other traditional measures to prevent the economic losses resulting from small size, sub-division and fragmentation of holdings have been introduced by many underdeveloped countries, but "this has made hardly any sizable impact", ⁽¹⁰⁾ Cooperative and other measures have also been taken by some underdeveloped countries with the object of capturing some economies of large operation, while retaining small private holdings, but these measures so far achieved limited success. For example, extensive use has been made of supervised cooperatives" in the land reform areas of Egypt. But, according to a recent study, one of its authors is himself a land reform beneficiary, serious obstacles to increased agricultural output still exist. ⁽¹¹⁾ Most important among these are the following:

(a) A great degree of fragmentation arising from the requirement that each family holding (average size 2 acres) be divided into 3 parcel

(9) See, for instance: Tibor Mende, China and Her Shadow, London, 1961; Leo Huberman and Paul Sweezy, Socialism in Cuba, New York & London, 1970, Chapters 2 & 3; and Gerard Chaliand, The Peasants of North Vietnam, Penguin Books, 1969.

(10) U.N. Economic and Social Council, Fifth Report on Progress in Land Reform, (Summary) U.N. 1969, p. 11.

(11) G. Ragab and A.Y. Abu Harb, "Towards an empirical study of obstacles to increasing agricultural production", Al Tali'a, Sept. 1970, Cairo, (in Arabic).

being located in one of 3 big plots (50 to 100 acres), in order to implement a unified crop rotation, with each plot being under a single crop; (b) Considerable waste of scarce land due to private landownership and private farming - the area of each holding allocated to canals, drains, conduits, barns, roads, etc. has been estimated at least 20%; (c) Formidable problems in the use of modern machinery due to fragmentation and parcelling of holdings. It is sometimes physically impossible to get a tractor from one holding to another, and differences in dates of cultivation from one farmer to another and the 'democratic principle' of serving each farmer according to his place in the waiting list often lead to considerable waste of time and therefore loss of potential output; (d) The difficulties faced by farmers in getting machines serviced at the right time force many of them to use drought animals in ploughing and irrigation, which exhausts the animals and depresses their productivity. In a great number of cases, machinery and animals have to be hired at exorbitant rates from rich farmers; (e) Differences in dates of cultivation and irrigation from one holding to another causes serious problems of disease and pest control; Finally, (f), several problems are encountered in the distribution of farm inputs and marketing of farm produce through cooperatives.

As a team of students of Middle East agriculture noted, countries like Egypt "may have done as much as anyone could do (that is, within the existing framework), yet the problem still remains". (12) To be sure, these difficulties are not insurmountable, but it is hard to imagine how they can be overcome while leaving private property relations untouched.

(iii) The General-Economic Dimension.

The implications of the previous discussion for general economic development are plain: Agricultural production is hindered by factors inherent in the capitalist way of organizing agricultural development, so that any early upward movement that may be achieved without

12) M. Clawson, H.L. Landscege, and L.T. Alexander, The Agricultural Potential of the Middle East, New York, 1971, p. 143.

much change in production relations and institutions is likely to be blunted or aborted. This means that, in view of the connection between agricultural and overall economic development, the contribution of agriculture to development (the agricultural surplus) either cannot be generated on an adequate scale, or that it cannot be maintained for long. Economic development will consequently be difficult to generate or to sustain in the long run.

Two further interrelated points should be considered in the context of the relation between agricultural and overall development. First, most underdeveloped countries have adopted general economic planning as a means of harmonizing development efforts in the different sectors of the economy, establishing development priorities and of achieving certain economic and social goals. However, the predominance of small-sized holdings and the rural organizational and institutional arrangements surrounding them constitute a major bottleneck for development planning in agriculture. The real problem is the "the scope of planning remains limited in one of its principal aspects: the apportionment of total output as between current consumption and the economic surplus". (13) Second, because of the weakness of the national bourgeoisie, the desire to avoid foreign economic domination and the need to control the course of economic and social development, many underdeveloped countries have created a state-owned and managed industrial and financial sector. Economic planning is relatively easy in this public sector, but it cannot achieve its targets unless its requirements of agricultural products are fulfilled and prices of the latter do not diverge considerably from the course expected by the planner. That is to say, the efficacy of the overall development plan is conditional on the fulfilment of the targets planned for agriculture. However, as noted earlier, the agrarian structure associated with the capitalist strategy represents far from satisfactory conditions in this respect. It is very

(13) Paul A. Baran, The Political Economy of Growth, Monthly Review Press, 4th Printing, 1967, p. 267.

difficult to influence the production decisions of the great number of individual small farming units which dominate the farm-size structure, or to ensure that the sum of individual responses will correspond to the desired targets. There is nothing in this that should surprise western-oriented economists. The experience of western countries in attempting to plan agricultural production provides enough evidence of the difficulties of planning capitalist agriculture, despite the fact that most western farmers are literate and educated and the agricultural sector is as a rule not as dominated by small farms as in underdeveloped countries.

To improve plan performance in agriculture and the whole economy, it seems necessary that agriculture should be so re-organized that a greater degree of control over accumulation, production and consumption decisions is secured, and the interests of individual farmers are subordinated to the interests of national economic development. Put another way, the necessary condition for sound progress and effective planning is the removal of the contradiction represented by the existence of two very different sectors in the economic base of society, namely a state-owned and highly controllable industrial sector and a privately-owned, unorganized agricultural sector. Since the power of control of economic resources is determined by the form of their ownership, it follows that the demand for a great degree of control can only be met through an appropriate change in property relations.

(iv) The Social Dimension.

