

In the name of Allah

بنا م خدا

NOTE

THE PRE-ISLAMIC REVOLUTION LAND
REFORMS IN IRAN: MAJOR EFFECTS
AND PROBLEMS¹

اصلاحات ارضی قبل از انقلاب اسلامی در
ایران: پی آمدها و مسائل عمده

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ABSTRACT

خلاصه

The first Iranian nationwide land reform program was launched in 1962 due to external pressure and fear from political unrest. The program was implemented in three successive stages and ended, officially, in 1966. In practice, it took a few years more to implement the third stage completely. On the whole, the land reform failed to create an efficient production system. Notable among the causes of failure were lack of efficient credit, and rural extension programs, insecurity created during and after the implementation of the program and lack of a consistent, follow-up agricultural policy.

The introduction of large farms in the form of farm corporations and agro-businesses could not solve the problem of low level of productivity and had destabilizing effect on new land owners. Lack of attention to development of the agricultural sector widened the income gap between urban and rural people and accelerated the rate of migration to urban areas. Finally, low levels of production together with growing demand for food caused Iran to become a major importer of food products.

نخستین برنامه اصلاحات ارضی در ایران در نتیجه فشارهای خارجی و ترس از ناآرامیهای سیاسی. بسال ۱۳۴۱ بمرحله عمل درآمد. برنامه مزبور از سه مرحله متوالی تشکیل گردیده بود و تا ریخ رسمی پایان آن سال ۱۳۴۵ اعلام گردید. اما در عمل انجام مرحله سوم چندسالی بیشتر طول کشید. از میان عواملی که منجر به شکست برنامه اصلاحات ارضی گردید می توان از عدم وجود برنامه های موثر اعتباری و ترویجی، تزلزل موجود در حین برنامه و بیس از انجام آن وعدم وجود یک سیاست کشاورزی منطقی نام برد. ایجاد مزارع بزرگ بصورت شرکت های سهامی زراعی و کشت و صنعت علاوه بر اینکه نتوانست مسئله یابین بودن بهره وری را حل کند، موجب بی اعتمادی کشاورزان صاحب زمین شده گردید. عدم توجه به توسعه بخش کشاورزی شکاف درآمدی میان شهرنشینان و روستائیان را وسیع تر نموده و آهنگ مهاجرت روستا نشینان به شهرها را تشدید نمود. سرانجام، سطح پائین تولید همراه با افزایش تقاضا برای مواد غذایی سبب گردید که ایران بصورت یکی از واردکنندگان عمده محصولات غذایی درآمد.

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INTRODUCTION

Implementation of land reform programs in the developing countries has made clear that mere redistribution of land and property rights can not have a positive effect on economic development unless supported by various measures to protect small farmers. In fact, the success of a land reform program depends mainly on the degree of support given to the cultivators of newly-owned lands in order to replace the landlord's function, particularly in respect to maintenance of irrigation and marketing. After 20 years of land reform in Iran, it is timely to assess the Iranian pre-Islamic revolution land reform. After a brief review of conditions which led to implementation of the program, an attempt will be made, in this paper, to identify some of the deficiencies of land reform in Iran.

THE IMPLEMENTATION OF THE LAND REFORMS

First Stage

Before the Land Reform Law of 1962, little change had taken place in the pattern of land ownership in so far as this affected crop production and farmers' income (1, 5, 8). It was the Land Reform Law of 1962 which provided a basis for the nation-wide land reforms. The law which has since been known as the 'first stage' of land reform limited private land ownership to one village or its equivalent (1, 15), but there was no legal limit on holding 'mechanized villages', a lack of precise definition for which could lead to evasions. In addition, the fact that scattered plots of land from various villages equivalent to one village (six dang) could be retained by the landlord made it possible for him to select the best parcels from different villages and maintain his influence as the biggest land-owner in each village. Under the first stage, 3,788 whole villages and 9,305 villages in part were transferred to 633,336 peasants by 1964. It is estimated that

the ownership of about 15% of the total number of villages had been transferred to approximately 25% of the tenants (15). Prevailing economic depression, political unrest, and external pressure caused the regime to put strong emphasis on land reform for its survival. The administrative power of the government at all levels was mobilized to execute the Land Reform Law. The fund originally allocated to the development of the agricultural sector in the Third Plan was completely absorbed by the Ministry of Agriculture for enforcement of Land Reform Law at village levels (3).

Second Stage

The first stage of the land reform covered only about 25% of the cultivators and left the status of the remaining 75% unchanged. In order to extend land reform measures to remaining villages, the second stage started with the passage of supplementary articles to the law in 1963. The second stage applied to almost all villages unaffected by the first stage but was a far more conservative measure. In the second phase, land owners and cultivators of remaining villages were given a choice of five possible courses. These were tenancy, sale to the cultivators, division of the land between the land owners and peasants according to the same production as division of crops under the existing crop sharing agreement, the formation of an "agricultural unit" by land owners and the cultivators to run the village arable lands, and the purchase of tenants' root rights (*haghe-rishe*).

