

## FAO in agrarian reform<sup>[1]</sup>

**Maximiliano Cox** is Director of Land Tenure Service

**Paul Munro-Faure** is Chief of Land Tenure Service

**P. Mathieu, A. Herrera, D. Palmer** and **P. Groppo** are officers in the FAO Rural Development Division

*Land and ownership and the allocation of property rights have been central issues in political, economic and social development since antiquity. They will continue to be so. This article reviews agrarian reform since 1945 and assesses the role of FAO in this area, concentrating on the period since the World Conference on Agrarian Reform and Rural Development (WCARRD) meeting of 1979. The article sets out the concepts of agrarian reform, as stated in major FAO fora, as the context for this review and assessment. It identifies some of the key lessons learned from these experiences and summarizes the present scenario for agrarian reform together with its implications for the challenges faced by FAO in its future work in this area.*

### Le rôle de la FAO dans la réforme agraire

*La terre, la propriété et l'attribution de droits de propriété sont depuis toujours au centre des questions de développement politique, économique et social et il en ira de même pendant longtemps encore. L'article retrace l'histoire de la réforme agraire depuis 1945 et évalue le rôle de la FAO dans ce domaine, en mettant l'accent sur la période qui a suivi la CMRADR (Conférence mondiale sur la réforme agraire et le développement rural) de 1979. Il part du concept de réforme agraire, tel qu'énoncé dans les principales instances de la FAO, pour procéder à cette analyse et à cette évaluation. Il identifie quelques-unes des «leçons tirées» de l'expérience et résume la situation actuelle en matière de réforme agraire, ainsi que ses incidences sur les défis auxquels la FAO sera confrontée à l'avenir dans ce domaine.*

### La FAO en el ámbito de la reforma agraria

*La tierra, su posesión y la concesión de derechos de propiedad son, desde la antigüedad, cuestiones fundamentales para el desarrollo político, económico y social, y lo seguirán siendo en el futuro. En este artículo se examinan las reformas agrarias llevadas a cabo desde 1945 y se evalúa la función de la FAO en esta esfera, centrando la atención en el período posterior a la Conferencia Mundial sobre Reforma Agraria y Desarrollo Rural (CMRADR) celebrada en 1979. En el artículo se exponen los conceptos relativos a la reforma agraria, tal como se han formulado en los principales foros de la FAO, a modo de contexto para este examen y evaluación. Se destacan algunas de las enseñanzas fundamentales extraídas de esas experiencias y se resume la situación actual de la reforma agraria, junto con sus repercusiones para los retos con que se enfrentará la FAO en su labor futura en este ámbito.*

## **INTRODUCTION**

The issue of access to land has re-emerged forcefully in recent years owing to the persistence of pervasive inequities in land distribution. The misuse of land resulting from these inequities has aggravated environmental problems where rural households have restricted access to it. The net consequence has been the widespread persistence of rural poverty. The importance of generating legal frameworks, institutions and programmes that promote fair access to land, in particular for those most disadvantaged such as women, indigenous and displaced people, lies in the fact they will provide the benefits of a more just social structure, thereby reducing the possibility of violent conflicts. Furthermore, they will also help promote long-term sustainable economic development.

This paper reviews agrarian reform since 1945 and assesses FAO's role in this area, particularly since the 1979 World Conference on Agrarian Reform and Rural Development (WCARRD).

### ***BASIC CONCEPTS***

Agrarian reform constitutes a major change in the ownership structure of agricultural land. In 1969, the Special Committee on Agrarian Reform, appointed by the Director General of FAO, defined the concept of agrarian reform as "all aspects of the progress of rural institutions and covering mainly changes in: tenure, production and supporting service" (FAO, 2003).

The adoption of a process of agrarian reform or land reform (the terms are used interchangeably) has usually been justified by one or more of the following reasons:

- presence of highly unequal distribution of land assets;
- large tracts of land with low farming intensity;
- exploitative labour relations on large estates;
- extensive landlessness and/or very small uneconomic units;
- extensive land conflicts (squatting, land invasions, etc.);
- collapse of large state, collective and cooperative farms, and demands for privatization and/or restitution of land;
- extensive rural poverty.

In most cases, several such reasons have formed the justification for agrarian reform. This accounts for its complexity, large scale and implementation problems. However, the process is essentially political. Its complexity as a process, and its very significant productive, economic and social consequences, create considerable challenges in its implementation.

## **LAND REFORM SINCE 1945**

### **From the Second World War to the 1980s**

This period, the richest in terms of scale of process and diversity of experience and approach, found land reforms being proposed principally on the grounds of equity and efficiency. They favoured the break-up of large landholdings, which were often operating in an absentee-proprietor and/or feudalistic manner. These reforms also took place as a part of a strong call for greater social and political democracy. While the aims, pace and scale of agrarian reforms in this period differed, their success

was related closely to the strength of the government's political commitment. Success also depended on the type of reform measures implemented, including the level of assistance provided after the tenure change, the commitment and targeting of funds, and the institutional and legal set-up. All the reforms implemented during this period were state-led. This period, particularly the 1950s and 1960s, was one of considerable, and in some cases dramatic, progress in the redistribution of property rights. It generated many of the lessons that are summarized in the latter part of this paper. Two main types of reform were implemented in this period: (i) the transformation of tenants into owners; and (ii) the ending of feudalism in the countryside.

### ***From tenants to owners***

A number of reforms aimed to transfer property from absentee and rentier property owners to the tillers, and to promote small, family farms. Among the reforms generally considered most successful under this approach were those in Japan, the Republic of Korea, and Taiwan Province of China. Tenants received full ownership rights for the holdings they had cultivated previously while landowners received compensation in cash and bonds. These so-called "land to the tiller" reforms were undertaken to foster modernization and a better sharing of the benefits of economic progress. They were part of a general development strategy that gave agriculture a major role, and they resulted from the strong political will of mostly authoritarian governments.

These reforms, where the beneficiaries were former tenants, were more effective and generated quicker and more positive results than those promoting farm workers to owner operator status. They needed to change only the structure of land ownership by transforming tenants into owners, and they could rely on the managerial experience of these former tenants. On the other hand, the restructuring of latifundia and/or plantations involving the promotion of former farm workers into small family farmers necessitated capacity building in management skills to be effective. In general, such reforms also required investments including the often complex and costly subdivision of lands, and the provision of new infrastructure, such as rural roads, irrigation, and managerial and technical capacity building.