One of the chief characteristics of capitalist development has been the existence of great inequalities between social classes, the tendency towards concentration of wealth in a few hands, neglect of social and public welfare, exploitation of those who own nothing but their labour power by the owners of the means of production, and lopsided development. Though these tendencies can be smoothed somewhat by appropriate redistributive measures and social welfare policies, they

are unavoidable.⁽¹⁴⁾ In effect, they represent a necessary part of the price of progress along the capitalist road. Governments favouring a capitalist strategy cannot go too far in dealing with the social consequences of this strategy for two reasons. On the one hand, they tend to think that inequality, differentials and imbalances are a natural part of the development process, as they constitute the necessary incentives and stimuli to private entrepreneurs. On the other hand, governments are by no means neutral bodies; they are always biased to one social class or another. In a capitalist-country, private enterprise is bound to be represented, in one form or other, in the government. It will see to it that not much of its accumulated wealth is taken away from it, and will resort to all possible means to influence and control all government policies.

The capitalist strategy for agricultural development is compatible with only a modest degree of improvement in the distribution of income and wealth and in the levels of social welfare. This is largely due to the preconditions of this strategy which entail land reforms of a very limited scope and does not go very far in redistributing political and economic power to the lower social strata. In reality, capitalist-style land reforms tend to favour the medium-sized and rich farmers, who cultivate, borrow, buy and sell on a large scale, much more than the small peasants and landless workers.⁽¹⁵⁾ In effect, it is a

(14) The development of social services and of progressive taxation were recommended by the Report of the Meeting of Experts on Social Policy and Planning, Stockholm, 1969, though it observed that "In some developed countries, however, the overall distributive effect of social services and taxation has been found to be rather questionable and limited", and that "progressive taxes were notoriously difficult to collect in developing countries and were limited in applicability by the need to stimulate productive investment", International Social Development Review, No. 3, U.N., 1971, p. 8. See also record of recent discussions of the green revolution in American Journal of Agricultural Economics, vol. 52, No. 5, 1970, pp. 698-722.

(15) The Report quoted in the previous footnote, observed that "in practice such reforms will often work to the advantage of the landowners and larger scale farmers, and sharpen inequalities. Rural public works, credit and marketing and extension services.. are (in practice) carried out to the advantage of the owners and

natural consequence of the capitalist strategy that the position of the small farmers and agricultural labourers worsens: the small tenants and owner-cultivators have to work on the big farmers' holdings in order to supplement their incomes; they thus tend to compete with the landless labourers for the limited employment opportunities. Moreover, the medium farmers tend to improve their position by trying to enlarge their holdings through buying or renting the land of the smaller farmers. Add to this that in conditions of high population pressure, lack of jobs outside agriculture and inefficient or even corrupt administration, the imposition of statutory ceilings on the holdings and rents or floors to wages is easily evaded, with the consequence that the door becomes wide open for exploitation of tenants and labourers. Finally, the capitalist strategy does not benefit a large section of the rural population because of its lack of a proper framework for mobilizing the under and unemployed and for involving women and youth in the development process.

The dangerous welfare effects of the capitalist strategy should be attributed to its relative emphasis (or should one say 'overemphasis' in view of recent controversy?) on technological change, as opposed to institutional change in agriculture. These effects are not merely theoretical; indeed they have been amply demonstrated in recent studies of the 'Green Revolution' in South and South East Asia. For instance, the Regional Seminar sponsored by the Asian Development Bank in 1969 has noted the following three dangerous effects on rural welfare: "the possible worsening of the plight of the very small farmer and landless labourer who can share only little if at all in the incremental income stream generated by the new technologies; the threat of major new regional imbalances in farm income receipts arising because the rigid technical requirements of improved farming methods limit adoption and use to those areas that are already or can be benefited by capital investments in irrigation and transportation network, and further

large-scale farmers, and to the disadvantage of the poorer rural groups, heightening social tensions, and adding to the unemployment crisis", Ibid, p. 7.

that these technologies seem to involve labour-saving methods that may stifle the absorptive capacity of the farm sector to provide employment for an expanding rural labour force and may even make larger numbers of the present population engaged in agriculture redundant workers".⁽¹⁶⁾

Finally, it is important not to be misled into assuming that much of the deplorable social consequences of capitalist development is accidental to this type of development, and consequently that they can be mitigated without fundamental changes in capitalist development. As J.G. Gurley has pointed out, "Much of this lopsided development is intimately connected with the profit motive. The key link is the fact that it is almost always most profitable to build on the best".⁽¹⁷⁾ Furthermore, corresponding to the economic basis of a capitalist system, there is bound to emerge a political structure dominated by classes and social strata whose interest are not readily identifiable with those of the rural or even urban, masses. It is an inescapable conclusion that so long as private land-ownership is permitted and purchasing and selling of land allowed, there will be land concentration which will, in turn, lead to a corresponding concentration of income, wealth and political power. This is bound to occur even when a maximum limit is fixed for ownership or holding of land. The "egalitarian" effects of the original reforms sooner or later evaporate, and further reforms become essential if the original objectives of reducing rural wealth and income inequality and containing class struggle in the countryside are to be realized. In reality, rural wealth and income inequality and their natural offspring - inequality of social and political power, can be effectively dealt with only by eliminating the sort of relations and institutions from which they arise, namely private property and exploitative modes of production.

(16) Asian Development Bank, Regional Seminar on Agriculture, A.D.B., 1969, p. 12.

(17) J.G. Gurley, "Capitalist and Macist Economic Development", Monthly Review, Vol. 22, No. 9, Feb. 1971 pp. 16-17.

