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ECONOMIC COMMISSION FOR LATIN AMERICA
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Rio de Janeiro, Brazil

COMMITTEE IV (Agriculture)
SUMMARY RECORD OF THE FOURTH MEETING
Held at Rio de Janeiro on Friday, 17 April 1953
at 10.50 a.m.

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Problems of land reform in connection with the
economic development of Latin America

Address by Mr. João Cleofas, Minister of
Agriculture of Brazil

/PRESENT:

PRESENT:

<u>Chairman:</u>	Mr. CLESPU ORDOÑEZ	Ecuador
<u>Rapporteur:</u>	Mr. GLOWER	El Salvador
<u>Members:</u>	Mr. BILLARD	Argentina
	Mr. ALCAZAR	Bolivia
	Mr. LODI)	Brazil
	Mr. MOURA)	
	Mr. BORGES)	
	Mr. MACHADO)	
	Mr. BERTENS	Chile
	Mr. ISAZA	Colombia
	Mr. GARRIDO	Dominican Republic
	Mr. DE TINGUY DU POUET	France
	Mr. NORIEGA MORALES	Guatemala
	Mr. RIGAÚD	Haiti
	Mr. ALVARADO TROCHEZ	Honduras
	Mr. ROBLES	Mexico
	Mr. RADHAKISHUN	Netherlands
	Mr. CHAVEZ	Nicaragua
	Mr. MacCULLOUGH	Panama
	Mr. GONZALEZ	Paraguay
	Mr. BARRERO	Peru
	Mr. BOHAN	United States of America
	Mrs. WYLIE	
	Mr. WEISS	Uruguay
	Mr. CASAS BRICEÑO	Venezuela

/Also Present:

session and to the coming FAO seminar on land reform. He praised the objectivity of ECLA's work and was gratified to note that the governments had sent such distinguished representatives to the session.

He underlined the importance of agriculture for the countries of Latin America, and agreed with ECLA's Executive Secretary that there was no conflict between agricultural and industrial development. The Brazilian delegation would in fact present a draft resolution to the Committee requesting ECLA to study opportunities for creating industries designed to raise agricultural productivity.

Proceeding to deal with the situation in Brazil in particular, he said that President Vargas, realizing the importance of land reform in agricultural development, had set up the Agrarian Policy Commission, which had already done much to clarify the meaning of "land reform". In the Commission's report entitled "Directives for Land Reform in Brazil", it was stated that the main objectives of reform was the provision of land to farm workers for the purpose of avoiding the formation of a rural proletariat and overcoming the anti-economic and anti-social aspects of farming. Together with the subdivision of the "latifundios" and merging the "minifundios", land reform should guarantee the dignity of man in his work.

Draft legislation had been introduced in Congress for the creation of a Rural Social Service, financed in part by the rural population itself, to promote education in health and

/hygiene, domestic

hygiene, domestic economy, agricultural techniques, and other subjects. President Vargas had explained the purpose of the Service as the liberation of the farm worker from ignorant routine and the raising of his economic and social horizons.

The legislation, of course, was not a panacea for solving the problem of the maldistribution of land. The Agrarian Policy Commission was divided into working groups to make reports on specific, practical aspects of the problem, such as rural colonization, credit, agricultural rents, contracts of employment, rural social service and land ownership.

The Commission had decided that certain preliminary phases of land reform ought to precede the expropriation of the owners. As a result, the establishment of a National Immigration and Colonization Institute had been proposed to Congress, and the Commission had prepared an irrigation project for the drought-stricken area of northeastern Brazil. Moreover, legislation was being drafted relative to resettlement; it would aid tenants, who produced 70 percent of the country's rice and cotton, by fixing more reasonable rents, providing greater security for the tenants, and attempting to guard against land wastage while providing conditions which would permit the tenant gradually to acquire the ownership of the land.

Finally, the Commission had struck at the crux of the land reform problem by placing a practical construction on

/the clause

the clause in the Constitution which referred to expropriation "in the social interest". It was proposed that compensation to owners of expropriated land would cover only the cost of the land plus the value of improvements and legal interest, and the Government would be empowered to require owners of more than 300 hectares to let up to 15 per cent of the land to small holders. Although one could not expect such a novel proposal to receive immediate acceptance, promising progress had been made and the need for assuring full land utilization and avoiding speculation had been recognized.

In short, the policy of the Brazilian Government, was to give the country by democratic means, a new agricultural structure resembling that of the so-called "family-sized" farm system in the United States by providing land and technical aid to those willing to work. Land reform should not be used as a political weapon but as a step in development.

He was happy to have had the opportunity to address the meeting and was confident that the session would produce useful results.

The CHAIRMAN thanked the Minister for his most interesting address.

Mr. LODI (Brazil) said he had been much impressed by ECLA's work, and referred to the special importance of land reform to the work of the Committee in general.

