



LUND UNIVERSITY

Family and capitalist farming: Conceptual and historical perspectives

Djurfeldt, Göran

Published in:

Structural transformation and agrarian change in India

2016

Document Version:

Early version, also known as pre-print

[Link to publication](#)

Citation for published version (APA):

Djurfeldt, G. (2016). Family and capitalist farming: Conceptual and historical perspectives. In G. Djurfeldt, & S. Sircar (Eds.), *Structural transformation and agrarian change in India* Routledge.

Total number of authors:

1

General rights

Unless other specific re-use rights are stated the following general rights apply:

Copyright and moral rights for the publications made accessible in the public portal are retained by the authors and/or other copyright owners and it is a condition of accessing publications that users recognise and abide by the legal requirements associated with these rights.

- Users may download and print one copy of any publication from the public portal for the purpose of private study or research.
- You may not further distribute the material or use it for any profit-making activity or commercial gain
- You may freely distribute the URL identifying the publication in the public portal

Read more about Creative commons licenses: <https://creativecommons.org/licenses/>

Take down policy

If you believe that this document breaches copyright please contact us providing details, and we will remove access to the work immediately and investigate your claim.

LUND UNIVERSITY

PO Box 117
221 00 Lund
+46 46-222 00 00

Family and capitalist farming: Conceptual and historical perspectives

Göran Djurfeldt

This is the draft introductory chapter to a forthcoming book,¹ which aims to test a general proposition about family farming as getting strengthened by structural transformation in India.² We obviously need to start by defining our terms: structural transformation (ST) and agrarian transformation. Briefly put we refer to a social and economic process during which the industrial and service sectors are growing in proportions of GDP and of the total labour force. A main question in this book is therefore: What happens to the agrarian sector, when the economy as a whole is transforming?

Referring not specifically to India, but more generally to historical experiences of ST, mainly in the west, there are two classical attempts at answers to what happens to the agrarian sector during the transformation. The first one is associated with neoclassical economics, with Marxism and with modernization theories in sociology and political science. For reasons that are interesting as such, but which we will avoid here, the second type of answer was never part of any major intellectual or academic tradition. The alternative answer has to do with *family farming*.

The first classical answer to the above question is that 'traditional' agriculture, however defined and termed, transforms into capitalist agriculture with large farms dependent on hired labour. Such farms are expected to be more efficient and to outcompete smaller farms dependent on family labour. The alternative answer is classically associated with names like the Russian agricultural economist A.V. Chayanov (1888 – 1937), and the German Social Democrat Karl Kautsky (1854 – 1938) who were critical of the belief in the superiority of factory-like organization of farming.

¹ Djurfeldt, G. and S. Sircar (2016). Structural transformation and agrarian change in India. New York and London, Routledge.

² As will be evident in Chapter 2 we prefer the term agrarian structural transformation to *agrarian transition*, which is used by many Indian authors.

While the concept of structural transformation (ST) will be introduced later, we will here devote ourselves to family versus capitalist farming: What are their respective characteristics? Why these contrary expectations where one camp is convinced of the technical superiority of capitalist organizations in agriculture, while the other is sceptical and points to the resilience of family farm organization? What follows is an outline of a perspective from economic sociology on agrarian structures³ and their transformation.

None of the authors is an economist. Our perspectives come from sociology and geography and our methodology is mainly Weberian (after Max Weber, 1864 – 1920). A key concept in Weberian sociology is that of an *ideal type*.

Max Weber coined his term of ideal type as a key concept in his methodology, following his conclusions from the great methodological debate among German historians in the late 19th century. It is mainly a critique of Hegelianism, which at the time had a deep influence among historians and philosophers, including Karl Marx and the Marxists. The Hegelians were conceptual realists, working from a master concept, like Hegel's 'Spirit', from which an understanding of empirical reality in all its complexities was to be deduced. Previous to Weber, the alternative to conceptual realism among historians had always been an empiricist or *atheoretical* approach. Using an ideal-type approach places the Weberian in a mid-position between conceptual realism and empiricism.

Using this approach we will sketch two *ideal types* of production units, *family* and *capitalist* farms. We will also discuss the *ideal type agricultural labourer*. With these definitions in hand, we briefly discuss Lenin's theory of capitalist development, which as a figure of thought has more in common with classical notions in economics (for example with Arthur Lewis) than one would think.