The foregoing appraisal demonstrates the inadequacy of the capitalist strategy for agricultural development from the economic as well as the social points of view. This conclusion may, however, be challenged by advocates of capitalist development on the grounds that a capitalist strategy for agricultural development has been successfully applied and resulted in phenomenally high rates of growth in countries such as Japan, Taiwan and Mexico. There, without much change in agrarian structure, but with heavy reliance on improved technology, a structure of small, private farms proved to be highly efficient. Conditions in these countries at their early phase of development were similar to those of today's underdeveloped countries; the experience of the former can therefore be transferred to the latter. Major institutional changes can thus be avoided and development can proceed in an orderly fashion.

The truth or falsity of this argument is obviously dependent on the way the historical experience of the three countries in question is interpreted. An examination of the "facts" is therefore essential for determining the relevance, or otherwise, of these "success stories" of capitalist development. This is attempted in the following section.

III. Historical Experience of Capitalist Development

(i) Japan's Experience

The Japanese experience is often cited as a demonstration of the possibility of transforming traditional agriculture through the use of modern inputs and improved technology within the framework of small producing units, and as an example of an agriculture that contributed significantly to overall development without much negative effects on agricultural growth⁽¹⁸⁾ That Japan managed to transform its traditional

(18) See for example: Bruce F. Johnston, "The Japanese 'Model' of Agricultural Development: its Relevance to Developing Nations", in K. Ohkawa, B.F. Johnston and H. Kaneda (eds.), Agriculture and Economic Growth: Japan's Experience, Princeton & Tokyo University Press, 1970, pp. 58-100.

agriculture without vast institutional changes, and that Japan's agriculture played a respectable role in financing industrial development seems to have been reasonably established. There are, however, several aspects of Japan's agricultural growth which, though highly relevant to determining its value to other countries, are open to question.

First, the often-quoted rates of growth of Japanese agriculture, particularly in the early phase of Japanese economic development are highly suspect. Nakamura's revision of official statistics for the period 1873-1922 has shown that they grossly under-estimated output for two reasons: incomplete coverage and under-reporting or concealment of actual output by farmers in order to avoid the heavy taxation characteristic of that period. This means that the rates of agricultural growth calculated from official statistics have been grossly over-estimated. The average annual growth rate of total agricultural production, calculated after proper adjustment of early statistics, has been estimated at 0.8% or 1.2% at the most, which contrasts sharply with the previously unchallenged estimate of around 2% for the period 1873-77 to 1918-22⁽¹⁹⁾ Though this finding may not shake the belief of western economists in the Japanese "miracle" entirely, it has been sufficient to make one great enthusiast willing to substitute the adjective "sufficient" for "impressive" in describing Japan's agricultural growth.⁽²⁰⁾

Secondly, in most discussions of Japan's agricultural growth, the contribution of yield improvements and improved methods is often grossly exaggerated, while the contribution of expansion in the cultivated area is either completely ignored or under-estimated. For instance, B.F. Johnston attributes the gains in output during the 30 years prior to World War I to "a revolution in agricultural technique, especially improved varieties of seed and increased application of fertilizer".⁽²¹⁾

(19) James Nakamura, Agricultural Production and the Economic Development of Japan, 1873-1922, Princeton University Press, 1966, pp.112-113

(20) B.F. Johnston, op. cit., p. 59.

(21) B.F. Johnston "Agricultural Productivity and Economic Development Japan", Journal of Political Economy, vol. LIX, No. 6, 1951, p.513.

Yet, according to figures presented in his article, nearly 30% of the increase in output during that period is attributable to increases in the land input. This could be an under-estimate of the actual contribution of acreage expansion; Nakamura's study gives a figure of 43% for the period 1873-77 to 1918-22. (22)

Thirdly, the existence of a set of favourable circumstances in Japan's experience, which may be either entirely lacking or not available to the same extent in underdeveloped countries today is a crucial factor which is not given its proper weight in the debate. The most important factors are: (1) Japan had the great advantage that it "escaped being turned into a colony or dependency of Western European or American capitalism" and that it "had a chance of independent national development" (23); (2) The slow growth of Japan's population at around 1%, compared to 2 or 3% in contemporary underdeveloped countries; (3) Japan had the advantage of a good educational system even before 1870, which accounts for the high receptivity of Japanese farmers to technological innovations; (24); (4) The enterprising landlord class of the Meiji era, which took great interest in technological innovations, promoted societies for the discussion of agricultural techniques, introduced winter drainage and helped sponsoring the growth of superior rice strains (25); (5) The lower pressure for quick rises in consumption levels due to the timing of Japan's development and the then prevailing concepts of social welfare and means of communicating, which contrasts sharply with the revolution of rising expectations and the demonstration effect characteristic of contemporary conditions in underdeveloped countries;

(22) James Nakamura, *op. cit.*, pp. 112-113

(23) Paul A. Baran, The Political Economy of Growth, p. 158

(24) K. Berrill (ed.) Economic Development with Special Reference to East Asia, Macmillan, London, 1964, pp. 371-375.

(25) G. Ranis, "The Financing of Japanese economic development", in K. Chkawa, B.F. Johnston and H. Kaneda (eds.) op. cit., p. 45.

(6) Other favourable conditions including the changes which took place in Japan before 1870 and led to increasing commercialization and urbanization and the reparation payments made by the Chinese, following their defeat in the Sino-Japanese colonization of Formosa.

