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Most of the studies employ a quantitative approach. The common objective of all studies in this series is to contribute, directly or indirectly, to the formulation of policies which aim at furthering the fundamental goals of socio-economic development, at regional, national, multinational and global levels. The editors express the hope that this broad objective may be reflected in the diversity of contributions to this series.

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Agrarian structures and agrarian reform

Exercises in development theory and policy

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To Jan
who made this study possible

Foreword

This study is an attempt to contribute to our understanding of one of the most important reforms currently advocated by development economists to reduce rural poverty in developing countries: land reform. Dr. Cohen has based his study on models in which three social groups are acting: these, for brevity's sake, are called landlords, peasants and the groups who comprise the non-agricultural sector. Peasants include the so-called landless peasants which western countries generally term agrarian workers. The method can be extended to larger numbers of groups. The actors are involved in various activities, including production, consumption and saving, the latter being available either for physical or for financial investment. This implies that various wealth components appear in the model alongside flows of goods and services.

Use is made of determinate models with linear and non-linear equations of a dynamic character. The models are employed to estimate socio-economic development under alternative regimes. Regimes differ, on the one hand, according to which group is in power and, on the other hand, according to the instruments of economic policy they use.

It is an attractive feature of Dr. Cohen's study that the models are applied to two countries for which all the necessary statistical material has been estimated: India and Chile. For both countries a brief socio-political sketch precedes the numerical application of the models. For India five instruments of socio-economic policy are considered: land transfers, measures to stimulate productivity, credit policies, taxes and tenure and wage regulations. The impact of each of these instruments as well as their combined impact, at specified intensity levels, is estimated over a twenty-year period. As a consequence of non-linearities the combined effect in India is

considerably larger than the sum of the effects of each instrument applied in isolation.

The Chilean application is of particular interest in the light of the last decade's dramatic changes there in the political scene. One finding is that the interests of the agricultural groups collide with those of the industrial group much more intensively than in India. For this reason Dr. Cohen took care to propose, adapt and study step-wise strategies of agrarian reform which avoid the undermining of industrial interests. He started with the less radical reform of the Frei government (1967) and added the use of institutional credit, measures for increasing productivity, increases in agricultural wages and tax measures. In this way a policy can be formulated serving the interests of the poor peasants without damaging industrial interests.

Dr. Cohen has made an impressive contribution to a more sophisticated discussion of the struggle against rural poverty in the Third World. The project was financed by the proceeds of the Nobel Memorial Prize in Economic Science I received in 1969, supplemented by the Netherlands Economic Institute and the Centre for Development Planning of Erasmus University Rotterdam. I am happy that these resources have been used so ably by Dr. Cohen and I am looking forward to the further contributions this study will induce in constructive critics.

J. Tinbergen.

Preface

Compared to *economic* theory (and policy) the study of *development* theory (and policy) needs to be more interdisciplinary, long term and complex in nature.

To start with, in traditional society, distribution of landownership is closely associated with sub-cultural heritages. Together they determine the distribution of power among *interest groups* and the course of events in society. Under the pressure of external influence and internal change, the power structure is transformed. Change, or development in general, ultimately shatters the old distribution of power, installing a new one, which in turn determines the course of events until such time as the course is discontinued by external or internal conflicts necessitating a new distribution of power along new lines of alignment, and so on. In the course of development, as traditional society is dissolved, the lines of alignment tend to run more along occupational, ideological, and minority interests, giving a more diversified and overlapping distribution of power among interest groups.

The development process is made more complex by the intrusion of the *state* in society. In most traditional societies the state is still weak, almost absent; it is rightly referred to as 'the soft state.'¹ As development proceeds the state is strengthened. Only at a later stage of development do the state and the political machinery which is associated with it acquire sufficient significance and independence to become a group with its own interests, sharing with other interest groups in the distribution of power and the governing of the course of events in society. The state and its supporting machinery of monarchs, military, or elected politicians, however sincere they may be, are ultimately concerned with their own interests: ideology, prestige, monopoly of authority, or continuation in office.

1. G. Myrdal (1968).

In principle, a *theory of development* should precede a *theory of development policy*. The latter is not autonomous. Granted a theory of development along the above lines, the role of the state in influencing development policy becomes a complex issue. It is also certain that the role of the state in development policy and decision making cannot be uniform for different countries at different stages of development (not to mention the direction of the policy).

This book attempts, among other things, to integrate some of the above hypotheses in development models. It is natural, therefore, for the book to touch upon certain premises of a theory of development *and* a theory of development policy. Accordingly, what has been done in this respect does not claim to be more than applicable exercises in development theory and policy.

The fact that the unit we study in this book is agrarian society is especially significant. If there is to be a contribution towards a theory of development agrarian society is the best starting block. Besides, the recognition that present agrarian structures in many developing countries are major obstacles to the healthy and quick development of those countries and the world at large is a powerful stimulus for a systematic study of agrarian structures and agrarian reform.

Jan Tinbergen took the initiative by contributing the proceeds of the Nobel Memorial Prize in Economic Science he received in 1969 toward the financing of the project.

Nor was Tinbergen's support restricted to this grant. He read and commented on the manuscript at various stages. In addition to this, most of the exercises and elaborations were made either as a direct result of, or as a reaction to, his theory of economic policy.² For all that we are greatly indebted to him.

Many of my colleagues at the Erasmus University, Rotterdam, and the Netherlands Economic Institute have read and commented on various parts of the book. Special mention and thanks are due to F. Bishay, H. C. Bos, J. Breman, P. Cornelisse, B. Herman, A. ten Kate, J. Kol, L. Mennes, J. Sandee, E. J. Schreuel, A. Waarts, and W. G. Wolters. And, not least to S. Chakravarty, who was visiting professor in the academic year 1976–77 and who participated enthusiastically in staff discussions on the project and made several suggestions which turned out most valuable.

2. J. Tinbergen (1952).

Two graduate students, H. van de Rijt and J. van de Straaten, applied earlier versions of the model to India and Chile as early as 1972 and 1973, respectively. Some of their parameter estimates and other material they collected were utilized in making the case studies of Chapters Four and Five. A. W. Rijnveld did a good deal of computation and programming, while Mrs. C. J. Verheule-de Groot took on with diligence the task of typing and retyping.

I am grateful to all the above-mentioned persons, and equally to Els, Bas, and Bram, who were quite modest in their claims for time and attention.

Suleiman I. Cohen

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