In continuing we take account of a fact, which is often neglected in theories of agricultural development that tend to regard rural economies as purely agricultural. We use a term from rural sociology, i.e. pluriactivity. The term highlights the fact that members of farm households often combine several income earning activities.

³ According to the FAO definition, 'agriculture' refers also forestry, hunting and fishing. We use it mostly to denote agriculture as such. We use 'agrarian' in a more extensive meaning than agricultural, referring not only to agriculture *per se* but also to its institutional context.

Economists refer to the same phenomenon with an acronym: RNFE, Rural Non-Farm Enterprise (or Employment, one could add), while geographers use the terms, *multi-local* or *multi-spatial* livelihoods. Along with many others we argue that in order to understand agricultural development, currently and globally, we have to abandon the tendency to view the farm sector as purely agricultural.

Drawing on the discussion of pluriactivity and the three ideal types of capitalist farms, family farms and agricultural labourers, we formulate a *typology of really existing farms*.

As we will see, family farms persist and even increase their predominance globally, despite many prognoses of pending demise. One of the reasons for this is exactly pluriactivity and another one is technology and the fact that farm technologies have proven to be more scale-neutral than what has and is often presumed. This is why ideal, or near the ideal typical capitalist farms are rare historically, as well as currently. We continue with a discussion of agrarian policies, in the West, in India and elsewhere, which in its turn lays the ground for the question to be researched in later chapters: the position of family farming in India and the hypothesis about its increasing prevalence.

Ideal types of farms

We use *ideal type* as defined by Max Weber:

"An ideal type is formed by the one-sided accentuation of one or more points of view and by the synthesis of a great many diffuse, discrete, more or less present and occasionally absent concrete individual phenomena, which are arranged according to those onesidedly emphasized viewpoints into a unified analytical construct..." (Weber 1997, 1949, p. 90)

Ideal types feature prominently in a Weberian toolbox. Contrasting ideal types of farms, in our case, with really existing ones is an important methodology aimed to better understand the complexity of the real world. It helps in making sense of an empirical material, as well as in understanding how preconceived notions form our understanding of reality. Systematically collected empirical material, i.e. not only anecdotal or piecemeal evidence, but hard evidence, in the form of macro- and micro-level statistics, and reviews of existing research, historically as well as currently, helps in exposing the ideal type to a kind of test of its empirical adequacy. This in turn aids the researcher in working out theoretically grounded typologies and empirically adequate accounts of social reality.

Working with such a methodology we will discuss three ideal types, viz. that of the *family farm*, counterpoised with the *capitalist farm* and the *agricultural labourer*, on whom the latter depends conceptually as well as really.

The main hypothesis in this work is that processes of structural transformation, historically, currently (and hypothetically in the case of India) will bring with it an increasing importance and eventual predominance of family farms. This obviously calls for an explanation but first of all a definition of *family farm*.

Defining ideal types of farms

The International Steering Committee for the International Year of Family Farming, celebrated in 2014, developed the following conceptual definition of family farming:

Family Farming (which includes all family-based agricultural activities) is a means of organizing agricultural, forestry, fisheries, pastoral and aquaculture production which is managed and operated by a family and predominantly reliant on family labour, including both women's and men's. The family and the farm are linked, co-evolve and combine economic, environmental, social and cultural functions. (FAO 2014)

Obviously political, the above definition was formulated by the Steering Committee, presumably after a lot of strategic and tactical deliberations and compromises. To function methodologically the definition is too broad and diverse. In order to work out an ideal type definition we need something sharper than the one cited. One of the background papers to the FAO report written by Lowder, Scoet *et al.* (2014) is of good help. The authors scrutinized 36 definitions of family farming and found that nearly all of them included an element of *family management*, and specify that part of the definition of a family farm is that a member of the household “owns, operates and/or manages the farm either in part or fully”. Often a specification is added that concerns “a minimum share of labour that must come from the owner and his or her relatives”.