### ***Ending feudalism in the countryside***

The reforms that followed, while maintaining the original goals of efficiency and equity, were also meant to end the feudalistic structures then prevailing in the countryside. The aim was to modernize and democratize the social structures of society. Such additional goals were present in a number of other countries including Egypt (1952) and Bolivia (1953). In 1960, the Punta del Este Declaration set the stage for many Latin American countries to enact reform laws. These aimed at breaking the latifundio-minifundio pattern and integrating the peasantry into modern agriculture on the grounds of efficiency, equity and greater democratic participation in society. In Bolivia, Brazil, Chile, Colombia and Venezuela, they were aimed originally at promoting small family farms as the final agrarian structure after the reform. Other reforms followed the socialist pattern of land tenure and moved generally towards the creation of collective and production cooperative farms, where all or part of the land belonged to the state. This model was implemented to various extents in Eastern Europe (e.g. Bulgaria, Hungary and Romania), Asia (e.g. the Democratic People's Republic of Korea, the Lao People's Democratic Republic and Viet Nam), Africa (e.g. Algeria, Ethiopia and Mozambique), and Latin America (e.g. Cuba, Mexico and Nicaragua).

Radical shifts in government in some countries, particularly in Latin America, resulted in abrupt changes in the paths of reform. For example, in the 1960s, Chile embarked on a reform to allow workers to become the owners of land they cultivated. The beneficiaries of former latifundia were

organized into settlement groups, which elected management committees. The original plan was to divide the land after three to five years and transfer ownership to those who had proved themselves during this transition period, or else retain a cooperative form, depending on the free will of the members. However, in 1970, the incoming government kept cooperative farms under peasant committees beyond the transition period and created several state farms on newly expropriated lands. Following the violent change in government in 1973, the cooperatives were dissolved in favour of private ownership, and state assistance was discontinued or restricted severely.

Several African countries with no acute problems of land scarcity or concentration of land ownership, e.g. Côte d'Ivoire, Mali, Senegal and Zaire (now the Democratic Republic of the Congo), passed national land regulations that declared land to be the property of the nation and that it was to be managed by the state. Customary users retained legitimate long-term and inheritable use rights recognized by the state. Senegal's "Loi sur le domaine national" (1964) is an interesting example. In the rural areas, "zones de terroirs", it gives elected rural councils the right to allocate plots of land to people and groups who will invest in and develop these lands. At the same time, customary long-term use rights are recognized for as long as the traditional owners and their families cultivate the land. Thus, this law has allowed a smooth adaptation of customary rights to new contexts, at the same time providing stability, flexibility and some incentives to invest, in the absence of private property and land markets.

### **The years since the WCARRD**

In the decade following the WCARRD, agrarian reforms continued, but at a much reduced pace. One reason for this was the downstream impact of Structural Adjustment Programmes. Countries that could benefit from agrarian reform were often constrained by debt burdens, budget deficits and the consequent reduction in public spending. At the same time, the emerging Washington Consensus emphasized the role of the market in allocating land to the most able producers. This period also saw increasing privatization of agro-industrial, marketing, extension, banking and parastatal enterprises that had provided services, sometimes subsidized, to farmers. Little was done to generate substitutes for these state services. For example, reforms in foreign trade regimes and the removal of price controls provided incentives for agricultural exports, an opportunity that was used mostly by the commercial farmers that survived the reform period. Reform beneficiaries tended to have limited access to the assistance needed in order for them to take advantage of the new opportunities.

The pace of agrarian reform in former socialist countries quickened following the fall of the Berlin Wall in 1989. As these countries embarked on their transition to market-oriented democracies, they reformed their tenure arrangements through decollectivization and privatization. In some countries, collectivized lands were restituted to their former owners (e.g. in Bulgaria, Estonia, Latvia, Lithuania and Romania). In others, they were distributed to workers in the form of ownership shares (e.g. in the Russian Federation and Ukraine), or distributed in individual farms (e.g. in Albania, Armenia, Georgia and the Republic of Moldova). Many state farms were privatized, sold or leased (e.g. in the Czech Republic, Hungary, Poland and Slovakia). Away from Europe and the countries of the former Soviet Union, the emphasis turned away from the expropriation of estates to the dismantling of cooperatives and collectives and the allocation of private rights. These rights were allocated either as full private property (in some Latin American countries) or with the ownership remaining with the state but with increasingly secure private use rights (e.g. in China, Mozambique and Viet Nam).

**Table 1 - FAO contributions from its foundation until the WCARRD**

<b>Activity</b>	<b>Type of contribution</b>	<b>Date</b>	<b>Place</b>
Quebec Conference:FAO foundation	The Conference recognized "land reform may be necessary to remove impediments to economic and social progress resulting from inadequate system of land tenure".	1945	Quebec, Canada
FAO Conference	Agreed on importance of land reform to fulfil FAO general objectives.	1951	Rome, Italy
Expanded Technical Assistance Programme (Resolution No. 8/1951)	Created regional centres on land problems aimed at: organization of conferences, training, demonstration projects and collaboration with national and international organizations.		Latin America Regional Centre, Campinas, Brazil Asian Centre, Bangkok, Thailand Near East Centre, Salahuddin, Iraq
Working Group	Examined methods for consolidation of fragmented land on a low-cost basis.	1953	Rome, Italy
In-depth comparative study on land tenure regimes	Objective: analyse land tenure systems, relationships between agrarian reform and rural development, and propose set of indicators for monitoring and evaluating agrarian reform processes.	1962 - 63	Brazil, Chile, Colombia, Ecuador, Guatemala and Peru
World Conference on Land Reform, convened by FAO, UN and the International Labour Organization	Review development and improvement on land reform.	1966	Rome, Italy
WCARRD	Conference approved a Declaration of Principles and Plan of Action to promote agrarian reform programmes in member countries.	1979	Rome, Italy

Coupled with the realization in several southern African countries of the likely political and social effects of highly skewed tenure structures remaining from colonial times, and the continuation and revitalization of reform issues in some countries (notably in the Philippines and Brazil), these developments have returned the subject of land reform to the public arena in recent years. This is

reflected in the Vatican document *Towards a better distribution of land. The challenge of agrarian reform* (Pontifical Council for Justice and Peace, 1997). However, this renewed interest in land reform has generally led to interventions that have transcended traditional redistributive land reforms. These new interventions have focused on ensuring access via gradual measures rather than one-off massive redistributions. They have placed greater emphasis on new forms of access such as community titling, intrafamily and intracommunity land transfers, and regulated land markets. They have also explicitly sought greater complementarity between land interventions and supportive measures in the field of rural development.