Fourthly, it is often assumed that Japan managed to extract from agriculture a sizeable surplus for financing industrialization, without hampering the long-term growth of agriculture. Examination of Japan's long-term agricultural growth does not lend much support to this assumption. On the basis of a detailed analysis of the period since the mid 1870's, Ohkawa was led to conclude that Japan's average rate of long term growth can probably be appraised as "moderate" : for the period since world War I, the growth rate has been "very slow"; only during the years of early development from the mid 1870's to World War I, can it be said that the rate of growth calculated from official statistics was "high by international standards".⁽²⁶⁾ Further, the long-term analysis indicates that the role of agriculture in financing Japanese industrialization was "short-lived", and that agriculture's financing function was retained for too long, causing "a substantial retardation of agricultural development".⁽²⁷⁾

Fifthly, it should be noted that although Japan's landlord system may have helped to quicken the pace of economic development, "this was done at the expense of miserable poverty on the part of the tenants, and at the cost of preserving a system of social relations in the villages which was an affront to human dignity",⁽²⁸⁾ Further, it could be argued that such surplus as the landlords wasted on conspicuous consumption could have been invested with advantage in education, health and other aspects of social welfare

(26) K. Ohkawa, "Phases of Agricultural Development and Economic Growth", in K. Ohkawa, B.F. Johnston and H. Kaneda, Op.Cit., pp. 3-36

(27) K. Ohkawa, "The Role of Agriculture in Early Economic Development: A Study of the Japanese Case", in K. Borrell (ed.), Economic Development with Special Reference to East Asia, pp. 322-335.

(28) R.P. Dore, "Land reform and Japan's economic development" in T. Shanin, Peasants and Peasant Societies, Penguin Books 1971, p. 387. This paper contains an interesting speculation on the role of the Meiji Landlord system in Japan.

The foregoing observations demonstrate (a) that the success of capitalist-style agricultural development in Japan has been grossly exaggerated; (b) that even in Japan with a variety of favourable conditions, the potential for sustaining high rates of growth was rapidly exhausted and agriculture began to show substantial retardation; and finally (c) that most of output and yield growth has been attributed to improved technologies, though the contribution of acreage was by no means negligible. The absence, partially or completely, of the favourable conditions which surrounded Japanese agricultural growth in contemporary under-developed countries, particularly the low growth of population, the availability of unexploited cultivable areas, and the absence or weakness of pressure for rapid rises in economic welfare, represents serious limitations on the transferability of Japan's experience to other countries. The new conditions in which agricultural as well as overall growth occur, demand a new approach to agricultural development.

(ii) Taiwan's experience

Postwar economic and agricultural development in Taiwan has been very rapid: national income increased at a rate of 7.6% and agricultural output at 4.5% per year since the early 1950.⁽²⁹⁾ Gains in agricultural output are said to have been achieved primarily through the development and application of modern farming technologies within the framework of small, private farm units. Since Taiwan shares many points of similarity with most of today's underdeveloped countries (population growth: 3% in the early 1950's and 2.6% in 1966; average farm size declined from over 5 acres in the early 1950's to 2.5 acres in 1966; land resources are limited; climate is tropical; Taiwan has a long colonial history; it was ceded to Japan at the end of the Sino-Japanese War in 1895 and has remained under Japanese colonial rule till 1945), it has been suggested that its capitalist strategy for agricultural development could be successfully transferred to other underdeveloped countries. Examination of Taiwan's experience inclines one to disagree with this view.

(29) Statistics quoted in this paragraph were taken from R.P. Christensen, "Taiwan's Agricultural Development: its Relevance for Developing Countries Today". U.S.D.A. Foreign agr. Econ. Report No. 39, Washington, 1968.

First, it is true that, like most underdeveloped countries, Taiwan has a long colonial history. However, unlike the agriculture of most underdeveloped countries in the colonial period, Taiwan's agriculture witnessed remarkable progress. Throughout the Japanese colonial period, Japan carried out energetic economic development programmes in Taiwan, with the object of developing the latter as an additional source of the agricultural products needed for economic development in Japan. A lot of money was put into the infrastructure of the island, in irrigation, transportation and health, and in introducing fertilizers, disease and pest control measures, initiating agricultural research and education, and in building up local farmers' organizations for distribution of knowledge about new farming methods and improved crop varieties. What is more, the latter organizations were managed and operated by Japanese administrators and technicians.⁽³⁰⁾ Japanese policies resulted in relatively high rates of growth for Taiwan's agriculture in the pre-war period: on the average, for 1910-1939, the rate is 3.31%, at the same time population was growing at 2% per year.⁽³¹⁾ The post-war trend in Taiwan's agricultural output cannot be properly appreciated without taking into account the high rates of growth already achieved in the pre-war period. For, in effect, post-war progress was largely a continuation of the pre-war trend which was broken by war damages and typhoon. In other words, agricultural growth in the post-war period was not merely the result of rapid adoption of technological advances during that period, it was in the main the result of a long process of development initiated and sustained over a period of four decades during which a network of supporting services were built up, the cultivated and irrigated area was considerably expanded, and new farming methods and crop varieties were introduced, sometimes by using the police force to break farmers' reluctance to change their established methods.⁽³²⁾

(30) R.P. Christensen, Ibid., pp. 8-9.

(31) S.C. Hsieh and T.H. Lee, Agricultural Development and Its Contributions to Economic Growth in Taiwan, JCRR. Econ. Digest Series No.17. Taipei, 1966, p. 14.

(32) K.N. Raj, "Some Questions Concerning Growth, Transformation and Planning of Agriculture in the Developing Countries", in E.A. Robinson & M. Kidron (eds), Economic Development in South Asia, Macmillan, London 1970, pp. 109-113.

