THE ECONOMICS OF PEASANT AGRICULTURE

Consequences of the factors influencing peasant agricultural production.

Size of Holding

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The system of peasant agriculture is always a function of geography, politics, social conditions, and climate. These are the influential factors, and no nation can escape their effect. The countries of the world are divided into three groups, each with characteristics that are more or less distinctive. In all these countries, however, the system is unique, and it is to be expected that the generalization of the peasant system is inaccurate because he is dealing with a great variety of systems, each of which is peculiar to its own soil and to the social and political conditions of the period.

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A common misconception of the term peasant may be attributed to the dictionary definition which states the original meaning of a peasant was "a countryman, synonymous with serf, villager and bond, a person either working for others or renting or owning a plot of land." With this definition, one may assume the idea of peasants are the lowest class of agricultural producers. That the tendency has arisen of substituting terms such as "family farmers" when referring to the more efficient systems of peasant production. This leaves the false impression of all types of peasant farming.

This essay is divided into two sections, the first dealing with the characteristics of peasant farming, particularly "factors of the economic factors of production, and the second with the consequences of these characters and ending with a discussion of the advantages and disadvantages of this system."
The systems of peasant agriculture vary with climate, geography, political outlook and economic development of any country. So diverse are the influences created by these factors, and so varied are the combinations present in different localities, that definitions of this system of agriculture are inadequate, if not inaccurate.

W. Arthur Lewis (6) in his thesis "The Evolution of the Peasantry in the British West Indies" propounds that the peasant is ideally a man who owns enough land to occupy his full attention, but not too much for him to cultivate alone or with the help of his family. This author, however, admits that many variations are possible and it is evident that his definition is adequate only because he is dealing with a specific area.

Other economists, notably Sir Alan Pirn and I. C. Greaves identify peasant agriculture by contrasting it with the less variable plantation type, choosing the systems of cultivation, land utilization and tenure, processing, marketing, credit and the social and political stages, as the basis for this comparison.

It is however evident that co-operative farming produces conditions similar to those of the plantation system, which leads to some degree of overlapping and hence confusion. Greaves (4) discusses the definition of peasant based on cultivation characterised by personal labour of the proprietor and points out the occurrence of borderline cases, particularly those of prosperous peasants who hire and supervise labour. She concludes "it is extremely difficult, therefore, to reach a definite classification for the purpose of comparing the geographical distribution of the two systems" (plantation and peasant).

Furthermore, Pim (2a) has pointed out the inadequacy of the statement "a uniform system under central management" as the distinguishing feature of plantation agriculture, for in Fiji where peasant production of sugar cane is under direction from central factories or the Sudan Gezira Cotton Scheme which is directed by central management of a company, but organised on a peasant basis, would nevertheless be classified as plantations. Whereas the production of bananas and cocoa in Central America by some European holdings would be peasant production.

A common misconception of the term peasant may be attributed to the dictionary definition which states the original meaning namely, a countryman, synonymous with serf, villein and bâor, a person either working for others or renting or owning and working a plot of land. With this definition has remained the idea that peasants are the lowest class of agricultural producer. Thus the tendency has arisen of substituting terms such as family farmers when referring to the more efficient systems of peasant production. This leaves the false impression that inefficiency is a characteristic of all types of peasant farming.

This essay is divided into two sections, the first dealing with the characteristics of peasant farming, particularly those of the economic factors of production, and the second with the consequences of these characters and ending with a discussion of the advantages and disadvantages of this system.
The term peasant is used vaguely, and refers to systems of farming as widely different as the American Family Farms, the Danish and Swiss Dairy Farms, the Gold Coast Cocoa Farmers, cane farmers of the West Indies, and the subsistence farmers of India and Central Europe.

SIZE OF HOLDING.

The area occupied by peasant proprietors varies with the country and the type of tenure prevailing. They are usually less than one hundred (100) acres (the American family farm being the outstanding exception, these may exceed two hundred and fifty (250) acres), and may even be small fractions of one acre, as found in parts of India and the West Indies.

