

THE RELATION BETWEEN LAND REFORM IN UNDERDEVELOPED COUNTRIES AND ECONOMIC DEVELOPMENT PROGRAMS

by Dr. ABDEL MONEIM EL TANAMLI.

*Former Professor of Economics, Cairo University,
Manager of the "CREDIT FONCIER EGYPTIEN"*

1. — Land Reform in underdeveloped countries ranks first among the economic and social problems which have attracted world public opinion after World War II and which have been studied by various world organizations and conferences with a view to suggest suitable recommendations. Countries catering for economic development have — in their turn — given top priority to the question of land reform in order to promote certain economic, social, political and human objectives.

The redistribution of land property through government intervention is an action which should attract the attention of world public opinion, not only because of its economic and social importance but also for the close relation between the principle of private ownership on one hand and the political and legal structure of the state on the other. Moreover, the state direct intervention for the redistribution of agricultural property has its deep and far-reaching effects on the outlook and thinking of the people as it affects the Right of Ownership which, in some countries, form a fundamental basis for the philosophy and beliefs of the masses.

If opinions agree as to the importance of land reform, they divide on its definition into two main groups. One group widens the scope of land reform to include any modification introduced to the basic systems of agriculture with a purpose to increase production or improve the farmer's conditions.

Under this definition, land reform covers any state measures concerning interference in land ownership and tenancy, rural cooperative organization, wages, and taxation. It furthermore includes technical development whether relating to the techniques of production or to providing its means, such as irrigation or drainage schemes and the use of machinery for land reclamation.

The other group limits the field of land reform to the redistribution of land property, giving as support to this definition that the term has always been used in this sense whenever the redistribution of land property took place, as happened in Mexico before World War I, in some Eastern European countries after that war, as well as in some Latin American, Asian, and Middle Eastern countries after World War II.

In this paper, the meaning of land reform is confined to the state interference for the redistribution of agricultural income in favour of the landless peasant, whether it amounts to the redistribution of property or is limited to the redistribution of agricultural income as long as it effects a substantial reduction in that proportion of income the landlord used to get before the state interference. In other words, we shall limit our study to land reform in its traditional sense as being a measure taken by the state in favour of the landless peasant whether through allowing him a chance for ownership or by increasing his share in the income from agricultural production to an extent unattainable without state interference.

2. — Owing to some political and economic reasons certain measures were taken before the first World War for the distribution of land property with a purpose to create a class of small landowners without affecting large ownerships. Some of these measures were even meant to support large ownerships and provide them with adequate labour. To stop the migration of agricultural workers to urban centres they were given small plots of land enough to tie them down but insufficient for their sustenance, and big landlords, were thus allowed the necessary labour-supply. This was the case in Russia and Eastern Prussia towards the end of the nineteenth century.

Other measures meant to increase the number of small landowners by selling them reclaimed land as was the case in Denmark when reclaimed areas were distributed in Jutland. In another case, land was purchased by the Government and resold to small farmers by instalments as happened in Ireland towards the end of the nineteenth century also.

The Bolshevik revolution of 1917 destroyed private ownership in the Soviet Union and was followed in some European countries (especially those neighbouring Russia) by a number of legislations dealing with the problem of large ownerships — Czechoslovakia (1919), Poland (1920 and 1925), Rumania (1921) and Eastern Prussia (1919). Similar legislations were promulgated in Yugoslavia, Hungary, Austria, Spain and other European countries.

With the exception of the Soviet Union, all measures taken by those European countries were introduced to redistribute land property with a view to increase the number of small and medium ownerships and put a limit on

large ones (Latifundia). The reasons behind were mainly political, and the aim was to bar the effects of the Russian Revolution from infiltration to the masses. The task of redistributing large ownerships in East European countries was particularly facilitated by the fact that a part of big landowners were foreigners and the political gain was double.

3. — With the exception of Mexico (1910), all measures taken for the distribution of property before World War I cannot be termed "land reform", as they did not affect the economic or social order as a whole, nor did they aim to affect any change in the distribution of agricultural income. On the contrary, they catered to strengthen the bases of large ownerships.