Secondly, it is incorrect to attribute much of Taiwan's post-war agricultural progress to the use of modern technology. Institutional or organizational changes played a crucial role too. The most important of these changes are the following three: ⁽³³⁾ (a) The land reform initiated with rent reduction in 1949, sale of land taken over by the government from the Japanese government and nationals, and the so-called "land-to-the-tiller" programme of 1953 under which tenants become landowners. (b) The reorganization of farmers' associations and co-operatives in 1953, so as to enable them to perform the services necessary for supporting a structure of small farm units. Finally, (c) the initiation and implementation of comprehensive national agricultural development plans, in which the government played a substantial role. All these changes are, of course, within the limits specified earlier for the capitalist strategy. The important point, however, is that realization of these changes was an essential part of the process of agricultural growth in Taiwan helps dispel two popular fallacies about Taiwan's experience: (a) that Taiwan's achievements are primarily attributable to technological innovations in an unchanged institutional framework, and (b) that this progress is largely the result of the efforts of free, hard-working, thrifty, small private farmers.

Thirdly, Taiwan's experience cannot be properly understood, if it is viewed as a purely economic phenomenon, in isolation from the surrounding non-economic factors which usually have (and, in Taiwan's case, did have) a profound economic influence. Most important among the latter is the special relationship which emerged between Taiwan and the U.S.A. since the end of the War. As part of American foreign policy of containing and combating communism, the U.S.A. aimed at developing Taiwan as a show window for capitalism in south Asia, as well as using it as a vital component in American military strategy. For these reasons, U.S. aid of all kinds, military, economic, technical as well as aid under public law 480, was granted to Taiwan at a most generous scale. Furthermore, special arrangements were set up for administering aid programmes. Thus,

(33) T.H. Shen, Agricultural Development on Taiwan Since World War II, Comstock Publishing Associates, New York, 1964 Chap. 3 & 4.

in 1948 the Joint Commission on Rural Reconstruction (JCRR) was established to formulate and carry out programmes for postwar reconstruction in the rural areas. It is important to note the special nature of the JCRR, namely that it is a semi-independent body, composed of 5 members 2 of which are appointed by the President of the U.S.A., and that it has been subject to policy direction and fiscal control on the American side. The scale of American aid to Taiwan as well as the special arrangement set up for administering it, bring out two important facts: (a) Not many underdeveloped countries would normally be willing to establish a similar relationship with the U.S.A., or any other 'donor's, as it entails too high a price in terms of loss of national sovereignty and independence; (b) Neither the U.S.A. nor any other donor, can afford to grant aid on a similar scale to many underdeveloped countries, even if the latter were willing to pay its necessary price.

Fourthly, though the land reforms which included measures for enabling tenants to become landowners, may have contributed to Taiwan's agricultural progress, it would be a mistake to regard private landownership as a principal explainer of the latter. The truth is that "Taiwan achieved large increases in agricultural production in the 1920's and 1930's when nearly two thirds of its fertile paddy land was operated by tenants".⁽³⁴⁾ The secret of the "miracle" has to be sought elsewhere, in the reforms of the agrarian framework, improvements in incentives, massive foreign aid, the new technologies, and also the relatively high educational level of the Taiwanese.

The foregoing demonstrates that the Taiwan case is basically one of growth under especially favourable conditions. These conditions include the considerable expansion of irrigated area made possible by past investments in irrigation, the energetic development programmes during the Japanese colonial period, and the most generous U.S. aid programmes which gave much attention to agricultural growth. The lack of these conditions, either wholly or partly, in other countries,

(34) R.P. Christensen, op cit. p. 89.

constitutes a bar to the transfer of Taiwan's experience. In particular, the preconditions for setting up an organization such as the J.C.R.R. are not frequently encountered in many of today's underdeveloped countries. Nor is it reasonable to suppose that U.S. or any other donor can afford to extend such aid, or to set up such bodies for administering aid programmes as occurred in the case of Taiwan. Furthermore, when the organizational component in Taiwan's experience is given its proper weight, this experience appears to be somewhat unique, and hence non-transferable. This is not because the Taiwanese possessed certain unique cultural qualities, as Hsieh and Lee seem to suggest, but it is simply due to the specific historical circumstances which surrounded Taiwan's development, and within which the existing organizational forms evolved over a long period of time. It is precisely here where the real lesson of Taiwan's experience lies, namely that each country has to start with its present institutions and organizational setup and decide how they could be modified or replaced by new ones that would be more conducive to rapid and steady growth in present conditions.

(iii) Mexico's experience.

The "success" of Mexico's experience of agricultural development in the post-war period is often demonstrated by referring to the 4.6% annual rate of growth of output, or 1.6% in per capita terms, which has been realized, on the average, during that period.⁽³⁵⁾ However impressive this rate of growth might appear, it is evident that even when accepted at its face value, it cannot be taken as evidence of the correctness or universal applicability of the basically capitalist method by which it was achieved. The latter can be established or refuted only by a concrete examination of the Mexican case. Our attempt at such an examination leads to the following observations.

(35) Reed Hertford, "Mexico: its Sources of Increased Agricultural Output", in U.S.D.A., Economic Progress of Agriculture in Developing Nations 1950-1963, E.R.S. Foreign Agr. Econ. Report No. 59, Washington 1970, pp. 90-104.

First, it would be misleading to attribute the rapid growth of the postwar period to efforts made during that period alone. The truth is that the growth in question is the product of a long process of economic and social changes which began in the 1930's, and can even be traced further back to the Revolution of 1910 - the first 10 years of the latter were devoted largely to armed uprising and civil war.⁽³⁶⁾ From the fierce struggles of that early period emerged the new programmes for economic and social reform of the 1920's, together with a special commitment for agriculture and its development reflected in the allocation of substantial funds for irrigation and transportation projects as well as for land redistribution and the formation of ejidos. Furthermore, since the mid 1930's, the Mexican government has made exceptional commitments to increase agricultural output which were again reflected in large scale irrigation projects and major emphasis on land redistribution programmes. In fact, extension of irrigation was the corner stone of settlements in the northern half of Mexico, to which much of the recent growth is attributed.