Area, however, is not the sole measure of size of an agricultural holding. They are productive units, and as such, their effective size may be altered by the level of capitalisation, the productivity of the soil, the choice of the crop and the efficiency of the management. The effect of these factors is aptly illustrated by Warriner (1) when she compares the standard of living afforded Swiss peasants by a farm of eleven (11) hectares, against that of a Polish farmer with eight (8) hectares, and shows that the difference in size above is not responsible for this variation in income.

Fragmentation of holdings is of such importance in decreasing the effective size of peasant holdings that a separate chapter has been devoted to its study.

FRAGMENTATION OF PEASANT AGRICULTURAL HOLDING.

Fragmentation has been described in the F. A. O. Agricultural Studies No. 11 (13) as a stage in the evolution of agricultural holdings in which a single farm consists of numerous district parcels often scattered over a wide area.

These conditions have been present in most agricultural countries to different degrees, at various stages of their development, and have been derived from circumstances such as those listed below. Natural conditions of a nature as to make their occurrence unavoidable. Physical conditions created by human activity not connected with agriculture, such as public works, of the road, railway and canal construction type. Agricultural practice may in some instances encourage fragmentation, particularly in areas where the terrain is undulating or damage by frost is likely. Thus the farmers of the Vale of Evesham find that fragmentation spreads the risk of damage by frost. Likewise, some rice farmers in areas prone to flooding maintain plots on higher ground as seed nurseries, and pasture farmers in some hill areas of Norway and Switzerland maintain plots on the valley floor for intensive pasturage (13). Finally there are circumstances not due to any of the above reasons, but are agriculturally irrational as in India where the Hindu and Mohammedan laws of inheritance (12) are effective. Jathar and Beri question the effect of these laws as primary causes of fragmentation, and point out that they may merely be a mechanism making their creation possible. They show that there are other forces which encourage fragmentation, even though they are not causative. These factors in India include the increased density of population; the growth of a spirit of independence, which leads to a breakdown of the joint family system; and the emphasis placed by the British on individual ownership of land and private property.
THE IDEAL SIZE OF PEASANT HOLDING

The quotation of Keatinge used by Jathar and BkV in their treatise on Indian Economics namely "a holding which allows a man a chance of producing sufficient to support himself and his family in reasonable comfort after paying his necessary expenses". This is a purely economic conception, which may be expanded into the concept of a holding which is sufficient to occupy profitably the labour potentialities of the farmer and his family, and affords him sufficient returns to entitle him to a progressive and high standard of living.

The actual area will vary with the type of production, depending on the degree of intensification they permit. Market garden crops may be more intensified than the crops or livestock production. The market facilities will modify the type of production as will natural environment. In the United States of America the area of holdings is linked with the general standard of living and policy of increasing the productivity of the individual by mechanisation - thus an area sufficient to fully utilise modern mechanical equipment is essential. European conditions and policy tend to favour smaller and more intensive holdings. The object being the highest output per acre, even at the sacrifice of that per man.

The West Indies with higher density of labour, the ideal holding is even smaller, but the output of crops is higher.

Somewhere in agriculture is a scale of production which gives the best results from the producer's point of view; this scale constitutes the ideal holding.

LABOUR

The characters of peasant labour vary with the several forms of this system of production. There are instances of inelastic supply; high productivity, together with those of low output per worker; and varying degrees of efficiency.

Productivity of labour is bound up with availability of capital and the density of population on agricultural land. The general trend is to find low productivity in areas with high labour densities. This is not,however, an invariable rule, since, in regions with special systems of cultivation - the wines and olives in South France, and dairying in Denmark and Swiss lowlands - and high degree of capitalisation, there is a high degree of productivity of labour. Thus in areas where capital can be invested in agriculture, labour density is of little significance in determining productivity, whereas in areas such as Eastern Europe, where land is the peasants sole capital and labour density is relatively thinner, output per head is lower (1).

The agricultural policy of the country tends to fix the level of productivity of labour. In the United States of America and other exporting countries with low densities of population they tend to encourage methods - especially mechanisation - which increase the output of the individual, whereas in densely populated area like Europe, the policy is directed towards keeping a maximum of people employed in agriculture and to increasing the productivity of the land even though that of the individual is lowered (16).