On the other hand, the measures taken in some European countries after that war to redistribute large areas among peasants (as done in Rumania) had goals similar to those aimed at later on by land reform in underdeveloped countries after World War II, and succeeded in working out noticeable effects on the economic and social structure of some of those countries. Such measures come under the sense we mean by "land reform".

Despite their being linked with political events, the land "reforms" adopted by underdeveloped countries after the last war have in common an obvious economic nature. Land reform in Bolivia (August 1953) came out of the last Bolivian Revolution. In Egypt it was introduced by the Revolution of July 1952. In Pakistan and India land reform was a part of the general reform movement characterizing their independence. Land reform in Japan (1946) was essentially linked with the general development in her policy since the occupation of her territories by American troops. In Taiwan, land reform was dictated by her special political conditions. Yet, it should be noticed that in all these countries economic planning has become the rule and that land reform is considered as part of the general plan for economic development, not as mere limitation of ownerships or redistribution of agricultural profits. It is adopted as a means of achieving the optimum economic development.

We are not going to attempt a detailed analysis of the factors producing land reform in underdeveloped countries after World War II as they vary from country to another according to their respective conditions as regards ownership, tenancy, and the relationship between landlord and tiller. Nor are we going to give a detailed account of the different measures taken by each country. We shall only refer to the important and common steps followed to realize land reform in underdeveloped countries after the second World War, and give some remarks on the problem, limiting our study to the importance of economic factors in producing a successful land reform and the relationship between land reform and the general economic development movement.

THE MAIN STEPS TAKEN BY UNDERDEVELOPED COUNTRIES TO ACHIEVE LAND REFORM

A) Redistribution of Land Property :

4. — In the advanced countries of Western Europe the system of private ownership has its roots shooting far back, with a large class of small and medium landowners exploiting their own farms. In some underdeveloped countries, on the other hand, such a balanced system of ownership never existed. In some Asiatic countries there was a special class (Zamindari) who neither cultivated land nor participated in its cultivation, but used to collect rent from the actual tillers. New legislations in those countries tend, therefore, to wipe out this class and give tillers a quasi right of private ownership (India and Eastern Pakistan can be given as examples).

In some of the underdeveloped Latin American countries, land ownership was concentrated in a few hands and prohibited to either tillers or natives. In Bolivia, *i.e.*, 4.5% of the total landowners in 1950 owned 70% of the total privately-owned land property. The Properties of the native inhabitants (the Comunidades) had been expropriated since 1900. The recent land reform in Bolivia provided for the redistribution of large ownerships which were not cultivated by their owners, and at the same time restored to the native inhabitants their communal properties, adopting in this respect a system similar to that applied by Mexico in 1910 when large ownerships were expropriated and restored to villages (Ejido).

In other countries where private ownership was already settled but badly distributed (as was the case in Egypt), land reform fixed a ceiling for private ownership, expropriating any area in excess for redistribution to small farmers in the form of full private ownerships.

5. — The importance of land reform can be grasped from the following statement relating to measures of land redistribution in some countries, showing areas scheduled for expropriation, areas redistributed, and number of families receiving land. (published by the U. N.)

AREA OF LAND AND NUMBER OF FAMILIES AFFECTED BY MEASURES OF LAND REDISTRIBUTION

(Area in thousands of hectares except as indicated)

Country	Area Scheduled for expropriation or redistribution	Area redistributed to date of Government's reply	Number of Families receiving land
Taiwan:			
Public land	64	52	106.823
Private Land.....	174	—	300.000
Czechoslovakia (Acts of 1945, 1947, 1948)	4.500	1.750	350.000
Egypt (1952 Act)	—	187 (a)	—
Finland (1945 Act)	—	2.053	129.680 (b)
Germany (Federal Republic)	280	89	—
India (c)	160.000 (d)	—	—
Italy	700	187	39.691
Japan	2.441	2.383	4218.000 (e)
Mexico (1946 to 1952)	—	3.985 (f)	84.547 (f)
Pakistan (g)	595 (d)	274 (d)	278.648
Poland (since 1945).....	—	6.000	981.300
Spain (h)	588	—	—
Turkey	—	272 (i)	55.385
Yugoslavia (1945 act)	1.566	797	316.464

a) Thousands of acres; refers to area expropriated during the first year.

b) Land transfers. — c) Six states only. — d) Thousands of acres. — e) Cultivators.

f) Including only land actually in final possession.

g) North-West Frontier Province only.

h) Land under the National Land Settlement Institute.

i) Plus 149.650 hectares of pasture land allotted to villages.

