

Pakistan: Land Reforms Reconsidered ¹

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Introduction

Before the introduction of the high yielding varieties of food-grains in the late 1960s the argument for land reform was a simple one. It was observed that small farms had a higher yield per acre than large farms,² so it was argued that a redistribution of owned land in favour of the smaller farmers would improve average yields in agriculture. Hence land reforms were considered advisable both on grounds that they would reduce the degree of inequality of rural incomes, as well as on grounds of efficiency. The efficiency argument for land reforms in Pakistan gathered momentum in the 1950s when agricultural stagnation began to constitute a fetter to the growth of industry.³ Agriculture provided not only food-grains for the rising urban population but also provided most of the foreign exchange with which industrial machinery and raw materials were imported.⁴ Accordingly slow agricultural growth generated both a crisis in the balance of payments as well as food shortages in the urban sector.⁵ In such a situation even the technocrats who were merely interested in the growth of GNP joined the cry of the social reformers for a land reform. It began to be seen as a necessary instrument for accelerating agricultural growth and thereby releasing the constraint on industrial growth.

When the Green Revolution technology became available in the late 1960s, the ruling classes could breathe a sigh of relief. The new technology made it possible substantially to accelerate agricultural growth through an "elite farmer strategy" which concentrated the new inputs on large farms. Now the crucial determinant in yield differences became not the labour input per acre in which small farms had been at an advantage, but the application of the seed-water-fertilizer package to which the large farmers with their greater financial power had superior access. Thus the technocrats felt that the Green Revolution had made it possible to accelerate agricultural growth without having to bring about any real change in the rural power structure.

Today after more than a decade and a half of the "elite farmer

strategy", the imperative of land reform is re-emerging, albeit in a more complex form than in the pre-Green-Revolution period. As the large farms approach the maximum yield per acre with the available technology, further growth in agricultural output increasingly depends on raising the yield per acre of smaller farms. The small-farm sector whose yield potential remains to be fully utilized, constitutes a substantial part of the agrarian economy. According to the Pakistan Census of Agriculture 1972, farms of less than 25 acres constitute 88 per cent of the total number of farms, and 57 per cent of total farm area. From the viewpoint of raising the yield per acre of small farms (i.e. farms with less than 25 acres) the critical consideration is that 54 per cent of the total farm area in the small-farm sector is tenant-operated. Since tenants lose half of any increase in output to the landlord, they lack the incentive to invest in technology, which would raise yields. Because of their weak financial and social position they also lack the ability to make such investment. Their ability to invest is further eroded by a whole nexus of social and economic dependence on the landlord, which deprives the tenant of much of his investable surplus. Thus the objective of raising yields in the small-farm sector is inseparable from removing the institutional constraints to growth arising out of the fact of tenancy. A land reform programme that gives land to the tiller is therefore an essential first step in providing the small farmer with both the incentive and the ability to raise his yields. However the imperative for land reform today arises not only from the need to accelerate agricultural growth, but also from the need to prevent the developing social crisis associated with the impact of the Green Revolution on Pakistan's rural society. We shall argue in this paper that in a situation where the distribution of landownership was highly unequal the adoption of the Green Revolution technology set in motion powerful economic forces which, while rapidly enriching the large farmers, also induced a sharp increase in rural poverty, unemployment and the pressure on big urban centres. We shall discuss the following four contradictions generated by the growth process in Pakistan's agriculture during the Green Revolution period:

1. the rapid mechanization of large farms in an economy characterized by a "labour surplus";
2. the polarization in the size distribution of farms accompanied by a growing landlessness of the poor peasantry .The polarization consisted of an increase in the percentage shares of large and small farms at the expense of medium-sized farms (8-25 acres);
3. the growth of capitalist farming together with a growing social and

economic dependence of the poor peasantry on large landowners;
4. an absolute deterioration in the economic condition of the poor peasants alongside the growing affluence of the large farmers.

The Attempts at Land Reform and their Failure

Before embarking on an analysis of the four contradictions specified above, and their link with an unequal distribution of landownership, let us briefly examine the impact of the land reforms of 1959 and 1972.