Theoretically the peasant farmer by reason of "the fixed quantity of his family labour, which is maintained - whether it is employed or not - would try to fill in spare time
by keeping livestock which will add to his output and utilise this factor more fully" (1). In some instances this is true, as in the case of peasants practising mixed farming, but generally peasant labour is unplanned, and so inefficiently utilised. There are some instances where the cultivation requirements of the crop are such, that peasant labour is well suited for its production. Such crops include cocoa, coffee, tea, cotton, rice, groundnuts, pepper and spice, with abundant scope for light, careful and painstaking labour, at a relatively constant level throughout the year, are excellent examples of suitability. (4) It is well to remember, however, that this suitability is accidental and not a result of the peasants' enterprise.

CAPITAL

Peasant capital is of the long term and current types; both are volatile the latter being more so than the former.

Investment of capital in this system of production is uncertain, and with a degree of risk, which increases with the volatility of the capital. We have only to consider the effects of the time and quantity of fertilizers, the choice of planting material and its time of planting, and the time and type of cultivations on subsequent crop yields, to appreciate the effect of the peasants' judgement in determining whether capital will be productive or wasted. Added to this is the likelihood of complete wastage of the investment if the livestock should die, the crops be attacked by disease or pests, destroyed by bad weather or the cultivations be ruined by floods.

These factors make the risk associated with capital investment in this enterprise out of proportion to the likely returns, even assuring ideal conditions for production. Investors are therefore reluctant and demand high interest rates in recompense for the risks undertaken. This partially accounts for the low level of capital in peasant farms, and efforts to obtain capital at reasonable terms is a characteristic of most peasant communities. Here we find peasants associated in cooperative credit societies, and Joint Stock Companies, Government adopting a benevolent policy towards them and giving aid by creating credit facilities for long and short term capital at low rates (5), or by encouraging savings by the peasant through levies on their production (2a). These methods have met with varying degrees of success in different areas, but are more likely to be the solution to the problem of making capital available for peasants, than the older methods of mortgages and crop liens. These latter leave the peasants open to exploitation and only aggravate the problem rather than solve it.
SOME CONSEQUENCES OF THE FACTORS INFLUENCING PEASANT AGRICULTURAL PRODUCTION

SIZE OF HOLDING.

We have established the fact that peasant holdings are small in total area and in capital investment.

As a result of these characters all fixed costs bear a larger proportion to the value of products and progressive innovations are hindered. Thus such practices as fencing fields against stray animals, and other marauders, the development of systems of mixed farming and crop rotations, the establishment of irrigation systems and the employment of labour saving devices and machines, are all made impracticable and unprofitable. (12)

FRAGMENTATION

Fragmented holdings have the rare combination of disadvantages associated with small holdings, together with that of large holdings, in that it prohibits intensive cultivation (12). The expenditure of capital and labour is greater than it would be, were the same area in a compact block of land, and cultivations are impeded due to wastage of the time and effort of the labour moving from site to site.

LABOUR

Productivity of Labour.

It has been shown (Warriner (1)) that an inherent tendency in agricultural communities with a low real income per head, is to fail to accumulate capital on a sufficient scale to maintain output per head. Thus arises a state of relatively over-population. (Over-population (Warriner (1)) meaning that the capital resources of the population fail to accumulate fast enough to maintain productivity per head).

Inelasticity of Labour.

This factor limits the crops which may be efficiently produced by peasants, but the diversity of crops is sufficient to permit the cultivation of suitable alternatives. It is of importance as a limiting factor to efficient peasant production, only where crops with peaks of labour demands are persistently produced; and on the contrary efficient utilization may be achieved, and is in some instances achieved if and when crops with relatively constant demands for intensive labour are cultivated.

CAPITAL

The effects of shortage of capital in peasant agricultural production has produced some of its more characteristic attributes, namely intensive or over application of labour, extensive use of land where it is available, and indebtedness.