B) State interference for limiting land rents and ensuring the security of tenure.

6. — The problem of agricultural rents inflation is of great importance in old countries, especially where land ownership is concentrated within few hands and the agricultural population is pressing hard on land. The problem becomes more complicated when it is difficult to shift working hands from agriculture to other trades.

It should be noticed that in new countries such as the U.S.A., New Zealand, and Australia where agricultural land are adequate and shifting from farming to other trades is easy, no attempt was made to fix agricultural rents.

In European countries, on the other hand, the inadequacy of agricultural land to meet demand forced rents upward and eventually necessitated state interference to establish a balanced relationship between the privileged landowner and the tenant. In order to secure continuous and progressive cultivation, minimum periods for tenancy, automatically renewable, were

laid down. Sub-leasing was prohibited, but on the other hand, tenants may be recompensated for improvements they introduce to the land.

However, the problem of agricultural rents is more accentuated in underdeveloped countries where the cultivated areas are densely occupied by a population which cannot be easily shifted to other trades for several economic, social, technical and political reasons. To divert hands from agriculture to industry requires heavy investment of new capital. The traditional sticking of a farmer to his land renders it difficult to shift him to any other pursuit. Moreover, a great difficulty is involved in his technical training for industry in underdeveloped countries.

Political considerations play also an important part in fixing agricultural rents especially in such a country where the areas redistributed under land reform are not enough to cover all landless peasants. To create a general feeling of equality between beneficent and non-beneficent peasants, the latter has to be reconciled through lowering agricultural rents and regulating his relationship (as tenant) with the landlord.

This is why land reform in underdeveloped countries imposed rent ceilings and floor tenancy periods. Automatic renewability of tenancy, prohibition of sub-leasing, and recompensation for improvements effected by tenants have also been included (ex. India, Pakistan, Taiwan, Japan and Egypt).

In the following we shall deal with "Land reform and agricultural production", then with land reform and economic development.

LAND REFORM AND AGRICULTURAL PRODUCTION

7. — We have already stated that underdeveloped countries are very keen about raising their standard of living through full exploitation of their resources. Any decrease, in the present level of production will threaten their already low standard of living and delay their economic development.

Agriculture is the main source of income in those countries, engaging from 70 to 85% of their total population, while agricultural products account for the greater part of their exports. The future of underdeveloped countries is therefore closely related to the future of their agricultural production.

Their governments have thus to think much before taking any measure that may affect a decrease in agricultural production. They rather try their best to increase that production.

Generally speaking, land productivity in underdeveloped countries is slightly below that of developed countries, but labour productivity is far much lower, as can be seen from the following table:

**PRODUCTIVITY OF THE AGRICULTURAL POPULATION BY CONTINENTS AND
FOR THE WORLD (a) PRE-WAR AND 1947/48**

Continent	Yield per hectare			Yield per person in agriculture		
	metric tons		1947/48 as per cent of pre-war	pre-war	1947/48	1947/48 as per cent of pre-war
	pre-war	1947/48				
World average ..	1.24	1.30	105	0.42	0.42	100
North and Central America	1.07	1.50	140	1.80	2.57	143
South America ..	1.28	1.39	109	0.58	0.48	83
Europe	1.51	1.34	89	1.04	0.88	85
Oceania	1.06	1.20	113	1.94	2.38	123
Asia	1.26	1.20	95	0.24	0.22	92
Africa	0.77	0.73	95	0.12	0.12	100

Source: Food and Agriculture Organization of the United Nations, Monthly Bulletin of Food and Agricultural, vol. 2, No. 9, September 1949; arranged in order of yield per hectare in 1947/48.

(a) Excluding the Union of Socialist Republics.