The Land Reforms of 1959. The 1959 land reforms fixed the ceiling on the private ownership of land at 500 acres irrigated and 1000 acres un irrigated. The fundamental feature which rendered this reform incapable of significantly reducing the power of the big landlords was that the ceiling on ownership was fixed in terms of individual rather than family holdings. This enabled most of the big landlords to circumvent the ceiling by transferring their excess land to various real and fictitious family members. Moreover a number of additional provisions in the 1959 land reform allowed landlords to retain land far in excess of the ceiling even on an individual basis. For example, an individual could keep land in excess of the ceiling so long as his holding was an equivalent of 36,000 Produce Index Units (PIUs). A PIU was estimated as a measure of the gross value of output per acre of land by type of soil and was therefore seen as a measure of land productivity. The lacuna in this provision was that the PIUs were based on pre-Partition revenue settlements. Since the gross value of output was dependent on the quality of land and prices, values of PIUs fixed before 1947 would grossly underestimate land productivity in 1959. M. H. Khan (1981) estimates that even if the PIU values published in 1959 were taken as a, correct representative of land productivity, the allowance of 36,000 PIUs for an individual holding would leave a substantially larger area than that specified in the ceiling. Another provision which enabled landlords to retain land above the ceiling was that an additional area was allowed for orchards.

Given the fact that in the 1959 land reforms the ceiling was fixed in terms of individual rather than family holdings, and given the existence of additional lacunae in the provision, most big landlords were able to circumvent the ceiling and retain their land without declaring any land in excess of the ceiling. Those who actually declared excess land were super-large landlords who even after

making use of exemptions still could not conceal their entire holding. Thus the average owned area per declarant landlord in Pakistan was as much as 7208 acres and in the Punjab province was 11,810 acres. It is interesting that even out of the land declared in excess of the ceiling only 35 per cent (1.9 million acres) could be resumed by the government. After the government had resumed whatever excess land it could, the average owned holding retained by the declarant landlords was as much as 4033 acres in Pakistan and in the Punjab province 7489 acres.⁶ Thus the land reforms of 1959 failed to affect the economic power of the landed elite in Pakistan. The final gesture of benevolence by the government towards the landlords is provided by the fact that of the land actually resumed under the 1959 land reforms, as much as 57 per cent was uncultivated land. Most of this area needed considerable land improvement before it could be cultivated. Yet the government paid Rs39.2m to the former owners as "compensation" for surrendering land which was producing nothing (Khan, 1981, chap. 5).

The Land Reforms of 1972. The 1972 land reforms shared with the 1959 land reforms the essential feature of specifying the ceiling in terms of individual rather than family holdings. However the ceiling in the 1972 land reforms was lower, being 150 acres for irrigated and 300 acres for unirrigated. The 1972 land reforms allowed an area equivalent to 12,000 PIUs (with a bonus of 2000 PIUs to owners of tractors or tubewells), which made possible a *de facto* ceiling on an individual ownership far above the ceiling. The reason for this discrepancy between the *de jure* and *de facto* ceiling was that the revenue settlements of the 1940s still formed the basis of estimating the PIUs. The considerable improvement in yields, cropping patterns, and cropping intensities since the 1940s meant that the use of obsolete PIUs in 1972 considerably understated land productivity. M. Ho Khan has estimated that due to the understatement of land productivity through the PIUs provision, the actual ceiling in the 1972 land reforms was 466 acres in the Punjab and 560 acres in Sind for a tractor/tubewell owners. If an owner also took advantage of the provision for intra-family transfers the ceiling came to 932 acres irrigated in the Punjab and 1120 acres in Sind (Khan, 1981). Of the land that was declared above the ceiling by landlords after they had made use of the provisions for circumventing the ceiling, only 42 per cent was resumed in the Punjab and 59 per cent in Sind. The area actually resumed by the government under the 1972 land reforms was only about 0.6 million acres, which was even less than the area (1.9 million acres) resumed under the 1959 land

reforms. The resumed area in 1972 constituted only 0.01 per cent of the total farm area in the country. Moreover in the Punjab 59 per cent of the area resumed by the government, was uncultivated. Consequently the land reforms of 1972, like the land reforms of 1959, failed to affect the power of the big landlords significantly.

