

Perspectives on Land Reform

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Land reform is an essential pre-requisite to the economic development of an agriculturally underdeveloped country. The historical experiences of several countries have demonstrated that a land reform has preceded their economic development. Land reform is a fundamental change in the land tenure structure of a country necessitating the redistribution in the ownership and possession of lands ; changes in the methods of farm management and exploitation under different systems of farming, and changes in farm size structure.

Land Reform and Agrarian Reform

Early discussion of land reform tended to view it as different to agrarian reform but the experience of land reforms in many countries has brought out the importance of supporting services such as credit, the provision of extension facilities, channels for marketing produce, and the availability of agricultural inputs. To be of significance to the socio-economic development of a country land reform must therefore be viewed as the broader process of agrarian reform. Land redistribution alone is inadequate. Agrarian reform must be viewed within the socio-economic context of particular countries ; and also as fundamental changes in the

methods of owning and cultivating land so as to promote the overall requirements of socio-economic development.

However, a basic change in the agrarian structure is difficult to achieve owing to several reasons. Land is the predominant or strategic resource in a pre-industrial society. Land ownership is not merely a source of economic wealth but also a source of social status and political power. When one possesses land, all else is added unto him. Without land one is deprived of access to many opportunities for improvement. Therefore, changes in the rights to the possession and control of land have a fundamental, revolutionary, and irreversible bearing on the relative strengths of the different classes and groups of a society. Land reforms are therefore generally resisted by those having economic wealth and political power. For this reason land reforms have often been enacted and implemented after a drastic change in the political structure or by external pressures.

What are the objectives of a land reform? The objectives of a land reform could vary considerably. This is especially so as a land reform is often a response to political pressures and could have political objectives such as penalising a particular

class or group of persons ; legitimizing a new regime ; or dampening a revolutionary or insurgent potential. The social and economic goals of a reform are those of increasing agricultural production, improving wealth and income distribution and increasing employment opportunities on the land.

Production

Increased agricultural production is a pre-requisite to economic development of agriculture based economies. It is therefore essential to view land reform as a measure to increase agricultural productivity. It is, however, true that a land reform has often led to a drop in agricultural productivity owing to several reasons. The existing land tenure structure has servicing systems to meet input needs such as the provision of credit and fertilizer and their own processing and marketing channels. The landed interests, who continue to wield considerable economic and political power, attempt to discredit the reform by withholding resources. Where the existing servicing structures are the chief available means such withholding is a significant deprivation to the reformed structures. Until new supporting services are developed, the land reform lands tend to be denied very necessary services. Often the reformed tenure structures are themselves experimental and have internal problems of management. A period of lower agricultural production is, therefore, a common experience in countries which have undergone a land reform. This again underscores the need for developing supporting services ; as such a drop in agricultural production cannot be borne by countries with low levels of living and low agricultural productivity levels.

Equity in Distribution

Since land is the most important economic resource, the pattern of its ownership and the conditions on which the land is cultivated have an important bearing on income distribution. If, however, a land reform merely redistributes land more equitably and all other conditions remain the same, there is a redistribution only to the extent that the ownership structure of the basic income generating resource has been altered. Such a change is at best merely a redistribution of existing incomes and the importance of land reforms as a measure of income redistribution is limited. If, on the other hand, the new incentives coupled with adequate supporting services leads to increased productivity then a more cumulative impact on income redistribution can be attained. Part of this cumulative income redistribution would arise from the increased income of lower income groups leading to a change in consumption patterns in favour of basic needs produced at the local level or at least within the country. These increased demands could lead to an expansion of village level industries which utilise local materials and are more labour intensive.

Employment and Intensive Land Use

The question then arises as to the means by which such goals should be attained. Increased agricultural production *per se* could be attained by various means. But the strategies used must be consistent with the resource endowments of the country as well as the other goals that must be attained. In a labour surplus and a land and capital scarce economy such as ours an intensified use of land and capital and techniques which are highly labour absorptive should be adopted. In other words the tenure structure must be changed so as to provide an alternate structure which increases agricultural production by a more intensive use of land. Such intensification must be attained by a greater use of labour on the land. This in turn would result in the mitigation of the unemployment problem.