The redistribution of property cannot alone be of any great effect in the productivity of labour, for that productivity depends mainly on technical and human factors — i.e. on factors relating to methods of production, use of machinery and the technical efficiency of labourer. It thus remains to be answered whether land reform can increase land productivity (due regard be given to the law of diminishing returns) or whether the redistribution of land property should be accompanied by other technical measures aiming at the increase of production.

8. — Those who oppose the redistribution of big land ownerships believe that this measure disregards the advantages of mass production, discourages investment, and results in less production. They also believe that if agricultural rents are fixed at lower levels than could be obtained under supply-and-demand conditions, landowners will discontinue their normal function of bearing the greater share of investment in agriculture. As a further support to their argument, they maintain that the legislator's interference to effect an arbitrary increase in the tenant's share of agricultural income weakens the care he should take in cultivation and in maintaining the natural productivity of land.

The advocates of redistribution, on the other hand, consider it as an essential factor to achieve agricultural development. A big landowner is less often the cultivator of his land, while a tenant has no incentive to maintain the natural productivity of the soil or to avoid its exhaustion. He would not invest enough on fertilizers or improvement works of a long-term nature.

The result is lower production and decreasing productivity of agricultural labour.

Some of the international economic commissions to underdeveloped countries where big ownerships were concentrated in a few hands noticed that the cultivation systems adopted tended to retard development in agricultural production.

The U.N. Commission to Bolivia in 1950 stated in its report (laid down before the land reform), that the land tenure system almost completely blocked the development of a progressive agriculture.

The I.B.R.D. Economic Commission to Iraq also noticed that most of the cultivable land was in the hands of tribal chiefs and big "absent" landlords. No efforts were paid to improve the land which used to change hands from one tenant to another year after year. The report goes on, "the system undoubtedly retards progress and then undermines the health and vigour of the rural population, limits the market for industrial production, and may in the long run prejudice the stability of the social order".

9. — The effect which the redistribution of large ownerships may work out on the volume of agricultural production and the productivity of labour cannot be generalized. Each case has its own circumstances. The problem is closely related to the optimum size of farms, which varies according to different factors including the type of cultivation, the general economic conditions, number of population, etc...

In some countries, extensive cultivation may be the most productive method as regards investment, while others are obliged by their own circumstances to adopt intensive methods which engage as many workers as possible.

It is obvious of course that the progress in production techniques affects the farm size which can be considered as the optimum size.

In countries where large landowners play no important rôle in production, the redistribution of their property does not affect the farm size as it would be already divided into small tenancies, and as a consequence, redistribution will hardly change the method of cultivation.

The redistribution of land property affects the farm size in those countries where direct exploitation prevails, whether by owner himself (as in Latin American countries), or by large tenants as had been practised in Rumania and other East-European countries before land reform. When the large farm size is more suitable to the general conditions, land reform exempts the well-exploited ownerships from redistribution. In Bolivia, f.i., large estates properly exploited by owner himself are exempted from redistribution, provided that he should use machinery. This of course is the proper method for a country well-adapted to extensive agriculture.

In brief, the redistribution of property under land reform does not necessarily affect the farm size as regards area. A wise land reform should take into consideration the state of land cultivation before the reform and maintain intact — at least for a time — those farms with high labour productivity, since the requirements of national economy dictate no change of methods.

10. — It should be pointed out that the farm size does not exclusively depend on the area of the productive unit, for we mean by the "size" the economic size. The cultivated area is undoubtedly the main factor in determining the farm size, but it is not the only factor.

The optimum farm size may be defined as the size which can provide an adequate income and a convenient standard of living to the family engaged in the farm. Such a size has its undeniable social advantages, but it may not be the economic optimum size. This latter may be larger or smaller than the size required to afford the needs of the family. If larger, the use of hired labour is advisable; if smaller, some of the family members have to find work in adjacent farms or outside the agricultural field altogether.

From the economic point of view, the optimum farm size is that which ensures optimum employment of different factors of production. In other words, it is the size at which the average cost is lowest. If we adopt this definition and take into consideration the different types of natural conditions, the difference in managerial ability, the possible changes in the techniques of production as well as in the number of population, and the general economic conditions,... then we can come to the conclusion that land reform should secure a degree of elasticity which can allow a farm to adapt its size to the changing conditions and tend always towards the economic optimum size.