An example of this new type of intervention is that proposed by the World Bank. In line with the increasing emphasis on the role of markets, the World Bank has launched "market-assisted land reform" approaches. Under these, beneficiaries obtain credit and/or grants for the purchase of suitable land, and negotiate directly with the sellers. Market-assisted land reforms have been criticized because of their speculative effect on land markets in some areas where they have been implemented. While controversy surrounds the appropriateness of the different mechanisms for transferring land from large landowners to the landless and land poor, there is broad consensus that agrarian reform plays an important role in rural development where land concentration is high.

The promotion of private rights, whether use rights or full ownership, has emphasized the **role of tenure security** in recent agrarian reforms. Greater attention is now paid to land administration, especially land registration and cadastre systems; the aims are to provide the security needed to stimulate long-term private investment and to facilitate the development of land markets.

New issues in current agrarian reform efforts that did not emerge as priority in earlier experiences are:

- gender;
- indigenous groups and minorities;
- the environment;
- the participation of civil society;
- decentralization of public services.

## **FAO CONTRIBUTIONS TO AGRARIAN REFORM**

### **From the Second World War to the WCARRD**

The importance of agrarian reform was recognized early in FAO's existence (see Table 1). The 1945 FAO Conference noted that "recourse to land reform may be necessary to remove impediments to economic and social progress resulting from an inadequate system of land tenure." The 1951 Conference agreed that the reform of agrarian structures was important for FAO to consider while endeavouring to fulfil its general aims. The Conference stressed that "the improvement of agrarian structures was not only essential to economic progress, but would contribute to human freedom, dignity and consequently would secure social stability and further peaceful democratic development." Early experiences emphasized the need to go beyond land redistribution. The 1966 World Land Reform Conference convened by FAO recognized "the provision of support services as essential for the success of any land tenure reform." In 1969, the Special Committee on Agrarian Reform, appointed by the Director-General of FAO, broadened the concept of agrarian reform to embrace "all aspects of the

progress of rural institutions and covering mainly changes in: tenure, production and supporting service". This concept included measures to improve access to land through settlement and leasing arrangements.

Throughout this period, FAO played a key role in establishing fora and in-depth studies of the productive and equity effects of the latifundia-minifundia complex that placed agrarian reform high on the development agenda. In the early 1960s, coinciding with the launch of the Alliance for Progress, several studies conducted by FAO in partnership with the Organization of American States, provided the technical support for the planned processes in Latin America.

Another key role of FAO was in providing technical assistance. The Expanded Technical Assistance Programme (Resolution No. 8/1951) created regional centres to assist in training and demonstration projects and to facilitate collaboration with national and international organizations. In the 1960s and 1970s, FAO established capacity building institutions in several Latin American countries.

FAO also played a leading role in disseminating information and analysis of agrarian reforms and related subjects principally. In 1963, it established the bulletin *Land Reform, Land Settlement and Cooperatives* to reach experts in the field and supply information and experience available from all parts of the world.

### **From the 1980s to the present**

In 1979, the WCARRD adopted a Declaration of Principles and a Programme of Action that considered political will from member countries a fundamental condition for successful agrarian reform. Moreover, it stated that the "transformation of rural life should be sought through policies for attaining growth with equity, redistribution of economic and political power, and people's participation."

In implementing the WCARRD Plan of Action, FAO supported 25 high-level interagency policy formulation missions on agrarian reform and rural development to assist member nations review policies and identify projects. Technical assistance was also provided to Member Nations in implementing agrarian reform projects (e.g. in Brazil, Chile, Colombia and Ecuador).

Through the WCARRD, a series of meetings, consultations and round tables were held in all regions. FAO prepared four progress reports on the application of the WCARRD Plan of Action by Member Nations. In 1981, the Peasant Charter defined the principles and programme of action aiming to implement the objectives agreed upon by the WCARRD.

FAO has responded in a number of ways to the increasing importance given to family farms as a result of privatization processes and the failure of collective agrarian schemes. Such farms provide the most effective way of enhancing productivity and improving the flexibility and capacity of farmers to respond to new market opportunities. Technical assistance in agrarian reform projects has focused on the development of sustainable family farms. In Brazil, FAO has a long-term presence through unilateral trust fund projects. These started in 1993 and provide support to agrarian reforms and the development of family farming strategies. FAO has also provided long-term support for the agrarian reforms in the Philippines through a series of trust fund projects that began in the 1980s. These projects have assisted beneficiaries in agrarian reform communities in their negotiations for infrastructure and other needs through a community-specific needs assessment. They have also helped to strengthen agribusiness linkages and facilitate access to credit.

Throughout this period, FAO has organized meetings, prepared publications and guidelines, and provided technical assistance to address the crucial need to improve access to land and tenure security (see Table 2). Examples include the formulation and application of appropriate legal

frameworks and land administration services, guidelines for gender inclusion in access to land and for effective functioning of land markets, the recognition of customary land rights through formal laws, the analysis of emerging approaches to access to land for family farming through market mechanisms (by purchase or leasing), the analysis of agrarian land tenure systems, and the elaboration of methods for participatory resolution of conflicts over land.

## LESSONS LEARNED ON AGRARIAN REFORM

### How successful has the process been?

It is difficult to define success or failure of an agrarian reform. Agrarian reform is a multiobjective process involving ethical, political, social, economic and productive objectives among others. Such a complex process necessitates complex evaluation. A balance of objectives is necessary in order to be able to achieve at least some of the required major results.

Latin America provides a fertile field for drawing lessons from agrarian reforms. While the coverage and scope have varied considerably from country to country, the extent of the reforms has been impressive. Reforms in Bolivia and Cuba expropriated about 80 percent of the agricultural land; Chile, Mexico, Nicaragua and Peru expropriated about half the agricultural land; and in Colombia, the Dominican Republic and Panama the area expropriated ranged from one-quarter to one-sixth. As for beneficiaries, the Bolivian and Cuban reforms benefited about three-quarters of the agricultural households, while about half such households were beneficiaries in Mexico. In El Salvador, Nicaragua, Peru and Venezuela, about one-third of the agricultural households benefited.