One of the major gains in a land reform arises where land which has not hitherto been agriculturally exploited is redistributed to agricultural workers. In the case of large land owners with high income levels, cultivation of these lands may not appear worth the effort especially considering the net disposable income they derive after payment of taxes. They, therefore, tend to retain such land as capital assets rather than as sources of income. The cultivation of such land could provide employment and increase agricultural output and incomes. However, one must be careful to note that all uncultivated land is not necessarily cultivable and some of these lands may have remained uncultivated precisely due to problems of cultivating such lands.

vating lands as well as due to the unfeasibility of such cultivation under large scale management. Small scale cultivation could lend itself more easily to intensive exploitation with several crops. Apart from scale considerations, a land reform could plan such agricultural development by redistributing land with the understanding that these lands are exploited in this manner.

SRI LANKA'S LAND REFORM

The Land Reform Law of 1972 was the first attempt to alter the land tenure structure of the country by the redistribution of a significant extent of privately owned agricultural land. The law placed a 50 acre ceiling on the individual ownership of agricultural land, except in the case of paddy land, where the ceiling was 25 acres. Agricultural

Table 1 — Land Expropriated by Type of Land Use

Type of land Use	Area in Acres	Percent of Expropriated land
Jungle Patna & uncultivated and abandoned tea & rubber ...	183,958	33
Tea ...	135,760	24
Coconut ...	115,350	21
Rubber ...	82,944	15
Paddy ...	16,270	3
Other Crops ...	25,095	4
Total ...	559,377	100

Another way in which a reform could contribute towards increasing agricultural production, employment and incomes is by inter-cultivating lands under a single crop with several others. This too may not have been feasible before a reform owing to the reasons adduced for not culti-

lands owned by public companies were exempted.

Expropriation

With this ceiling a total extent of 559,377 acres were expropriated. The breakdown of these lands by type of land use is given in Table 1.

About one third of the land area expropriated is uncultivated. A significant amount of increases in agricultural production and employment is likely to result from the exploitation of these hitherto uncultivated land. No doubt some of these lands are not cultivable and would have to remain so. Yet to the extent that the 184,000 acres are cultivated this should result in a net gain in production and employment.

In the case of tea lands the attainment of the objectives of increased employment and productivity are limited on well maintained lands as these absorb about 1.1 workers per acre and maintain a higher productivity per acre. However, a high proportion of tea lands that have

been expropriated are likely not as productive and a more systematic cultivation of these lands could increase employment and production.

Coconut lands probably have the highest potential for increasing agricultural production and employment. This possibility arises out of the fact that several crops could be interplanted with coconut and dairy cattle established on these lands.

Management Forms

Apart from the type of land use of the pre-reform lands, the nature of post-reform management of these lands have an important bearing on

the attainment of the reform objectives. The method of alienation of lands by organisational method is given in Table 2. However, this classification is inadequate for a discussion of the new forms of tenure as these farm lands could be transferred to other forms and the form of tenure of a substantial proportion of the lands cannot be gauged from this classification. These uncertainties apply particularly to lands alienated to the Divisional Land Reform Authorities and those under the Land Commissioner. Although these categories account for over half of the total lands expropriated a high proportion of these lands are likely to be hitherto uncultivated lands.

Estate land taken over by the State Plantations Corporation and (USAWASAMA) and any estates continued to be maintained as large units and operated on the same basis as privately owned estates, are likely to change their productivity only to the extent that the new management is more or less efficient than the previous management. Such transference of ownership without a change in organisational forms is likely to change its productivity owing to differences in the management capacities. A sizeable extent of the tea and rubber lands previously held in estates is likely to fall into this category. A determination as to whether the transfer of ownership and management from the private sector to the public sector can be made only after a lapse of a few years and the production statistics of the estates are examined over several years under both forms of ownership.