Land reform can achieve this elasticity by allowing the formation of farms larger than those created by the redistribution of land property. This question is connected with the ceiling area imposed by the land reform legislation.

Moreover, the credit facilities which land reform offers to the new farms created by the redistribution of land property give them the means by which they can always adapt themselves to maintain the economic optimum size.

There is no doubt that cooperatives and other organizations formed at the land reform centres can play an important role in helping the farm achieving its optimum size.

This role should not only be that of replacing the ex-owners or private institutions as regards the services they used to render to the agricultural producer, especially in countries where land productivity has attained a high level. They should also seek to ensure the continuous progress of agricultural

production. If the techniques of production remain unchanged, the end aimed at cannot be attained without manipulating the factors of production in such a way so as to increase output. The cooperative system may be required to play an active part in production. It may also be found necessary to adopt a collective system in production if it proves to produce the optimum size. The importance of individual motives in production should not be overlooked, however.

11. — The question referred to at the beginning of this study regarding the effect of land reform on agricultural production may now be briefly answered. The repercussions of land redistribution depend on the modifications it works on the farm size. Whether these modifications are advantageous or not to production depends on the type of the farm, i.e. on the nature of the activity undertaken by the farmer and on the means which the land reform may adopt to realize the optimum size.

If a large farm is well-managed, it can realize certain advantages including the adoption of modern techniques of production; the easy acquirement of more capital; the possibility of using machinery; and the good marketing of products. In addition, where the total cultivated area is limited, large farms help economising the land which should otherwise be allotted to embankment and canalization if the area is divided into minor plots, and at the same time help to coordinate irrigation and drainage where these two aspects present important problems.

However, this does not mean that a large farm size secures success for all types of land utilization. There are many types of utilization which can best succeed in minor farms.

If an underdeveloped country is at the same time over-populated, it has to seek more chances for employment, in agriculture especially if it is difficult to turn to industry. In such a case, the large farm may limit the need for labour, not only because of its natural tendency towards mechanization, but also because it is often inclined to adopt the form of utilization where labour is least needed. A large owner may prefer pastoral pursuits to farming, or grow, say wheat, while the cultivation of vegetables is rather necessitated by the conditions of a densely populated country.

It should also be noticed that the distribution of land property does not exterminate all the merits of large farms, for these merits can be obtained through cooperative institutions which can bring the small farm to the optimum size as already indicated above.

12. — The Government interference through imposing a low ceiling for agricultural rents will not affect production except where the landlord plays

an important part in the finance of production and the guidance of farmers and is likely to discontinue playing this part with a reduced rent. Even in this case, we have first to suppose that there is no other means to fill up the gap created by the landlord withdrawal from active cooperation. But in fact, the cooperative institutions coupled with the agricultural credit facilities afforded by the state will help the producer to overcome the difficulties which may arise should a landlord reduce his care about production.

Moreover, the increase in the tenant's income will allow him better feeding and generally improve his standard of living. His productivity in agriculture is therefore likely to increase.

We have, thus, seen that the redistribution of land property and the limitation of rents are likely to increase agricultural production if farms could be brought to their optimum size; yet, this does not mean that land reform can solve the main problem of the overpopulated agricultural countries, viz., insufficient cultivable land to meet the increasing population. This problem is related to economic development in general and will be dealt with in the following pages.

LAND REFORM AND ECONOMIC DEVELOPMENT PROGRAMS

13. — The relationship between land reform and economic development programs in underdeveloped countries can be studied from several aspects. The effect of land reform on agricultural production affects in its turn the general economic development, as long as agriculture represents the main source of income and accounts for the major part of exports. For it is this income, coupled with the receipts from exports, which will determine the prospective local investments in industry. These investments are affected by both national savings and the amount of foreign exchange that can be appropriated for the purchase of capital goods from abroad. This is of course regardless of the foreign capital and the possibility of better exploitation of idle resources if financed through credit creation within the capacity of national economy.