Agrarian Structure and the Impact of the New Technology

The discussion in the preceding section has suggested that both the land reforms of 1959 and 1972 failed to change the highly unequal distribution of landownership in Pakistan. We find that as much as 30 per cent of total farm area in Pakistan is owned by large landowners (i.e. owning 150 acres or more). These landowners constitute only 0.5 per cent of the total number of landowners in the country.⁷ The overall picture of Pakistan's agrarian structure has been that these large landowners have rented out most of their land to small- and medium-sized tenants.⁸ In such a situation when the HYV technology became available in the late 1960s the large landowners found it profitable to resume some of the land they had rented out to cultivate themselves on large farms, using hired labour and capital investment (Hussain, 1982). It is this process of the development of capitalist farming which has generated new and potentially explosive contradictions in Pakistan's rural society. Let us examine each of these contradictions.

Farm Mechanization and the Problem of Employment

During the period when the HYV technology was being adopted in Pakistan there was also a rapid introduction of tractors. The number of tractors increased from only 2000 in 1959 to 18,909 in 1968. The rapid increase in tractors continued and by 1975 there were 35,714 tractors in Pakistan. Between 1976 and 1981 an additional 75,859 tractors were imported into the country.⁹ What was significant about the increase in the number of tractors was not only the rate of growth but also the fact that most of the tractors were in the large-size range. According to the report of the Farm Mechanization Committee, 84 per cent of the tractors were over 35 horse power, while only 1 per cent were in the small-size range of less than 26 horse power.¹⁰ The question that arises is why predominantly large-sized tractors were introduced in a rural sector where 88 per cent of the farms are below 25 acres in size.¹¹ This is

integrally linked with the question of why tractorization occurred at all in what is commonly regarded as a "labour surplus" economy. Both these questions can be understood in terms of the fundamental features of Pakistan's agrarian economy arising out of the highly unequal distribution of landownership. These features are:

I. The distribution of land ownership in Pakistan is much more unequal than the distribution of operational holdings. Our estimates based on the 1972 Census of Agriculture show that as much as 30 per cent of total farm area in Pakistan was owned by landowners in the size class 150 acres or more; by contrast the percentage of farm area *operated* by farmers in this size class was only 9.2 per cent. The observed divergence in the degree of concentration of farm area between owned and operated holdings suggests that many of the larger landowners must be renting out some or all of their owned area to smaller farmers. This proposition is supported by the data which show that compared with any other category in Pakistan and Punjab respectively¹² the large landowners (those with 150 acres or more) were the biggest renters out of land, even in 1972.

2. The larger landowners attracted by the high profitability of owner cultivation following the availability of HYV technology, tended to resume their formerly rented-out land to cultivate themselves on large farms with tractors. Evidence for the resumption of land during 1960 and 1978 for owner cultivation on large tractor farms is provided by our field-survey data. We found that farms in the size classes 50 to 150 acres, and 150 acres or more, have experienced a substantial increase in their area over the period.

In the case of farms in the size class 150 acres and above, the increase in farm area over the period 1960 to 1978 constituted half their total farm area in 1978. In terms of the source of increase, 65 per cent of the increase in farm area of large farms came through resumption of formerly rented-out land. Thus resumption of formerly rented-out land was by far the biggest source of increase in farm area of large farms. There is evidence that the resumption of rented out land for owners to cultivate themselves on large farms was associated with the purchase of tractors by those farmers. My field-survey data shows that whereas in 1960 almost 60 per cent of the farmers in the large-size class (150 acres or more) were without tractors; by 1978 all of them had at least one, and 41 per cent had three or more tractors.¹³ Evidence at the all-Pakistan level is provided by the Report of the Farm Mechanization Committee. It shows that

within the farm area operated by tractor owners, the percentage area operated by large farmers was as high as 87 per cent. It appears from the foregoing discussion of the available evidence that an important reason why large-sized tractors began to be introduced during the 1960s was that large landowners responding to the new profit opportunities began to resume rented-out land for cultivation on large farms. Given the difficulty of (a) mobilizing a large number of labourers during the peak seasons in an imperfect labour market, and (b) the problem of supervising the labourers to ensure satisfactory performance, the large farmers found it convenient to mechanize even though there may have been no labour shortage in an absolute sense.