Table 2 - **FAO contributions since the WCARRD**

Activity	Type of contribution	Date	Place
<b>WCARRD Plan of Action:</b>			
Monitoring and evaluation of agrarian reform	FAO prepared four progress reports on progress by member countries in the application of the Plan of Action.	1983, 1987, 1991, 1993	Through data collection in member countries
High-level interagency policy formulation missions on agrarian reform and rural development	Objectives: review agrarian reform and rural development policies with concerned governments; and identify projects for meeting requirements for assistance in policy re-orientation: 25 missions implemented.	1980 - 1993	Africa, Asia, Latin America, and Central and Eastern European member countries
Meetings, consultations and round tables	Objective: follow up and analyse in-depth identified issues on follow-up to WCARRD and land tenure improvement.	1979 - 1987	Africa, Asia, Latin America, and Central and Eastern European member countries
Normative activities:			
Publications: general	<i>Land Reform, Land Settlement and Cooperatives</i> bulletin (2 issues per year)		FAO, Rome
Publications: specific issues	Land reform and land tenure Land information systems and	1993 - 2003	FAO, Rome

Activity	Type of contribution	Date	Place
	agricultural restructuring Cadastre and registration Land regularization Land markets Land tenure and agrarian systems Gender and land tenure Population dynamics and land availability Private - public sector cooperation in land tenure Land taxation Land conflict management Land rights and access to land Multilingual thesaurus on land tenure Land tenure and peri-urban agriculture		
Meetings: specific topics	Privatization and land tenure in countries in transition Land markets in Latin America Participation of private and public sector in land tenure reform in Central and Eastern Europe Agrarian systems diagnosis Portuguese-speaking countries, and land tenure and territorial planning Land tenure database Land tenure conflict resolution in South Pacific and Latin America Methodology of territorial planning and land tenure Traditional land tenure systems Common property resources People's participation Women in development Extension and training.	1987 - 2003	FAO, Rome; and member countries in Africa, Asia, Latin America, and Central and Eastern Europe
Land Tenure Database	A specific activity on building up a land tenure database on FAO member countries	Since 1997	FAO, Rome
Technical assistance:			
Projects	Technical support through Land Tenure Service projects on the issues of: - land reform - agrarian systems and family farming - land regularization	Since 1993	Latin America: Brazil, Colombia, Ecuador, El Salvador, Honduras, Mexico, Nicaragua and Venezuela Asia: India, Sri Lanka and the Philippines Africa: Angola, Côte d'Ivoire,

Activity	Type of contribution	Date	Place
	<ul style="list-style-type: none"> <li>- land cadastre and registration</li> <li>- land taxation</li> <li>- land markets</li> <li>- land access</li> </ul>		Mozambique, Namibia, South Africa, Tunisia and Zimbabwe Near East: Syrian Arab Republic Central and Eastern Europe: Azerbaijan and Georgia Latin America: Colombia, Ecuador, Guatemala, Panama, Peru and Venezuela Asia: China, India, Nepal, Sri Lanka, the Philippines and Thailand. Africa: Côte d'Ivoire, Ghana and Namibia Central and Eastern Europe: Azerbaijan and Hungary Central Asia and the Sahel
Technical assistance support through projects with other FAO units, and other international agencies: World Bank, the International Fund for Agricultural Development, the European Union, the Department for International Development (UK) and the German Agency for Technical Cooperation	On the issues of: <ul style="list-style-type: none"> <li>- land reform- agrarian systems and family farming</li> <li>- land regularization</li> <li>- land cadastre and registration</li> <li>- land taxation</li> <li>- land markets</li> <li>- land access</li> <li>- land reform, population and gender</li> <li>- on land rights of pastoral communities.</li> </ul>	Since 1983	

The complexities entailed in striking a proper balance between the various objectives can be exemplified by the various approaches followed in Chile. In this case, they included ethical, social, economic and political objectives. In the 1960s, a proper balance between productive and the socio-political objectives was struck. The country achieved a sizeable increase in agricultural production (the rate of production growth doubled the historical one) at the same time that a substantive land redistribution was taking place. The radical changes brought about after 1970, when socio-political objectives were promoted at the expense of economic ones, resulted in a major decline in agriculture and food production, jeopardizing past achievements and leading to the reversal of the process in the late 1970s. Conversely, where the process concentrates on productive effects without due attention to a biased tenure structure and a marginalized majority of rural dwellers, the seeds of the future destruction of any productive achievements may already be sown.

The implementation of agrarian reform encounters many critical constraints. High costs, slow bureaucracies and a lack of support services lead to inadequate implementation of reform laws. Landowning classes have vested interests and frequently enjoy the political and administrative connections to protect these. Inadequate cadastre and land registration systems result in delays and

high costs. In many cases, inadequate funding of the whole reform package is coupled with a lack of support services and infrastructure. In particular, where dealing with former farm labourers, the weak managerial capacities and experience of beneficiaries pose a major challenge. As a result, not all beneficiaries become viable entrepreneurs and some new owners may be forced to sell their newly acquired land because of their inability to generate sustainable income from it. For example, in Chile in the 1970s, the reforms were characterized by low managerial abilities of the new farmers. Under the military government, land was distributed in individual plots, but support services were practically dismantled and the ensuing radical macroeconomic changes caused further complications to the reform beneficiaries, with real interest rates climbing to 60 percent per year. Thus, by the mid-1980s, some 50 percent had sold out. In Brazil, it is estimated that more than 60 percent of beneficiaries have sold or abandoned their reform parcels.

As part of agrarian reforms, governments have often promoted the organization of the peasantry into trade unions and cooperatives of various kinds (e.g. producer, marketing and credit associations). This has brought about a considerable degree of integration of the peasantry into the national economy, society and polity. In other cases, the reforms have led to a reduction in the size of holdings, which in turn has contributed to the emergence of an overall agrarian structure that is more dynamic and responsive to market conditions (e.g. Chile, China, the Philippines and Viet Nam).

One of the major general achievements of the most successful reforms has been their contribution to the **modernization of the agriculture sector and indeed of society at large**. Reforms, and in some cases their aftermath, have also enabled the development of new dynamic actors in the economic, social and political development of the countries involved. Medium-sized, dynamic commercial farmers may develop after the reforms, as was the case with the fruit exporting sector in Chile. Local processors and other merchants have developed in rural areas in Japan, the Republic of Korea, and Taiwan Province of China.

## **Main lessons**

### ***Lesson 1: Good governance and the rule of law correlate closely with the successful implementation of the process.***

The rule of law needs to prevail throughout the process. Measures to reduce the inherent instability and uncertainty that accompany profound social change should be enacted decisively. Social mobilization, which is necessary to maintain the momentum and political support of such changes, should be kept within rational limits. This was achieved in the 1964 - 70 Chilean experience (Annex 1), as well as in Mexico and the Philippines. Moreover, good governance and effective state apparatus are required for successful implementation. To a large extent, the reforms in Japan, the Republic of Korea, and Taiwan Province of China were successful because of the conjunction of several positive factors (Annex 1). Among the most important of these were political will and good governance (limited corruption and rent-seeking behaviour in the implementation of the reforms).

Similarly, it is essential to establish suitable institutions to resolve land conflicts both during the reform period and afterwards as the established judiciary often lacks the capacity to deal effectively with these issues.