/Mr. BERTENS (Chile)

Mr. BERTENS (Chile) said that his country was particularly interested in the subjects discussed by the Committee. There had, however, to be certain general conditions before the individual items could be analysed. In any plan aiming at a particular economic goal, as for instance the satisfaction of the demand for food, there were two alternatives: first to meet demand by means of domestic production, or else to develop a domestic activity to supply sufficient means of payment to pay for imports of such foodstuffs. A programme based on the second alternative would lead to each economic activity developing its full individual potential.

He described briefly the different aspects of applying an agricultural development programme in Chile, with due attention paid to each factor. His country constituted an example of co-ordinated effort in that aspect, as the work of ECLA, FAO and the International Bank had provided basic information for solving various problems; the studies were the basis for a new agricultural structure related to a general economic development programme. A planning commission had been formed to consider fiscal, monetary and other questions, and incentives for stimulating development. The credit programme would be administered by the Central Bank, which would thus become an effective instrument for handling Chile's monetary system.

Mr. NORIEGA MORALES (Guatemala) said that his country was thoroughly overhauling its system of land tenure, a reform which would have an important bearing on the entire economic structure.

economic structure. While they dealt specifically with Guatemala, his remarks were pertinent to conditions in most Latin-American countries, where backwardness in agriculture could be traced back to the colonial era. The semi-serfdom of the peasants, who received payment in kind and were tied to the great estates, and prevailing conditions of "latifundio" and "minifundio" hampered progress and were evidence of the poor system of land distribution. In his country, the small-holdings ("minifundio") barely provided subsistence for the families living thereon, while on the large estates ("latifundio") conditions were often inhuman. These systems should be abolished.

The redistribution of land implied the redistribution of the means of production; the large estates were seldom adequately farmed, and large areas lay fallow, with the consequent waste of resources and anti-social results.

The redistribution of land would lead to the redistribution of income; at the moment land-owners, businessmen and professionals were enjoying high incomes, whereas the income of the large mass of rural workers was very precarious, barely rising beyond the subsistence level.

There were two other elements essential to land reform: first, the modernization of agricultural methods with government assistance, through mechanization, provision of improved seeds and so forth. Without these aids the new

/owners of

owners of redistributed land would be handicapped by backward farming methods.

The second element was the use of agricultural credit, a subject which could not be divorced from that of land reform.

He stressed the marked under-employment of farm labour, due to backward methods, a lack of incentives, the peasant's precarious living conditions, and the lack of guidance as to the type of credits to be used.

Successful land reform should be accompanied by progressive industrialization for the gradual absorption of the displaced rural workers. Such industrialization might begin in areas close to the farms, with a view to using local raw materials.

In recommending that ECLA should prepare studies in the light of the principles he had outlined, he stressed that such principles could not be applied indiscriminately. A detailed study of local factors was required for gradual reform, and methods might vary from country to country.

The share cropping contracts in Guatemala were perhaps unique, the landlord taking up to 50 per cent of the crop, but similar conditions also existed elsewhere; peonage was a local problem also requiring examination, together with "minifundio" - where it existed. All these factors would, he hoped, be incorporated in future ECLA/FAO studies.

The CHAIRMAN said that he wished to make a statement in his capacity as representative of Ecuador, and requested Mr. VILLAR (Argentina), to take the Chair.

/Mr. VILLAR

Mr. BILLARD (Argentina) took the Chair

Mr. MOURA (Brazil) referred to agricultural credit and its relationship to land reform. In his country, credit facilities reached only 1 per cent of farmers, and were rarely available for small-holders. He cited figures showing that 75 per cent of producers received less than 12 per cent of the credits granted. Shortage of capital resources led to high interest rates, while inflation also had adverse effects on credit resources. Land reform was a first step towards removing such conditions, and there was justification for his Government's efforts in the agricultural credit field, to channel resources to the actual producers.

Mr. CRESPO ORDÓÑEZ (Ecuador) did not favour indiscriminate redistribution of the land. The criterion to be adopted in any land reform programme was whether or not the land was put to productive uses, irrespective of the size of the unit. Where the land was unproductive through no fault of nature, the landholder should be penalized.

While commending the statement of the Guatemalan representative, he disagreed with some points in it. There were two types of agricultural units: subsistence units and production units. The former supplied the farmer's own requirements and some local ones, with no surplus for the national economy. It was the second type that needed

/encouragement, and

encouragement, and usually there was a close correlation between production costs and the extension of the holdings.

He described some of his Government's experiences in the distribution of large estates into small-holdings, a process which had produced negative economic results. He also stressed the attachment of the peasant to the land, and the difficulty of transferring him to other activities. Finally, he cited the Spanish land reform programme of 1931, when the decisive factor governing land distribution had been production rather than extension.

Mr. NORIEGA MORALLIS (Guatemala) explained that perhaps he had not been sufficiently explicit, as he had not wished to indicate that rationally exploited land should be or had been redistributed. Redistribution of uncultivated land was the first step to be taken, followed perhaps by that of under-utilized land.

The meeting rose at 1.5 p.m.