Polarization in Rural Class Structure and the Increase in Landlessness

An examination of census data for the period 1960-72 shows that in the Punjab province (where the new technology had its greatest impact) a polarization occurred in the size distribution of farms, i.e. the percentage shares of both large- and small-sized farms increased while that of lower-medium-sized farms (7.5-25 acres) decreased. This polarization was essentially the result of large landowners resuming for their own cultivation some of the land which they had formerly rented out to tenants.¹⁴

The dynamic process underlying the polarization phenomenon consisted of the following elements:

I. Large landowners resumed for their own cultivation land which they had rented out to both small- and lower-medium-sized (7.5 - 25 acres) tenant-farmers. However the resumption hit lower-medium-sized farms to a much greater extent than it did small farms because of the considerably greater degree of tenancy of the lower-medium-sized farms.

2. As lower-medium-sized tenant-farmers lost some but not all of their land following resumption, many of them shifted into the, category of small farms over the inter-censal period.

The evidence shows that the phenomenon of polarization in the size-class of farms was accompanied by growing landlessness amongst the poor peasantry. Our estimates based on population census data show that during the period 1961-73, 794,042 peasants entered the category of wage labourers, i.e. 43 per cent of the total agricultural labourers in Pakistan in 1973 had entered this category

as the result of the proletarianization of the poor peasantry .

Our discussion in this section has suggested that given the unequal distribution of landownership in Pakistan, when the new technology became available, it induced a process of land resumption by big landlords: this resulted in a polarization in the size distribution of farms on the one hand and an increased landlessness of the poor peasantry on the other.

The Growth of Capitalist Farming along with a Growing Dependence of the Poor Peasantry

The growth of capitalist farming was accelerated considerably in the late 1960s as large landowners began to resume their rented-out land to operate their own farms with hired labour and capital investment. However the particular form of the development of capitalism in Pakistan's agriculture was such that instead of being accompanied by a growing independence of the poor peasantry (as in Europe), in Pakistan capitalism in agriculture was accompanied by an increased social and economic dependence of the poor peasantry on the landowners. The reason for this was that capitalist farming in Pakistan developed in a situation where the power of the landlords was still intact. Consequently the emerging market was mediated by the social and political power of the landlords. The local institutions for the distribution of agricultural inputs and credit and for the sale of output are heavily influenced by the big landlords. The result is that the poor peasant in order to acquire the inputs, credit and facilities for transporting his produce to the market has to depend on help from the landlord. In many cases the poor peasant who lacks collateral cannot get credit from the official agencies at all, and has to depend on the landlord for loans. In addition to this he often has to purchase the tubewell water from the landlord and use the landlord's transport to take produce for sale to the market. Thus as the inputs for agricultural production become monetized and in so far as the access to the market is via the landlord the poor peasant's dependence has intensified with the development of capitalism in agriculture.

The Deteriorating Economic Condition of the Poor Peasantry

With the development of capitalist farming, the poor peasant is

subject to a triple squeeze on his real income. This squeeze has the following elements.

(1) Money costs have increased

- (a) Inputs which were formerly non-monetized (e.g. seed, animal manure) or inputs which he formerly did not use at all (such as tractor ploughings, tubewell water, pesticides) he now has to purchase with money. In this context it might be asked why the poor peasant now has to buy fertilizer and hire tractors. The answer lies in the inability of the poor peasant (whether owner or tenant) to maintain as many farm animals as before. The reasons for this are: (i) Pastures devoted to fodder have been reduced on poor peasant farms as farm size declined following loss of some of his rented in land due to resumption by landlords; and (ii) The poor peasant's access over the fodder and pasture lands of the landlords was reduced as the latter mechanized and began to grow cash crops over much of the area formerly devoted to pastures or fodder. Thus mechanization and the development of capitalist farming on large farms has adversely affected the poor peasant's ability to keep animals thereby making him more vulnerable to market pressures.
- (b) The second factor in the rise in money costs is the shift from share-cropping to money rents which are rising sharply. The money rent is often fixed by the landlord on the basis not of the actual yield of the tenant-operated farm, but of its potential yield if it were being cultivated at peak efficiency.

(2) Slow growth in yield/acre While there has been an increase in cash rents payable by the poor peasant and thus in his rental burden, his yield per acre has not increased proportionately because the poor peasant does not have the financial and political power to acquire all the required inputs (seed, fertilizer, supplementary tubewell water and pesticides nor does the poor peasant have control over their timing.