### ***Lesson 2: Non-biased macroeconomic policies are crucial to the successful implementation of an agrarian reform.***

As with any process requiring growth in agriculture, the overall macroeconomic conditions, especially those affecting interest and exchange rates, and including promotional policies for agricultural production, are essential for the success of the agrarian reform process. In many countries, macropolicies that discriminated implicitly or explicitly against agriculture in terms of prices, trade and credit policies were instrumental in counteracting the initial positive results of agrarian reform programmes.

***Lesson 3: Land redistribution needs to be coupled with the provision of support services for beneficiaries, including targeted access to capital, services and markets.***

The major redistributive reforms in Latin America tended to have an initial positive impact. However, a lack of support services for beneficiaries and unfavourable macroeconomic factors subsequently hampered the performance of the reformed sector severely. The provision of these services is critical, especially where dealing with beneficiaries with low entrepreneurial experience. In Latin America, their unavailability meant the partial reversal of the process. Where these services were provided by centralized state institutions, they were often slow, bureaucratic and unable to provide essential financial, technical, organizational and other institutional support.

***Lesson 4: The previous managerial experience of agrarian reform beneficiaries is essential.***

The agrarian reforms in Egypt, Japan, the Republic of Korea, Taiwan Province of China and several states in India enabled tenants to become owners of the land they cultivated. In part, these reforms were successful because bestowing ownership rights on former tenants allowed the continued use of existing physical infrastructure, including road network and irrigation facilities, and institutional infrastructure, as previously existing input supply, credit and marketing structures were not disrupted. An additional advantage was the availability of trained human resources. As former tenants, the beneficiaries had proven capacity to manage the farms they received. Opportunities for reforms of this kind are no longer significant as they have already been undertaken.

***Lesson 5: A rational system of individual economic incentives in the reformed sector is critical.***

Unclear systems of rewarding individual productivity in the reformed sector have proved damaging, as is reflected in the poor results from most experiences with collective farming. Conversely, the introduction of individual economic incentives can generate a highly dynamic response. China introduced such mechanisms under the household responsibility system in 1978, which gave farming families usufruct rights over cultivated land. At the same time, the organizational system of the Peoples' Communes, which had proved to be of low efficiency, was abolished. The results of the reform have been impressive. After 30 years of stagnation, growth in agricultural output in the first half of the 1980s accelerated to a rate several times the previous long-term average. Most of the increase is attributed to the strong incentives given by the reforms to individual farmers coupled with the partial liberalization of the produce market. The increased income led to investments in non-agricultural activities, the establishment of small rural enterprises and the creation of non-farm employment. As a result of the overall economic growth in rural areas, the number of rural poor reportedly fell from 260 million in 1978 to 89 million in 1984.

Viet Nam experienced similar productivity gains from breaking up large collective farms into family units (Annex 1). Laws enacted in 1981 and 1987 aimed to improve agricultural productivity through increased incentives for individual farmers and recognized land-use rights of individual households. These reforms have resulted in impressive growth in agricultural output, transforming Viet Nam from a food-deficit country into a food-surplus one. Rice production has almost doubled in ten years, while at

the same time there has been a significant diversification into industrial/commercial crops including rubber, coffee, tea, coconut, fruits and vegetables.

However, some types of agricultural activities, such as extensive livestock production or plantation-type exploitations, may require larger units. In these cases, some form of collective access to or use of land may be appropriate. However, also in these cases there is a need to set up managerial and economic incentives structures that guarantee individual responsibility within a collective exploitation of natural resources.

***Lesson 6: Fair compensation packages for landowners (i.e. fully compensating for reinvestment and providing for some real liquidity) reduce the potential negative impacts on economic growth.***

Payments for expropriated land that are viewed as confiscatory can generate violent reactions and will affect production and the overall economy substantially during the initial phases of agrarian reform. However, where there are well-established and relatively fair rules for compensation, outcomes are more positive. In Chile, the reforms of the 1960s provided cash compensation for improvements, thus enabling investment in agriculture to increase during this period. The agrarian reforms in Japan, the Republic of Korea, and Taiwan Province of China compensated former landholders with cash and development bonds, which encouraged investment of the proceeds in industry. No massive and extensive agrarian reform process has been undertaken by paying market values for land in cash. Hence, it is necessary to check the costs of land purchases and strike a proper balance between the need to contain these costs and that of providing fair compensation that will not discourage investment in agriculture or elsewhere in the economy.

***Lesson 7: Social capital formation is important, through the participation of local communities and beneficiaries in taking control of their own development.***

The Philippines started its agrarian reforms in 1964 and local communities have played an increasingly large role as these reforms have progressed. A broad-based peasant lobby pressured Congress and the President to enact the Comprehensive Agrarian Reform Programme in 1988. In the early 1990s, the Department of Agrarian Reform recognized that effective alliances with autonomous peasant organizations were essential to the implementation of agrarian reform. Farmers' groups are now engaged in facilitating the provision of support services to agrarian reform communities. With the technical assistance of FAO, they have provided a successful model for community development, including the capacity to negotiate for community specific needs, such as infrastructure, credit, education and other social services. Local teams have been guided to train beneficiaries in needs assessment and the preparation of development plans for agrarian reform communities (ARCs). As a result, more than 1 500 ARCs with about 200 000 beneficiaries have increased crop and livestock production, initiated non-farm activities, established market linkages with agribusiness corporations, increased their income, and become active self-reliant communities. This example supports the need for these processes to be highly participatory, involving the local communities in their own development. Also important in this case is an inclusive perspective involving a territorial rather than sectoral approach, contrary to that in most agrarian reform processes.

***Lesson 8: Appropriate land administration capacity is crucial to land reform implementation.***

Land administration is a critical tool for enabling the implementation of agrarian reforms, particularly through land surveying, titling and registration, but also through land-use planning, land valuation and land taxation. Land titling is frequently a costly process, but it generates major economic advantages by securing land rights and providing investment incentives. The need to give due attention to the interests of the poor and underprivileged, particularly women and indigenous peoples, has been

recognized as they have lost out in some titling projects. In line with general trends in decentralization, a number of countries are implementing a decentralized approach to land administration that empowers local institutions to respond to local needs. While placing services closer to citizens, these approaches have also increased the need for capacity building at local levels in order for these services to be provided effectively.

## **MAIN CHALLENGES FOR FAO'S FUTURE WORK ON AGRARIAN REFORM**

It is widely recognized that optimal access to land remains a serious issue in most developing countries, frequently accompanied by high efficiency and welfare costs, environmental consequences and explosive political manifestations. Land is typically misallocated among potential users and worked under incomplete property or user rights that create disincentives to efficient use.