Secondly, Mexico cannot be taken as an example of progress along the thorny path of transforming traditional agriculture. Rather, Mexico gives an example of 'localized' growth, where increases in output were achieved simply as a result of creating a modern sub-sector on previously uncultivated land, using modern methods and inputs on a very small number of large-scale commercial farms in the northern regions. The other regions of the country, which contain the bulk of the traditional, semi-subsistence, peasant sector, received little attention and were therefore unable to contribute to or benefit from post-war growth. It is not surprising, therefore, that this course of development has led to the emergence of pronounced dualism in Mexico's agriculture. Such dualism is clearly reflected in the following figures: during the 1950's, the average rate of growth in the north pacific region was 7.9% which contrasts sharply with a mere 2.4% in the central and oldest settled region.⁽³⁷⁾

(36) E.L. Venezian and W.K. Gamble, The Agricultural Development of Mexico, Praeger, 1969, ch. 4.

(37) E.L. Venezian and W.K. Gamble, Ibid., pp. 68-69.

Thirdly, the success of the Mexican experience was largely due to a set of especially favourable circumstances. As noted earlier, most of the growth of output was concentrated in the Northern regions (the north and pacific north). These regions are sparsely populated, arid and dry, and were therefore largely unaffected by the ceilings on the size of holding imposed by early reforms. This favoured the emergence of very large farms and also a relatively high degree of farm mechanization, which no doubt contributed to higher yields. Furthermore, the fact that growth in the northern regions was concentrated in a few states, especially in Sinaloa and Sonora, points to another set of favourable circumstances: these states were close to the United States and shared many points of similarity with the cotton-growing South Western American states. Owing to special developments of U.S. agricultural policy during the 1950's, particularly the imposition of acreage quotas on cotton, American merchandizing firms found it advantageous to assist Mexican farmers to expand their cotton output in the above mentioned Mexican states where American technology was readily transferable from the neighbouring South Western American states. Modern technology, machinery, fertilizers, insecticides and credit were thus easily obtained from the U.S. often on favourable terms. Market outlets were also available and the export market was especially attractive, which greatly stimulated output growth. In the case of the other product which contributed a considerable part of recent growth, namely wheat, its growth was assisted by a rapidly growing domestic market, as well as by the scope it afforded for import substitution.⁽³⁸⁾

Fourthly, it is by no means true that the major part of recent output growth in Mexico is attributable to the application of modern technology and the spread of modern inputs. In fact, as R. Hertford pointed out, Mexico's output expansion (between 1940 and 1965) can be attributed about equally to increased employment of purchased inputs, hired labour, land and livestock capital.⁽³⁹⁾ A closer examination of

(38) K.N. Raj, op. cit. p. 108

(39) R. Hertford, op. cit. p. 104.

the statistics suggests that the high rates of growth during the period since the early 1940's are attributable to a large extent to rapid growth recorded in the earlier half of this period (6.5%); the second half witnessed a slowing down of growth to 3.7% per year.⁽⁴⁰⁾ Much of the rapid growth in the 1940's was not so much due to improved methods; it was largely due to a rise in the use of arable land, extension of cultivated and improvement of old and new land by irrigation. In short, the growth rates that are really associated with modern technologies were those recorded in the second rather than the first half of the period normally considered in studying the Mexican experience. As the figures quoted above indicate, these rates of growth do not appear to be particularly impressive for a country where the population has been growing at around 3% per year.

To sum up, Mexico's experience of rapid agricultural growth during the postwar period offers no positive lessons to the underdeveloped countries in their search for ways and means of transforming traditional agriculture. What the Mexican experience really demonstrates is how a serious confrontation of the agricultural problem can be delayed - obviously to the disadvantage of the rural masses. Even in this respect, the Mexican formula was neither a quick nor a universally applicable one. On the one hand, the foundations of recent growth have been laid over a period extending far beyond the postwar period itself, involving heavy investments in irrigation. On the other hand, the growth of Mexican agricultural output was greatly facilitated by the special conditions of proximity to the U.S. and particular developments of the latter's price-support programmes. Furthermore, the very method of securing growth through establishing a modern, commercial sub-sector outside traditional agriculture had the undesirable effect of sharpening regional and class differentials in the countryside, since most of the fruits of development were reaped by a minority of big farmers.

(40) K.N. Raj, op. cit., p. 105.

Finally, the Mexican experience has not eliminated the need for structural re-organization of traditional agriculture, nor has it even reduced its importance for Mexico. For, having exhausted the possibility of relatively easy horizontal expansion, with most of the potentially tillable land in areas generally less accessible than had been the case in the past, and with large capital investments needed for bringing new lands into production, Mexico must now put increasingly greater reliance on productivity improvement in its traditional agriculture. This means that the issue of structural reform of the agrarian structure can no longer be shelved, for the principal limiting factor to promoting productivity consists in the preponderance in the traditional farm structure of small farms (minifundia), inside as well as outside the ejidos, most of which are so small that they may never be able to secure a tolerable minimum level of income for the peasant and his family. Unless, the existing farm structure is reorganized to allow the formation of more economic producing units that would be able to adopt modern practices and use modern inputs, and at the same time enable the majority of the rural masses to participate in the modernization process and its fruits, Mexico cannot be expected to advance much further on the road of economic and social progress.