(3) Selling grain cheap and buying dear The third pressure on the real income of the poor peasant is that in a situation of rising cash requirements and indebtedness, he is forced to sell a part of his subsistence output at harvest time. These harvest sales are at low prices. However at the end of the year he has to buy grain in the market at high prices. Thus selling grain cheap, and buying dear is another squeeze on the poor peasants' real income which is discussed

in this section and which is reflected in the changes in the quality and quantity of their diet since 1965. The class of poor peasants (with farms of less than 25 acres) contains a substantial number of farmers who have suffered an absolute decline in the quantity of food, and an even larger number of farmers who have suffered a decline in the quality of their diet (Hussain, 1980).

Conclusion

In this paper we have argued that in Pakistan, given the highly unequal distribution of landownership, the introduction of the new technology in agriculture has unleashed powerful contradictions which are not only likely to become constraints on continued agricultural growth, but are also generating acute social tensions: the nature of the economic process, in the absence of an effective land reform, is such that it is enriching the rural elite at the expense of the rapid deterioration in the economic and social conditions of the majority of the rural population.

Each of the contradictions specified above stems from the fact that the new technology became available in a situation where economic and social power was concentrated in the hands of the big landlords. Agricultural growth during the 1960s and 1970s was predicated on the rapid increase in yields of the relatively larger farms. Continued growth in the next two decades will have to be derived from increasing yields per acre of the small farmers. An essential precondition for this is the institutional and economic change which will give the small farmer better access over the new inputs, and greater control over his production process and investable surplus. In this sense, an effective land reform is now not only an imperative of a more equitable economic growth, but of growth itself.

Notes

1. Originally delivered as a paper at the Group 83 Seminar at Hotel Intercontinental, Lahore, December, 1982, under the title "Contradictions of Land Reforms in Pakistan".
2. There was a lively debate on the factors underlying the inverse relationship between farm size and productivity. One of the more elegant explanations for this phenomenon was offered by A. K. Sen who suggested that with traditional technology, small family farms

could produce a higher yield per acre than large farms, through a higher labour input per acre. This could happen because small farms using family labour applied labour input beyond the point where the marginal product equalled the wage rate, while large farms using hired labour could not afford to do so.

3. Annual growth rate of large-scale manufacturing during the period 1950-5 was 23.6 per cent, while that of agriculture during the same period was only 1.3 per cent. During the period 195~0, annual growth rate in large-scale manufacturing declined to 9.3 per cent, while that of agriculture was only 1.4 per cent. See S. R. Lewis Jr., 1969, p.3, Table I.

4. Cotton and jute constituted 85 per cent of total commodity exports up to the mid-1950s. See S. R. Lewis Jr., 1969, p. 7, Table 5.

5. Import of food-grains and flour as a percentage of total commodity imports increased from 0.5 per cent in 1951/2 to 14.6 per cent in 1959/60. See A. Hussain, 1980, p. 16, Table 3.

6. Land Reforms in West Pakistan, vol. III, Appendix 18, Government of Pakistan, 1967.

7. These figures are estimated on the basis of combining Land Reforms Commission data and the Agriculture Census data. The 1972 Agriculture Census data alone gives an incorrect figure of land owned by the large landowners because its sampling procedure is such that absentee land is systematically excluded. For details of my estimating procedure see A. Hussain, 1980, pp. 219-21, Appendix 2.

8. As late as 1972, 46 per cent of the total farm area in Pakistan was tenant operated, and of this tenanted area, 50 per cent had been rented out by large landowners (owning 150 acres and above). My estimates show that as much as 75 per cent of area owned by large landowners in 1972 was rented out to smaller tenants. See A. Hussain, 1980, chap. 3.

9. Pakistan Economic Survey, 1980-1, Government of Pakistan, Finance Division, Economic Advisor's Wing, Islamabad.

10. Report of the Farm Mechanization Committee. Ministry of Agriculture and Works. Government of Pakistan, March 1970, p. 60.

11. Pakistan Census of Agriculture: All Pakistan Report, Agriculture Census Organization, Ministry of Food and Agriculture, Table I.

12. See A. Hussain, 1980, p. 194, Table 5(a), and p. 198, Table 6a.

13. A. Hussain, 1980, chap. 5, Appendix.

14. This picture emerges when the 1960 Census data is adjusted for biases inherent in its methodology in order to make it comparable with the 1972 Census methodology (A. Hussain, 1980, chap. 3).