By early 1966, official figures showed that of the five options open to the land-owners, letting the land was by far the most frequently resorted to, and about 1.2 million households became lease-holders and about 0.3 million were affected in other ways. Only 57,000 cultivators managed to buy land privately from landlords and 156,580 peasants received land through division according to the existing crop sharing agreements (6). This meant that implementation

of the second stage failed to satisfy the wishes of a substantial number of cultivators to gain the ownership of the lands cultivated by them.

Third Stage

In this situation, the government decided on a new course of action which resulted in the approval of the "Bill for Distribution and Sale of Rented Farms to Farmers" in October 1968. The law which was considered the third stage of the land reform program gave the landlords two alternative courses: sale or division. The landlords who had leased their land to the tenants or those who had chosen to set up joint agricultural units were required to sell all their lands to the tenants or divide the land on the basis of their customary ratio of the share of the crops. According to official statistics, by 1974, 796 thousand cultivators had received land under the first stage and 1.6 millions under the second and third stages (10).

If one compares the first stage of land reform with the latter two stages, one can observe the change of a radical land reform measure to conservative ones in the latter two stages. The weakening of earlier measures can be viewed, partly, as an attempt to lessen the landlords' discontent. But more importantly, it was the fear of the emergence of an independent peasantry which constituted the threatening factor in the political scene (8).

In December 1966, after five years from the start of land reform, it was officially announced that the land reform program, as it concerned the distribution of land, was hereby concluded. In practice, it took a few more years to implement the third stage completely. This early declaration was probably a measure for removing the insecurity created by execution of a land distribution program among the remaining landlords and freeholders (6).

After Land Reform

Redistribution of land and passing the land title to the peasants is often the first step in any effective land reform program, but it is not in itself all that is required. Major efforts are required for creating a viable production system. In fact the success of the reform depends, to an extent, on whether it has created a more efficient farming system. Iranian land reform failed to create an efficient production system. Among the factors contributing to the failure of the program the following three may be considered as the most important: a) failure to replace the landlords' function; this was particularly serious in respect to maintenance of irrigation and marketing in the early years, b) feeling of insecurity created during and after the implementation of the program, and c) lack of a consistent agricultural policy which resulted in the sluggish growth of agriculture.

Rural Co-operatives

It was the intention of the land reform architects to replace landlords' main functions with rural co-operatives. That is why the Land Reform Law required that the tenants should become members of a rural co-operative as a precondition for receiving land. In 1972, a decade after the land reform was started, there were 8,453 co-operative societies with 1.8 million members; but growth in numbers fell off, as mergers reduced the number of rural co-operatives to 6,482, while the families involved increased to 2.2 million in 1974 (10). However, registration is quite different from the actual functioning. They failed to replace even a part of the previous landlords' function and their main activities were concerned with distribution of small loans. The quantity of agricultural products marketed through the co-operatives was negligible. Except in a limited number of cases in which other institutions such as extension services or development authorities have

been instrumental in managing a project, rural co-operatives have not been able to provide the farmers with technical assistance or to help them to increase productivity. The average size of the loan given to farmers was approximately 15,000 Rials for 9 to 12 months. The amount of loan was not increased in proportion to increase in input prices and could not satisfy the farmers' needs. Therefore, local money-lenders played a major part in providing loan to farmers with high rates of interest. In most cases, when a further loan was granted, it was immediately taken as payment for the previous loan. In this way, the loans given by co-operatives had little effect on production (7).

Feeling of Insecurity

The implementation of a land reform program, inevitably, would create a feeling of insecurity both among peasants and landowners during the period of land distribution. Therefore, measures should have been taken to avoid delays in the process. Delays in implementation of the second and third stages caused uncertainty about ownership in which neither landowners nor cultivators had an incentive to cultivate. To overcome such a feeling, the government decided to announce, theoretically, the completion of the land reform program in 1966. Toward the end of 1960's the government introduced two laws for formation of large scale farms such as farm corporations and agro-businesses which had a destabilizing effect on the new land owners. The fall in agricultural production and inability of the Ministry of Agriculture to introduce new technology to hundreds of small peasants (in the belief that they were slow in adopting innovations) were the main reasons for favoring large scale farming. Besides that, the concerned ministers of agriculture hid their inability to solve real problems of newly land-owned farmers under these showpieces.

Farm Corporations

Contrary to land reform which was thought to provide an incentive for cultivators as a result of land ownership, peasants who joined the farm corporation transferred "their exclusive rights of cultivation of the land" to the corporation and received shares according to the value of their land. In this way, they lost their status as independent farmers and either they were employed by the corporations as laborers or they found employment elsewhere. In theory, the shareholders should have influence on the policy and general business of the farm corporation through general meetings and election of board of directors. In practice, the responsibility of managing the farm corporation rested with the managing director who was appointed and paid by the Ministry of Agriculture. In this way the farmers lost their rights in using their land and freedom in decision-making. A study made by the author on six farm corporations near Shiraz, south of Iran, revealed that, in spite of a slight increase in income, the majority of farmers were dissatisfied with farm corporations and favored individual or traditional, informal group farming called *boneh* (11). On the whole, establishment of nearly one hundred farm corporations throughout the country had a destabilizing effect on cultivators.