IV. Other Arguments for a Capitalist Strategy.

The object of this section is to comment briefly on some arguments of a rather general nature, which in the opinion of some economists, as well as some leaders of underdeveloped countries, constitute additional, if not sufficient, reasons for adopting a capitalist strategy for agricultural development.⁽⁴¹⁾

(41) The arguments discussed here have been advanced by J.K. Galbraith in the course of a discussion of the comparative merits of capitalist and socialist development, in Economic Development, Harvard University Press, 1964, pp. 29-34.

One argument is that the capitalist strategy has the important merit that independent agricultural proprietorship and private farming are widely accepted by the peasants in underdeveloped countries, and that they constitute the basis for greater farming efficiency. Implicit in this argument is the assumption that rural people are innately attached to the land, and that this is the secret of high performance of capitalist agriculture.

This argument is unconvincing for the following reasons: The capitalist strategy cannot fulfil its promise of giving the land to the poor peasants and labourers who have always dreamt of owning a piece of land. This is because of the shortage of such land as may be available for redistribution or settlement, on the one hand, and the limited scope of capitalist land reforms, on the other. Moreover, the capitalist strategy fails to recognize that the peasants' desire for land ownership is not an end in itself, and that land hunger is in effect an expression of deeper economic and social needs—basically, economic security and social status — which can be met within a non-capitalist agrarian framework. Even if it were possible to satisfy everyone's desire for owning a piece of land, it is inconceivable that the satisfaction of this desire can be reconciled with the desire for a decent income or with the need for accelerated growth and efficiency, for reasons outlined earlier in 11, (ii). In any case, too much emphasis is placed on private land-ownership when in fact it cannot be demonstrated that it is essential for farming efficiency. (42)

Another argument is that the capitalist strategy emphasizes foreign aid so as to make development less painful to underdeveloped countries, whereas the socialist strategy tends to enforce a high rate of domestic savings, which in turn imposes great strains on agriculture, and thereby risks the alienation of the rural population.

(42) This is conceded even by such critics of socialist agricultural policies as Roy and Betty Laird. In their Soviet Communism and Agrarian Revolution (Penguin, 1970) they state: "all over the world, and particularly in the United States, farmers achieve high yields of production on land they do not own. Neither love of a piece of land nor ownership as such can be demonstrated as essential to agricultural efficiency", p. 119.

This argument suffers from a number of drawbacks. The possibility of supplementing domestic efforts by foreign aid, and thus reducing the demands that development imposes on agriculture, is also open to countries following a non-capitalist road. Moreover, western aid to underdeveloped countries has been far from adequate, and careful examination of the comparative merits of capitalist and socialist aid would reveal the superiority of the latter from a developmental point of view.⁽⁴³⁾ In any case, it would be incorrect to place too much emphasis on aid. Whatever its source, too much aid leads to too much debts which must be repaid sooner or later; the burden of debt servicing repayment has proved to be too heavy for many countries. Further too much reliance on aid may distract attention from the urgent task of tapping domestic sources of savings and capital. Finally, with or without aid serious development is bound to entail much sacrifice and to impose great demands on agriculture. Whether or not a certain path of development leads to the alienation of the people depends not so much on the availability or lack of foreign aid as on the manner in which development plans are put into effect, the extent of involvement of the people in decision-making and implementation, and on the way the burdens and benefits of development are distributed among the people.

Finally, a third argument in support of the capitalist strategy claims that liberty and the constitutional process are safer with the capitalist than with the socialist alternative.

This argument appears to be based on two questionable assumptions. The first is that totalitarianism and repression are essential products of non-capitalist systems. The second is that capitalist development contains built-in guarantess of liberty and the democratic process. A cursory inspection of the membership list of the capitalist world is sufficient to reveal the falsity of the first assumption.

(43) See, for instance, Idris Cox, The Hungry Half, Lawrence & Wishart, London, 1970, pp. 85-86.

A serious attempt to see what lies behind the democratic facade of capitalist countries have convinced many 'liberals' of the untenability of the second.⁽⁴⁴⁾ The existence of genuine freedom and democracy is precluded in a capitalist society by the very nature of capitalism, that is, its division of the population into propertied and propertyless classes, with private property conferring on the former a power of control not possessed by the latter.

Although the experience of most of the socialist countries has so far been characterized by certain deviations from democratic rule, and by a limited scope for the practice of various freedoms, these are by no means essential characteristics of socialist development. It can be argued that their explanation lies largely in specific historical circumstances rather than in the nature of socialist society itself. For one thing, the objective condition for the healthy operation of democracy, namely social freedom, is not lacking under socialism, where all people are in the same position vis a vis the means of production. For another, the lessons of the early attempts at socialist construction, if followed, may ensure that new attempts do not necessarily lead to totalitarian political systems.

V. Conclusions.

Even if the capitalist strategy for agricultural development has worked well in the past - an assumption to which the foregoing analysis does not lend much support - it appears to be no longer relevant to the problems of today's underdeveloped countries. Capitalist development is economically and socially inadequate, and is bound to be a slow and lengthy process. Its major defects are closely related to the capitalist framework of organizing agricultural development, and hence to capitalist relations of ownership and distribution which determine that framework. Economic growth is severely constrained by the pattern and distribution of land ownership, the predominance of small holdings and the unsusceptibility of the latter to planning. The social

(44) See, for instance, K.W. Rothschild(ed.), Power in Economics, Penguin, 1971, Part III.

defects are a natural product of capitalism's principle of maximizing private profit, and its corollary, the principle of building on the best.

Consequently, co-operative and other reformist policies of the sort generally favoured by advocates of the capitalist strategy can afford a limited scope for dealing with the obstacles to increasing agricultural production. Similarly, although tax and subsidy systems and social welfare policies may alleviate some of the social ills of capitalist development, it is only necessary to look at the developed countries to realize the limits of some of them. It would be a fallacy to suppose that the economic and social shortcomings of the capitalist strategy can be remedied without a fundamental restructuring of agrarian relations and institutions, and a radical change in property and class relations and in the control of political power and government machinery.