The redistribution of land property and its preparation for production within the new system of land tenure incur managerial and other expenditure to enable the new owners exploiting their land by the creation or expansion of public or private credit institutions, the formation of cooperatives, the digging of canals and drains, and the purchase of machinery that can suit the new system of production. Such expenses (or more accurately that part of the expenses incurred by the redistribution which leads to no net increase

in production) affects the other sectors of the economy as they represent an additional burden on the national economy. Yet, these same expenses may create, on the other hand, a new market for non-agricultural products.

The recompensation of ex-landlords may give rise to serious financial problems and create inflationary pressure. However, this can be avoided by distributing the burden of recompensation over a long period.

Perhaps the most effective relationships between land reform and the economic development appears when land reform with its both sides (the redistribution of both land and agricultural income) is carried out on a large scale in a country depending mainly on agriculture. In such a case, land reform greatly affects the way of spending national income and eventually leads to important modifications in the general economic structure of the country. These modifications should be anticipated and precautions taken in order to attain the best results. This is the aspect to which we shall confine our study of the relationship between land reform and economic development.

14. — We have already mentioned that land reform with its two sides tends to increase the income of new land owners and tenants while it decreases the income of big landlords. The general economy of the country is greatly affected in accordance with the way the increase in the income of farmers is spent. They may accordingly increase their investment in agriculture and consequently stimulate production (or importation) of fertilizers and necessary agricultural equipment. Land reform may give rise to some light industries to meet the new demand of minor ownerships on simple machinery. The general economic activity will thus increase and the investment in industry expand to cope with the needs of the new market.

On the other hand, the increment in income may be spent on consumer goods such as clothes and the local clothes industry will expand either through the increase of investment therein or through the utilization of idle capacity. Or, the increase in income may be spent on food, and the farmer will then appropriate more land for the cultivation of his family food requirements. In this case the national economy will gain no advantages; on the contrary, the increase in food consumption, if considerable, may badly affect the export trade. It may even endanger the execution of industrial plans if their success requires an expansion in agricultural output, in foodstuff, and in the receipts from exports. It should be noticed, however, that the increase in the farmer's food consumption may increase his productivity besides its social and humanitarian advantages.

15. — As regards the decrease in the income of big landlords, this may affect certain local industries and entertainment services. But as in most under-developed countries luxury goods are usually imported and travelling expen-

diture abroad represents an important item in their balances of payments, land reform is likely to improve their foreign payments position without producing a corresponding loss to the national economy as a result of reduced imports.

We should not forget either that both the redistribution of land property and the limitation of land rents are likely to divert savings to new channels of investment other than the cumulation of more land, thus producing a new source of financing economic development.

A problem that needs special mentioning is the compensation which is usually paid to landlords in the form of long-term bonds (sometimes of 30 years) to be redeemed by means of the installments collected from the new owners. This procedure means that the amount of compensation will be paid out of the agricultural income and can be channelled to investment in industrial or other activities within the economic development program. It is possible that public or private credit institutions may carry out their ordinary role of lending against these bonds to enable immediate investment in useful fields. Such loans are advantageous to the national economy under two conditions: first, they should be granted within a limit that would not lead to inflation; and secondly, this facility should be considered as a part of the economic development program so that money may not be spent on precious metal hoarding or in low-yield investment. Needless to say that money lent to ex-landlords should be carefully watched against being smuggled abroad.

However, lending against land reform bonds needs be organized only when their circulation at the stock exchange is restricted and their redemption slow. But if these bonds are allowed normal circulation and redeemed in reasonable annual proportions, other problems will need consideration. There is the problem of how to avoid the results of illegal speculation that aims at lowering the market quotations especially at the start. There is also the problem of fixing the annual redemption at a level that leads to no inflation.

16. — It is obvious that the financial effects resulting from the redistribution of agricultural income will vary in importance with the extent of this redistribution. The change in demand as we have already pointed out will affect the country's foreign trade and will consequently affect the customs receipts which usually form a main source of public revenue in underdeveloped countries. The tendency towards levelling of income will also affect the proceeds of income taxes.