Agro-businesses

Another model which was introduced in 1968 to increase agricultural production was agro-businesses on lands downstream of large dams. According to the Law for Establishment of Companies for Development of Lands Downstream of Dams, the area of land which came under the terms of the law was not to be less than 5,000 hectares. From 1969 to 1972, four agro-businesses were established on the lands of Dez irrigation project in Khuzestan, south of Iran, with foreign equity participation. The government purchased the lands from cultivators, evacuated the villages by force

and leased them to agro-business companies. The four agro-businesses occupied 68,000 hectares of land (4). The performance of agro-businesses was disappointing and most production targets were never achieved. At least two of the ventures went into bankruptcy in 1976 and the government stepped in to salvage the projects (17). The social impact of agro-businesses in the region was much worse than their economic effects. As a result of the implementation of the land reform program, the previous cultivator had become an owner and land ownership had brought him social prestige. The establishment of agro-businesses threatened the peasants' social status and led to their disappointment and dissatisfaction. On the whole, the take over of land by agro-businesses ended farming as a way of life for the peasants affected and changed their status, at best, to one of agricultural laborers. Instead of stabilizing, the rural structure was disrupted completely. The process not only affected farmers in the region, but had a far reaching effect on the other farmers and created a state of instability in other areas which had a deteriorating effect on agricultural production (12).

Lack of Consistent Agricultural Policy

After land re-distribution, there was a need for a consistent and comprehensive policy aiming to re-build agriculture. But such a policy was non-existent. The agriculture received low priority in development plans leading up to Iran's Fifth Plan (1973-78). By comparison with public and private investment in the urban industrial sector, little was tried or accomplished in altering the rural life and farming practices. The growth of agricultural sector was less than 3% during the Third Plan (1963-68) and the Fourth Plan (1967-73) failed to meet its growth target of 4.4% for agriculture (13). Instead, a 3.9% growth rate was attained (14). Industry, while increasing dependency on foreign economies, grew at 14% annually

between 1968 and 1973 (2). The Fifth Plan (1973-78) which was revised after increase in oil revenue in early 1974 set a 7% yearly growth rate for the agricultural sector. In practice, the Fifth Plan fell short of its goals in agriculture. The official growth rate for agriculture was 4.8% in the Fifth Plan, while the industrial sector grew by 14% annually.

Lack of attention to agricultural development widened the existing income gap between urban and rural dwellers and accelerated the rural migration to urban areas. By some estimates, the outmovement from rural areas since 1973 was about 8% annually (6). The migration of agricultural laborers in the absence of technological change caused manpower shortage and this helped to boost the costs of agricultural production.

In spite of an increase in the cost of producing farm products to farmers, the government pursued a policy to keep the prices of agricultural products low to protect urban consumers. Deterioration of the terms of trade against the farm producers weakened the farmers' incentive to increase production. Lack of incentive to invest in agriculture together with increase in consumer demand for food caused Iran to become a major importer of food products (Table 1). In terms of value, approximately 1.4 billion dollars of agricultural goods were imported in 1975-76 (16).

Besides the tangible cost of importing food, the reliance on foreign supplies for securing major food products constitutes a political danger which is a barrier for pursuing an independent foreign policy.

CONCLUSIONS AND IMPLICATIONS

The experience of land reform in Iran prior to Islamic Revolution revealed that the government neglected social aspects of the reform in redistribution of land among

Table 1. The 1970-75 imports of major agricultural products in thousands of tons (9).

Commodity	1970	1971	1972	1973	1974	1975
Wheat	22.6	993.4	771.8	784.8	1433.9	1439.6
Barley	0.1	191.9	23.1	107.5	178.5	203.9
Rice	5.6	60.5	91.2	11.7	191.4	282.9
Sugar	61.5	87.6	158.9	286.1	219.5	596.5
Red meat	15.4	6.8	7.6	12.6	24.2	53.8

peasants. An important objective of the land reform program in developing countries is to distribute land on egalitarian basis to close the income gap among owner farmers. Moreover, exemption of large mechanized private farms from redistribution and financial support given by the government to large private farms intensified the income disparity in rural areas.

In terms of economic effects, the reform failed to meet these stated objectives. As it was pointed out earlier, the mere transfer of land ownership to cultivators was not sufficient. Steps should be taken to introduce a package of technological changes among new land owners and to give them necessary services along with new inputs and practices. That is the most important aspect of any land reform program in a broad sense. Rural cooperatives, the functions of which were intended to support farmers technically and financially were limited to extending small loans. The loans were given without any supervision and were used mostly for consumption rather than production purposes. The negative price policy of the government together with higher wages in urban areas caused rapid migration of farmers to large cities. Outmovement of cultivators in the absence of technological changes brought about reduction in the agricultural products. To meet growing demands for food

products due to both population and income effects, the import of food products was increased substantially and to feed people, the country became dependent on foreign markets.

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