Since labour is the peasants' most accessible resource, and since he regards it as inexpensive, he tends to increase production by increasing the input of labour. This has been claimed to be one of the economic tendencies which influence increases in density of population and high rates in poor agricultural areas.

Where land is available, the area of the productive unit may be increased in efforts to achieve increased production, but this leads to extensive production and exploitation of natural fertility of the soil. When peasants obtain capital through normal sources, it is at so high a rate of interest that
if applied to agriculture it is unlikely that returns will be sufficient to liquidate the loan and still maintain a reasonable margin of profit for the farmer. This has resulted in indebtedness and abandonment of several holdings.

PEASANT AGRICULTURAL PRODUCTION

To ensure that a clear picture of peasant production is obtained, it is felt worthwhile to discuss some of the forms of production characteristics of this system.

Peasant agricultural production is diverse but may be split into subsistence and commercial farming as two general classes, practised at the levels of subsistence and revenue.

Subsistence farming is characteristic of people who can have few wants, which may be a result of their religion and philosophy, as in the case of Hindus (3), or due to the inaccessibility of markets as with some Central and Eastern European peasants and peasants of some tropical areas.

Commercial farming is practised in different forms and at different levels of efficiency; but only in areas where economic organisation permits it through a system of markets.

In addition to these two general classes, there is a third form with characteristics of both types. This class usually occurs when commercial farming is superimposed on an existing subsistence system. Examples of this may be found in several colonial territories, where systems like those characteristics of the cocoa farmers of the Gold Coast and the cotton producers of Uganda (7) are practised.

Peasants may, however, achieve their ends of subsistence or cash by extensive or intensive production methods. Where changes in the marketing and processing have made it profitable, farmers like those of the Vale of Evesham and the Isle of Axholme (14), and the dairy farmers of Denmark and Switzerland, have developed intensive production methods. The best example of extensively producing peasants are furnished by the wheat producers of Central Europe (1), and the sugar cane farmers of the West Indies (9). In these cases the former tends towards subsistence agriculture, whereas the latter are commercial farmers of the highest order.

The essentially different levels of utilisation and the degrees of efficiency of the factors of production in these systems, makes any general conclusions about peasant agriculture either very vague or open to contradiction and exceptions if definite.
Some Advantages and Disadvantages of the Peasant System of Agricultural Production, and some Measures Adopted to overcome the Disadvantages.

All peasant production, no matter at what degree of efficiency, is handicapped by the essential smallness of the production unit. This means that capital and labour can never achieve a degree of efficiency, comparable with that of other industries. In addition, production per unit is small and variable between units, which creates a weakness in the marketing of the produce, since the position of any individual is very weak.

All farms, however, do not have the same level of inefficiency, the more capitalised and better organised farms of America and Denmark are among the best examples of the least inefficient types. With these, especially the European examples, employment is increased, in that the volume of employment for a given supply of labour on the land is maximized. (1) Warriner in addition has shown that some peasant farms in Western Europe maintain and increase capital investments.

This happy condition does not extend to the less capitalised and less organised commercial farms of Eastern Europe and the subsistence farms of the tropics and parts of Central Europe. The chief shortcoming of these farms is the lack of cash to invest in the farm and so maintain the level of capitalisation and thus the productivity of labour. This has a direct tendency of creating over-population. These systems also encourage subdivision of the holdings. Labour is also adversely affected, if it is over applied and no application of other factors is made. There is a lack of management brought on by the unenlightenment associated with low standards of living. (1)

The only advantage these more inefficient systems offer is their stability in periods of economic prosperity and depression. This stability however, diminishes with increased commercialisation of the system.

Since the main handicap stem from the inherent smallness of the holding; moves towards collectivization, cooperation and state amalgamations have been adopted. Of these, the Danes have proved the most successful with their cooperative marketing. The cooperation between state and peasant has also met with success in the case of the Sudan Gezira Cotton Scheme (15). Of collectivization, Little is known, but Warriner (1) claims it has not been very successful in Russia and parts of Eastern Europe. These measures are designed to give peasants the benefits of larger units and the future of this system lies in the success of these innovations.
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