From the foregoing we can conclude that land reform is closely connected with the national economy as a whole and with the general tendency towards economic development. We have pointed out in part 1 of this study that the

success of land reform depends on the ability to increase agricultural production or at least to prevent its deterioration. This ability in turn depends on what extent the national economy can substitute the ex-landlord in providing owners and tenants with material and technical aid in order to bring the new farms to the optimum size. To achieve this end, it is necessary to coordinate the general development program with land reform. If land reform requires some public works (roads, canals, etc...) the development program should cater to create public or private firms or to organize government administrations that can carry out the necessary works. If the parcelling of big ownerships necessitate a shift towards extensive cultivation, then the economic development program should be adapted accordingly. Storing houses are to be prepared for agricultural products and wider markets are to be sought through the improvement of transportation and other marketing facilities both locally and abroad. Marketing abroad is of particular importance to underdeveloped countries, as the continuous deterioration in their terms of trade is partly due to lack of organization in their export-import policy. As the more developed countries (usually exporters of manufactured goods and importers of raw materials) enjoy a rather monopolistic position both in exports and imports, underdeveloped countries can improve their terms of trade only when their economic development programs give due attention to have a well-organized trade system which can stand against the monopolistic elements in world markets. It may be necessary for underdeveloped countries to conclude agreements between themselves to secure success for what measures they may take in this respect.

The change in demand based on the distribution of agricultural income requires the economic development program to give more weight to those industrial projects which can meet the new demand.

In other words, the economic development program should be adapted as to incorporate land reform. There is no doubt that the ultimate aim of both land reform and economic development programs in underdeveloped countries is to wipe out disguised and partial unemployment and to increase the productivity of labour. These problems cannot be satisfactorily solved in underdeveloped overpopulated countries without creating new industries and increasing agricultural production. The increase in agricultural production can be attained by expanding the cultivated Area and by improving the economic yield of land through the reconsideration of crops to be cultivated and the application of different technical methods of cultivation.

18. — Before leaving these two remarks about the relation between land reform on one hand and both agricultural production and general economic development on the other, we have to stress the importance of the administra-

tive problems involved. A highly efficient administrative system is indeed required to carry out land reform. The expropriation of land, the management of requisitioned area before redistribution, the decision as to what beneficiaries are to get use of the land reform, the creation of new institutions for the help of new owners such as cooperatives and guidance centres, the management of such institutions, the control on land rents... all these are not easy problems to be tackled.

Similar problems are to be faced in the execution of the economic development program and its adaptation so as to secure success for land reform.

It is obvious that the execution of land reform will be easier when national consciousness is well-developed and the cultural standard of the farmer is adequate. For the success of land reform is closely connected with the general attitude of the countrymen. The peasant should not receive his new land or the increment in his income as a gift to be squandered. It should sink deep in the community conscience that these advantages are mere means leading to higher development and better society.

CONCLUSION

Land reform is a common phenomenon which appears in the history of nations whenever certain conditions step in to cast light on the problems of land tenure and land rent, and whenever circumstances favour a coercive and courageous action. Such an action may be the result of a revolution or a measure to avoid an expected revolution. It may also come out when the political structure of a country is deeply changed (as happened after the liberation of Asiatic peoples) and means have to be sought in order to achieve both social and economic development, to confirm the newly acquired political freedom, and to interpret this freedom in terms of economic rights in land tenure or in land yield.

There is no doubt that the importance of land reform as a fundamental measure for development will be more emphasized when viewed from the social, humanitarian or political angles. Besides, the economic advantages of land reform cannot be denied. It leads to the reorganization of agricultural production on scientific bases and in such a way as to avoid the disadvantages of big ownerships. Under land reform, however, lower rents provide chance for tenants to develop the techniques of production without undue exhaustion of soil fertility, while the depreciation of land value diverts a considerable part of national savings towards investment in industry and trade.

Yet, land reform will not be fully effective unless it is coupled with state interference in agricultural production with a view to obtaining the optimum

farm as regards the type of agriculture, as well as the farm area, which should be adequately elastic to cope with any changes in the techniques of production or in the general economic conditions. Perhaps the most serious danger to land reform is the parcelling of property. In any case, land reform should be considered as an integral part of the general economic development program so as to secure balanced development in the different sectors of national economy, especially in underdeveloped overpopulated countries where the standard of living cannot be appreciably raised without creating new industries to absorb the surplus population.

A. EL TANAMLI