Thus, the call for agrarian reform remains strong today in certain parts of the world. Skewed distribution of land resources, population pressures, resource degradation, violent land conflicts and extensive landlessness continue to bring land issues to the attention of politicians and the public. Redistribution of land from large estates to small family holdings has many potential advantages. It may reduce poverty and polarization, often sources of discontent and protest, and contribute to increasing production through improved stewardship and increased investment. The increased employment of family members can help to slow migration to urban centres.

The agenda of issues to be tackled has grown considerably as both the number of countries where land relations are important and the range of topics have expanded. However, the new challenges are different from those of the past. Major issues today are:

- The extent to which agrarian reform needs to be massive or selective in certain areas or types of farms. Demographic trends, the political climate and the productivity of existing agricultural structures are major factors in determining the most appropriate process.
- Availability of financial resources for the process. It is very costly to implement agrarian reform on the basis of market prices and cash payments. Under current global economic conditions, this is a major restriction for a massive process.
- New trends in modern agrorural development need to be accounted for. These include: the coexistence of family farms with efficient medium-sized commercial farms (e.g. in many African and Latin American countries); new opportunities for non-farm employment; the new role of agro-industrial development including supermarkets with, in many countries, the increasing role of monopsonistic practices by these chains; environmental and gender considerations; and the impact of conflicts, natural disasters and pandemics, such as HIV-AIDS.
- Land administration is a major element in any land reform process. Without effective land laws and land administration agencies, policies and strategies for agrarian reforms remain a dead letter.
- Decentralized and participatory approaches to land reform appear to be more effective. While continuing to recognize the need for effective state action, agrarian reforms no longer promote the top-down, bureaucratic models that were open to evasion and corruption. Recent experiences have shown that decentralized approaches involving civil society action are more feasible. Civil society organizations (CSOs) increase the bargaining power of people and their

capacity for effective advocacy, and can press successfully for agrarian reform and facilitate support services. Moreover, without a positive involvement of civil society in the post-reform process, the socio-economic sustainability of the process is open to question.

- In many countries, indigenous and/or locally resident communities lack secure or clearly defined and respected tenure rights; the challenge to establish (being simultaneously legal and legitimate) and facilitate economically rational use of the land involved persists - for the group and the individual.
- Problems of environmental degradation at the frontier cannot be understood without tackling the issues of sustainable resource use and land rights within the frontier. This is the reason for FAO's emphasis on a national policy dialogue rather than isolated ad hoc interventions.
- Several countries have a history of conflict, war, collectivization or expropriation. As a result, multiple overlapping claims to the same plot/territory exist and these prevent security of tenure and long-term investment. The elimination of these sources of insecurity is a key challenge. They can be addressed by providing a consistent legal framework, helping to resolve/manage conflicts and establishing the administrative infrastructure necessary for implementation.
- Ensuring access to land for the landless is a key political demand and could also provide a starting point for sustained improvements in the ability of the poor to accumulate assets and enhance the equality of opportunity.

### **FAO's role**

Continuing rural poverty and landlessness in most developing countries and growing social unrest in some rural areas ensure that FAO continues to receive large numbers of requests from Member Nations for advice and assistance in regulating land tenure issues, including agrarian reform. With its long experience, FAO is well suited to providing this service in what are potentially very conflictual situations. It has the comparative advantage of being trusted as an honest broker without vested interests. FAO can draw on its experience of working closely with governments, civil society and decentralized institutions in these sensitive areas. Requests for assistance in the context of agrarian reform include:

- The exchange of current experiences of innovative agrarian reform and land administration through studies and guidelines on best practices, strategies, policies and concepts. Such studies should aim to enhance sustainable livelihoods.
- The implementation of projects with governments, civil society and other partners to improve local capacities for land tenure reform, land titling and registration, and land consolidation, especially where land privatization reforms have resulted in land fragmentation. Such assessments should include reviews of different approaches to land legislation and land administration, especially related to land registration, cadastre, rural land taxation and adjudication of land conflicts. The provision of capacity building through education and training for land administration, decentralized territorial planning, and the promotion of special programmes of access to land for target groups including the poor, women and indigenous peoples, are also essential.
- In parts of Africa and the Near East, the expansion of agriculture into drylands and land reforms focusing solely on agricultural producers have placed pastoral land rights (access and

ownership) under threat. The drive towards privatization and many recent land reforms have eroded traditional pastoral land rights and are often unsuited to the needs for collective forms of management and access to pastoral land used as common property. Therefore, there is a need to address this question and FAO has contributed or is currently contributing to the preparation and implementation of pastoral codes in various African countries, including Burkina Faso, Guinea and the Niger.

Regional requests for FAO's assistance and advice include a wide range of issues. The following best represent current proposals and discussions in the various regions:

- Africa: land tenure policy formulation, adapting land tenure arrangements under common property resource systems to promote sustainable rural development, design and implementation of land settlement and land distribution programmes. The subregion facing the greatest challenges for redistributive land reforms is southern Africa.
- Asia: leasing arrangements, land taxation, land registration and land consolidation.
- Central and Eastern Europe: leasing arrangements, management of restituted property, land taxation and land consolidation. The initial privatization reforms are now largely completed, and there is increasing recognition of the need for a second reform through consolidation of small, fragmented land parcels.
- Latin America: agrarian reform, land settlement, facilitation of land markets, land-use planning, land registration, land taxation and access to land by indigenous groups.
- Near East: land consolidation, management of common property resources and protection of rights of pastoralists. Most agrarian reforms have neglected the needs of pastoralists for secure rights to land.

In many dryland regions of Africa and the Near East, multiple-use resource systems are common, but land tenure debates have not considered pastoralism sufficiently.

## **SUMMARY AND CONCLUSIONS**

Despite uneven results and frequent difficulties in implementation, agrarian reforms have been instrumental in improving the lives of millions. The pace of reform slowed in the mid-1980s, partly because of a lack of political will and funds on the side of governments, partly because of a rather simplistic free-market approach to agricultural development, and partly because of vested interests of the landowning elite. However, land issues have not been put to rest. Rural poverty, exclusion and landlessness are still common in many parts of the world and they give rise to political unrest and instability, land degradation and inefficient production.

Agrarian reforms are an essential part of remedying the situation. They require strong and effective commitment both from government institutions at all levels and from civil society. They have to be embedded in comprehensive policy and institutional reforms, and operate within the rule of law. They require a legal framework to clarify individual rights and access to common property resources in order to ensure tenure security and promote sustainable rural development. They require workable institutional frameworks and capacities in land reform and land administration. They require an enabling macroeconomic environment that does not discriminate explicitly or implicitly against agrorural development initiatives. They must be complemented by a wide range of rural development interventions that provide support to the beneficiaries and involve their active participation.