The capitalist strategy for agricultural, and indeed for general, development is incapable of fulfilling any of the requirements which have recently come to be recognized as both desirable and essential by many development experts⁽⁴⁵⁾, for one basic reason: It lacks the conditions which are necessary for the fulfilment of these requirements. To be specific, the socio-political changes prescribed in the capitalist strategy, such as increasing the weight of local capitalists in central government so as to balance the landed interest, or the rise of a political reformist "revolution", are too weak to allow even a moderate land

(45) A list of these requirements, suggested by the Report of the Meeting of Experts on Social Policy and Planning, Stockholm, 1969, includes the following: A development plan must (a) leave no important section of the population outside the scope of change and development, (b) make it a principal objective to activate wide sections of the population and to ensure their participation in the development process via employment-oriented structural and technological policies, educational campaigns and reforms; (c) accept and aim at social equity as being morally important as well as an important element in increasing long-run economic efficiency; and (d) give high priority to the development of human potentialities; International Social Development Review, No. 3, U.N., 1971, pp. 11-12.

reform to be implemented. These changes are insufficient because, as a rule, they do no materially alter the power structure of underdeveloped countries - a structure dominated by an alliance of wealthy merchants, powerful monopolists, large landowners and foreign enterprise all being interested in, and hence dedicated to the defense of the existing social order. With this alliance remaining basically unchanged, land reform is bound to be a mere slogan, or at best, only symbolic reforms may be introduced. For the introduction of a real land reform would hurt the interests of the imperialists who not infrequently own large areas of land, or when they do not, it would hurt the interest of their allies - the big landowners and the local bourgeoisie - and thus threaten the political and social relations upon which the continuation of imperialist exploitation and domination depend. In reality, no significant land reform and no advance along the road of social and economic development is possible unless these ruling groups are forced to give up their power, property and privileges.

Even in the exceptional cases where a reformist "revolution" succeeds in breaking the coalition between the local bourgeoisie, landowners and foreign enterprise, changes in socio-economic relations and in the structure of political power either are not sufficiently far reaching or are not so in directions consistent with the emergence of an efficient, welfare-oriented frame-work for organizing development. The truth is that the performance of agriculture, even in those underdeveloped countries which have attained a reasonable measure of political and economic independence, is not unrelated to the fact that the political structure and the political leaderships of those countries either do not represent the direct interests of the majority of the people, which means the rural masses, or if they claim to represent and serve these interest, they do not rely on the masses themselves for achieving rural progress. Rather, they tend to depend heavily on such social strata as civil servants, the literate and the military whose interests are probably readily identifiable with those of the middle or even the upper classes, than with the interests of the rural masses.

Though some, perhaps most, of these strata have rural origins, their orientation is largely urban and they are generally less concerned with the rural masses - or for that matter, with the poorer urban strata. This explains why progressive social policies remain mere intentions and slogans why they are diluted and obstructed at the stage of implementation, and it also explains the basis for choice of development projects, choice of techniques, and regional distribution of projects and welfare provisions in many underdeveloped countries.

To avoid this state of affairs, it is not sufficient to break the hold of a few big landowners and local and foreign capitalists. Power must also be transferred to the groups which are really interested in rapid and welfare-oriented development, namely the masses - the peasants and workers of the underdeveloped countries. Furthermore, there must be a rise in the level of social and economic consciousness of the leaders and the masses so that the defects of individual peasant farming can be clearly seen, and their relationship to private property relations appricated. A conscious effort must be made to grasp the fact that, even if such a system can be non-exploitative - which is untrue as social stratification and polarization of economic and social power are bound to emerge - it involves so much waste and loss of economic surplus, and is hence not conducive to rapid economic and social progress.

To the extent that criticism of one development strategy enables one to form a notion of what may be a superior alternative, the following concluding remarks can be made: Since the economic and social defects of the capitalist strategy spring from characteristics inherent in the farm structure, the development framework and the working principles of that strategy, it follows that accelerating agricultural, and hence overall, development, and making development really welfare-oriented call for fundamental changes in agrarian institutions and social relations. The proposed changes include a transfer of the control of the organization and structure of agricultural production and its disposal from the domain of individual, private decisions to that

of collective, social decisions. This transfer can be effectively achieved only if the prevailing private property relations - which from the foundation of private farming systems - are replaced by public or collective property relations. The latter constitute the foundation of agricultural producing units which would be large enough to eliminate the waste and diseconomies of individual peasant farming, to capture the economies of large-scale operation and to turn a large segment of the potential surplus into actual surplus, as a result of its larger saving and investment potential and the opportunities for improved utilization of labour and other resources. These public or collective farming units would form a social and economic framework which is most conducive to the mobilization of the rural masses for development, most encouraging to the participation of everyone in the development process, its burdens and its fruits, and also most responsive to planning and control in harmony with planned developments outside agriculture.

The proposed changes would amount to a socialist transformation of agriculture, which would yield satisfactory results, particularly if it is conceived as an integral part of a comprehensive programme for overall economic and social development along socialist lines. However, this raises a large number of problems, ranging from purely economic matters such as economies of large-scale farms to matters of economic history and its proper interpretation. Without a careful examination of these issues and a demonstration that such an examination strengthens the arguments for a socialist strategy which emerged from our critique of the capitalist strategy, the case for the former would remain unproven. However, as this article is already too long, it seems appropriate that problems of the socialist strategy and its history should be discussed in a separate article.