The experience of the State Plantations Corporation in managing estates is likely to be of use in operating the new estates. The State Plantations Corporation has however, obtained only 31,791 acres. The other management organizations entrusted with estates may not necessarily possess the abilities to handle the estates. The discontinuance of former management personnel with planting experience on estates could compound the problem. The State Plantations Corporation itself may be overstretching its capacities. While

TABLE 2

Lands Alienated by Institutions & Management

Institutions or Management Method	Area in Acres	Percent of Total
Divisional Land Reform Authorities ...	177,719	32
Land Commissioner	111,375	20
USAWASAMA (Udarata Samupakara Wathu Sanwardhana Mandalaya) ...	87,235	16
Multi-Purpose Co-operative Societies ...	48,143	9
Cooperative Settlements (Samupakara Janawasas)	38,704	7
State Plantations Corporation	31,791	6
Special Cooperative Organisations ...	19,750	3
Government Boards and Institutes ...	8,310	1
Individual Villagers	13,833	2
Others	22,517	4
Total	559,377	100

from the point of view of maintaining productivity the estate form of management may be suited, the continuation of the estate system implies a lack of reform in land tenure conditions. Considerable amount of re-thinking will be necessary to devise a new system of organization which democratizes the ownership and management of these lands while maintaining high productivity levels.

Collectives

New forms of tenure and agricultural organization are being developed under the reform. This is particularly so with respect to the development of cooperative or collective farms. About 38,000 acres have so far been alienated for Samupakara Janawasas. Some other cooperative organizations are also being established. Most such lands are developed lands.

Cooperative farms have the advantage of a greater rationalization of labour resources and the economies of scale in certain farming operations. These advantages are likely to be particularly relevant for several new crops requiring standardised practices. Such organization may also be more suited for developing intensive farming units with agro-based industries. But cooperative farms pose several problems as well. A major need is a cooperative spirit or collective consciousness which is generally induced by ideological commitments or economic conditions necessitating continued operation on a group basis. This requires to be reinforced by skilful managerial principles which ensure that rewards are commensurate with labour inputs. A cooperative farming enterprise runs the risk of conflicts among the partners if rewards are not related

to their input of labour. Such conflicts affect the productive capacity of the farm.

Family Farms

The alienation of land on family sized holdings has several advantages. Once the supporting services of extension, credit, marketing, and the availability of inputs are assured, the individual farmers could be relied upon to take the decisions and expend energies to maximise production. There would be no need to police farming operations as it would be to the advantage of the farmer himself to allocate resources efficiently. In a family farming operation labour utilization would be intensified as it is to the advantage of the farm family to expend extra labour on an operation which brings in a positive net return, unlike in the case of wage labour where the return from the output must be more than the cost of wages. It is for this reason that the smaller paddy holdings adopt labour intensive cultivation practices like weeding and transplanting more than the larger holdings.

For these reasons there is a strong case for alienation of land in small family sized units. The twin considerations in determining the size of the holding should be an area cultivable with family labour supplemented at peak periods with communal farming operations, and the possibility of obtaining an adequate income for the family. But it must be stressed that a family farm system is likely to succeed only where the supporting services are adequately provided. This is clearly demonstrated in the colonization schemes, where a satisfactory tenure condition alone has failed to ensure a high yielding agriculture. On the other hand the special pro-

jects inaugurated on some colonization areas in 1967 have displayed impressive results.

Conclusion

The Land Reform Law of 1972, although unprecedented as a measure to curb private holdings of land, is limited in its impact as a basic and radical change in the tenure structure of the country. The exclusion of the large estates under company ownership and the maintenance of other extents taken over in the same estate type of organization, are mainly responsible for the limited impact. The reform also hardly affects the tenancy problem on paddy lands. However, it provides the country with an opportunity to evolve new types of tenure suited to different types of farming. It is also likely that this reform will release further pressures for a more radical change in the tenure structure encompassing the estate sector.

The smaller sized holdings on some lands, the larger number of persons likely to be employed on cooperative settlements than under previous private ownership; the inter-cropping on coconut lands; and the cultivation of hitherto uncultivated lands; are all likely to increase the intensity of land use and increase employment and incomes from land. The development of suitable organizational forms to manage the new tenure forms and institutional structures to service agriculture and provide the necessary inputs will be an important determinant of the success of the reform. However, agricultural production is likely to have been adversely affected by the reform owing to the uncertainty in tenure of the statutorily declared lands and the neglect by previous owners and the disruption of existing farm organization.