Reforms should target landless groups and also strengthen the economic potentialities of all agricultural producers that have been constrained by land tenure arrangements. Political, institutional and technical support from CSOs is crucial to their success. Progressive land taxes, land settlement, land markets, land titling and registration are essential complementary tools to support land tenure reform programmes.

## REFERENCES

**FAO.** 2003. *Multilingual thesaurus of land tenure*. Rome.

**Pontifical Council for Justice and Peace.** 1997. *Towards a better distribution of land: the challenge of agrarian reform*. Vatican City, Liberia Editrice Vaticana.

## ANNEX 1 - SIGNIFICANT CASE STUDIES

### Japan, the Republic of Korea and Taiwan Province of China

**Lessons learned:** *The success of the agrarian reforms in Japan, the Republic of Korea, and Taiwan Province of China was due to: good governance; reliance on existing managerial abilities of the land reform beneficiaries; and the profiting from expanding market opportunities caused by general economic growth, increased demand for agricultural products and guaranteed good output prices.*

The land reform programme in Japan imposed a ceiling of 1 ha on landholdings. Landowners were compensated in cash and development bonds. In the course of the reform, the tillers received full ownership rights to the holdings they had previously cultivated and a subsidized mortgage. Between 1954 and 1968, labour and land productivity increased annually by 5 and 4 percent, respectively.

Land reform in the Republic of Korea was characterized by a thorough development and support to local village authorities to assume the land administration function and secure rights. As in Japan, the land was distributed to the tillers, and former property owners were encouraged to invest their compensation in industry. Programmes for investment in agriculture and lending schemes for rural areas were established. Thus, the country was able to maintain a local dynamic for continuous agricultural and rural development. In the course of the reform, 65 percent of the agricultural land was redistributed. A ceiling on all individual holdings was set at 3 ha of good cropland. Land in excess of this ceiling was distributed in units of 1 ha to former tenants. This low ceiling enabled nearly 76 percent of all agricultural households to own land for the first time. Under the impact of the reform, agriculture achieved an annual growth rate of almost 4 percent.

In Taiwan Province of China, the land reform was imposed by the Nationalist Government, which had just been exiled from mainland China. The new government had neither ties nor felt any obligation to the local indigenous landowners. Accurate land tenure data and a non-indigenous bureaucracy were also important. Land ownership ceilings were set at 1 ha. The former landowners were compensated in industrial bonds, which they invested in the urban-industrial zone. Between 1953 and 1960, the annual increases in production and input consumption were 23 and 11 percent, respectively.

The reforms in these three countries were successful because of the conjunction of several positive factors. The most important of these were: political will, good governance (i.e. limited corruption and rent-seeking behaviour in the implementation of the reforms) and the reliance on the existing

managerial abilities of the land reform beneficiaries. The reforms were carried out under the slogan "land to the tiller". They bestowed ownership rights on former tenants. This transfer did not require the break up of large estates and the creation of new infrastructures. The authorities could utilize an existing physical infrastructure, i.e. suitable road network and irrigation facilities. They were able to make use of a functioning institutional infrastructure, as existing input supply, credit and marketing structures were not disrupted. An additional advantage was the availability of trained human resources. The reform beneficiaries were the former tenants and as such the managers of the farms they received. At the macroeconomic level, the reform beneficiaries profited from expanding market opportunities caused by general economic growth, increased demand for agricultural products and guaranteed good output prices.

## Chile

**Lessons learned: *Non-biased macroeconomic policies, especially interest and exchange rate policies, are crucial to the successful implementation of an agrarian reform process. Conducive agricultural policies that help beneficiaries respond actively to economic opportunities are also critical. The rule of law needs to prevail throughout the process. Measures to reduce the instability and uncertainty that accompanies such profound processes of social change need to be enacted decisively. Social mobilization needs to remain within rational limits. Longstanding support services for the beneficiaries of such processes are essential, especially where the transition is from former farm workers to viable entrepreneurs. This requirement can be reduced when dealing with former tenants.***

In Chile, the land reform process began evolving in the early 1960s and took very different approaches depending on the ideology of the implementing governments in the period 1962 - 80.

### ***The precursors***

The process of land reform in Chile had three major catalytic factors:

- The Alliance for Progress, which gave the political pressure and the economic incentives to the governments of Latin America to initiate this progress.
- FAO's involvement as a *super partes*, giving the necessary technical backing to the process, through instances such as the reports by the Inter-American Committee for Agricultural Development, which showed both the inequitable distribution of land assets in various countries in Latin America and the poor performance of agricultural production since the 1930s, linking up both serious problems and presenting substantive effects on overall economic development of the successful Asian experiences with agrarian reform (Japan, the Republic of Korea and Taiwan Province of China).
- The support of the Catholic Church (representatives, in this case, of an emerging civil society movement of the peasantry), mainly the bishoprics of Santiago and Talca (300 km south of Santiago), which initiated the process by redistributing its landholdings to the peasants working them. It also set up a non-governmental organization (NGO) to provide the necessary support services and organize promotion actions for the new farmers, serving as a testing ground for future nationwide actions.

### ***Setting the legal stage***

Following the Punta del Este Declaration, in 1962 the Chilean right-wing government passed a constitutional reform allowing for expropriations of agricultural landholdings with delayed payments.

It also enacted the first land reform law (Law No. 15020), which placed a ceiling on individual holdings of 80 basic irrigated hectares (HRB) - a homogeneous measure intended to equalize production potential in the different regions of the country (1 HRB corresponded to 0.5 ha near Santiago and to 5 000 ha in the extreme south of the country). In addition, it transformed a public institution in charge of managing land settlement schemes into the Land Reform Corporation (CORA). The CORA managed the process, including the provision of support services to the beneficiaries, until 1980, when the military government stopped the process.

The government did not use the land reform law and continued with the distribution of state lands at a slightly faster rate than in the past.

### ***The reformist period, 1964 - 70***

In 1964, a new government was elected on a political platform that placed land reform and social transformation of the agrorural sector very high on the political agenda. It was the first government of Chile to receive a majority of the popular vote. It adopted a comprehensive approach to the question, inserting the agrarian reform goal in a broader framework of redressing the strong anti-agricultural bias caused by the post-war development strategy of import substitution. In general, it sought to bring about a social transformation of the feudalistic scheme then prevailing in the countryside. This approach included greater sectoral neutrality of macroeconomic policies, including gradual liberalization of the prices of basic foodstuffs and a crawling-peg foreign exchange policy, thereby devolving a greater degree of profitability to agricultural production. New legislation (Law No. 16640) allowed for the acceleration of the expropriation of private lands, using a pre-established price for the land based on its taxation value (well below the market price), and ensured a cash payment for any investment made in the expropriated farms after the enactment of the 1962 law. This allowed the investment process in Chilean agriculture to continue and even expand during the implementation of the new legislation (see Ringlein, 1971). It also enacted a new legislation allowing for the unionization of farm workers of the existing latifundia, a process that was strongly promoted by the state. As a result of this legislation, by 1970, farm workers has achieved a higher proportion of organization than urban workers, who had been allowed to unionize since the 1930s.

A major production promotion programme was also undertaken under the general framework of a long-term plan, giving special emphasis to the subsectors where Chile appeared to enjoy strong comparative advantages, namely: temperate fruit and wine production in the Central Valley; forest plantations for pulp and paper processing on the fringes of the Central Valley; and dairy production in the south.

The result of this comprehensive strategy was that, despite the significant social change and a three-year drought, gross agriculture production expanded at an annual rate of 4.6 percent, almost double the rate that the sector had experienced since the end of the Second World War (see Cox, 1983). Yet, at the same time, 3.5 million ha, or more than 12 percent of country's agricultural land and almost 20 percent of its irrigated land (mostly in the Central Valley), had been expropriated and ownership transferred.

### ***The revolutionary period, 1970 - 73***

During this period, the expropriation process was accelerated, almost doubling the rate achieved in the previous period. In three years, it affected almost 7 million ha nationwide. Violent farm seizures were, if not encouraged directly by the government as a way of expediting the process, strongly promoted by its more radical supporters without having to face strong government actions to maintain

the rule of law. The overall macroeconomic policy was strongly expansionary, generating a hyperinflationary process (an annual rate of 300 percent in 1973) and widespread shortages. Food prices began to be fixed again, and so the conjunction of these macro tendencies and farm-level insecurity resulted in a sharp drop in agricultural profitability. As a result, agriculture production fell at an annual rate of 4.3 percent (see Cox, Niño de Zepeda and Rojas, 1989). The way the process was conducted made a significant contribution to legitimizing in the eyes of part of the population the violent regime change that came about in 1973.

### ***The counterreform period, 1973 - 80***

Under the military government, the process was stopped in its expropriatory stage and a general re-ordering of land tenure took place. One-third of expropriated farms were devolved to their previous owners; one-third, comprising non-easily divisible lands (non-irrigated, hilly terrain and mountainous areas), were auctioned out to private and public institutions; and one-third, comprising easily divisible land (mainly irrigated flat lands), were divided into private plots and sold under long-term payments to the original beneficiaries. The major support activities provided by the CORA were discontinued, it remaining mainly as a land division agency. The supportive functions were partially taken over by NGOs (mainly linked to the Catholic Church), and by another public agency catering for small farmer development, the National Agriculture Development Institute (INDAP).

The macroeconomic environment was not conducive to the sustainability of the new beneficiaries, with prevailing high inflation rates, drastic liberalization of markets (including the capital markets), annualized real interest rates on loans reaching 40 percent, and liberalization of the land market. This period ended with a severe economic crisis in 1982, when the gross national product rate dropped by 14 percent, owing to the exchange rate being fixed for three years despite continuous inflation. The result was that about 50 percent of the beneficiaries of individual plots assigned during this process had sold out by the mid-1980s (see Echenique and Gomez, 1988), and the annual rate of growth in agricultural production had returned to the sluggish 2 percent of the pre-reform period.

This process reversed strongly after the crisis, when more conducive macroeconomic and agriculture policies were implemented. They included a return to a crawling-peg exchange rate and greater control of the capital markets. The new policies led to a sizeable reduction in interest rates and a programmed reduction in the inflation rate.

Agriculture policies regained their prominence. The price-band system was established, bringing stability to the main agricultural markets (wheat, sugar beet and oilseeds). Agricultural credits were re-established, and support services were expanded for small farmers as well as commercial producers. Agricultural production responded rapidly, regaining annual growth levels of 7 percent (see Cox, Niño de Zepeda and Rojas, 1989: p. 130).

### **China and Viet Nam**

**Lessons learned: *The success of the land reform strategies in China and Viet Nam was based on support for family units.***

At the end of 1978, the Central Committee of the Communist Party of China approved the "Decision on some issues of speeding up agricultural development". This laid the foundation for a comprehensive agrarian reform programme. The reform was carried out gradually. First, the household contract responsibility system was introduced. This gave farming families usufruct rights over cultivated land. Second, the organizational system of the People's Commune was abolished as it had proved inefficient. Third, new rural economic organizations were developed. The results of the

reform were impressive. Between 1978 and 1989, the value of gross agricultural output increased by 88.3 percent, at an average annual rate of 13.5 percent. In the same period, the per capita net income of farmers also recorded an annual increase of 13.5 percent. This increase in income was partly attributable to pricing factors, but 74 percent of it resulted from the strong incentives that the reform gave to individual farmers. Furthermore, the increased income led to investments in non-agricultural activities, the establishment of small rural enterprises and the creation of non-farm employment. As a result of the overall economic growth in rural areas, the number of rural poor fell from 260 million (33 percent of the rural population) in 1978 to 89 million (11 percent) in 1984.

Viet Nam has experienced similar productivity gains from breaking up large collective farms into small family units. Laws enacted in 1981 and 1987 aimed to improve agricultural productivity through increased incentives of individual farmers and recognized land-use rights of individual households. These reforms have resulted in an impressive growth of agricultural output, transforming Viet Nam from a food-deficit country into a food-surplus one. Rice production increased from 12 million tonnes in 1981 to 22 million tonnes in 1992. In addition, there has been a significant increase in the areas under industrial/commercial crops including rubber, coffee, tea, coconut, fruits and vegetables, while the area under inferior crops such as cassava and sweet potatoes has declined.

## References

**Cox, M.** 1983. La pequeña agricultura Chilena: condiciones actuales y perspectivas. In M. Cox, ed. *Agricultura Chilena 1974-1982*. Santiago, DECAM.

**Cox, M., Niño de Zepeda, A. & Rojas, A.** 1990. *Política agraria en Chile: del crecimiento excluyente al desarrollo equitativo*. Santiago, CEDRA.

**Echenique, J. & Gomez, S.** 1988. *La Agricultura Chilena: Las dos caras de la modernización*. Santiago, FLACSO-AGRARIA.

**Ringlein, P.** 1971. *Economic effects of Chilean national expropriation policy on the private commercial farm sector*. University of Maryland, USA. (Ph.D. thesis)

---

<sup>[1]</sup> This article has been a joint effort of the Land Tenure Service of the Rural Development Division of FAO, led by its Director. The contribution by H. Meliczek to the initial inputs for this document is gratefully acknowledged.

---