A number of other criteria are often used to complement the definition, for example, that a family farm should not exceed a certain size in terms of area, or that the share of household labour should not exceed a certain level. The definitions examined by the authors apparently did not include either of the ones argued for by Djurfeldt (1996) and Errington (1996). In the stalemated debate both these authors insisted on one overriding element as essential in a definition of family farming: Djurfeldt insisted on a

family labour criterion, while Errington as insistently clung to a *family management criterion*. With increasing age and experience they both should have grown less stubborn. Instead of clinging to an essentialist definition, we prefer an approach that distinguishes between three dimensions, along which different types of farms may differ from one another:

1. The proportion of family labour is high, as opposed to other types of labour, casual or otherwise;⁴
2. Management of the farm is predominantly taken care of by members of the family rather than by employed managers or agents.
3. The farm is to a large extent owned by members of the family or by kinship networks, as with customary lands, owned by communities rather than by their individual members.⁵

Various combinations of these three dimensions would give us three variants of ideal types: (a) *family labour farms* where most of the labour is put in by family or network members; (b) *family managed farms* where the management function is performed by family members, relatives or possibly by network labour. Finally, we get (c) *family owned farms*, where ownership is in the hands of a family or possibly a non-market network of some sort. A tenant farm would obviously not fulfil the last criterion, but may still be a family farm by the first two.⁶

Combining the three dimensions above yield the most inclusive definition possible: Family farms are either *worked, managed or owned* by families or through non-market networks. This definition implies that an overwhelming majority of all farms globally are family farms. The FAO report quoted above estimates the number of family farms worldwide to 570 million out of a total of 600 million (FAO 2014, p. 8). It adds that for most countries, family farms inclusively defined account for more than 90 and in many cases 100 per cent of all farms.

⁴ There is an intermediate category besides these two forms, which we call *network labour* including labour recruited through kinship or community networks.

⁵ In many sub-Saharan countries, but also elsewhere, the State or the President is considered the supreme owner of the land. Historically this is a late add-on, developed along with the colonial and post-colonial State.

⁶ As suggested by Pierre-Marie Bosc (personal communication) major emphasis should be given to the first two criteria.

We are not content however with the inclusive definition above and a more *exclusive definition* of family farms is preferable for analytical purposes. Here we choose to define an ideal type family farm as *dependent on family labour* in production and primarily *managed by members of the family*. This definition would still include a huge majority of the 570 million family farms worldwide. What would it exclude?

The ideal type of capitalist farm

Of the 30 million farms that are not classified as family farms by the FAO definition the most important one, for analytical purposes at least, is the *capitalist farm*. We define the *ideal type capitalist farm* as an agricultural production unit in which all factors of production (land, labour, capital and management) are procured on the market: This is another way of saying that the factors of production are commodities and have market value. In terms of the three criteria discussed above, the ideal typical capitalist farm (or firm) is: (i) worked by labourers hired for wages (rather than recruited by non-market means); (ii) managed by professional managers (rather than by family members); (iii) owned by corporations having invested their capital into the farm. The capital includes land that, as for family farmers, may be owned or leased.

To be financially sustainable the capitalist farm must, like all capitalist enterprises, in the long run yield a return of the capital invested, at rates that are comparable with other with types of investment. More precisely, the investment in the farm needs to yield high enough returns on the capital invested in all factors of production, *including the*

land.⁷ Thus the capitalist farm must be competitive with other farms or firms operating on the same markets (here we are mainly concerned with output markets). Normally the competitors would include a large number of family farms. The extent to which they are competitive among other things is a question of *economies of scale*.

If there were economies of scale in agricultural production, as pointed out by Binswanger et al. (1995, p. 2664), capitalist farming would have upended family farms long ago. As we will see later, economies of scale are rare in agriculture and often obtain only in some of its branches.

As would be expected of an ideal type, few really existing landed properties live up to the ideal type definition of a capitalist farm, especially not the requirement to yield a return on the imputed value of the land or, if mortgaged, interest on the loan taken. Land not acquired as an investment, perhaps inherited, or land not mortgaged, may obviously be profitable in an account that does not include the value of the land. This makes it easier for such farms to compete with family farms that, by the way often enjoy the same advantage of mortgage-free land. However, capitalist farms: suffer another handicap, which is their reliance on hired labour. Really existing, as opposed to ideal typical capitalist farms often save on labour costs by hiring what we call 'unfree' labour.

⁷ Pierre-Marie Bosc suggests an alternative definition, not unlike ours: "a farm relying exclusively on hired labor without any family / kinship link between the workers and the owners of the means of production, including (or not - it can be leased) the land. I would not put first (or limit to a single criteria) the need to get a "good" rate of return (RoR) on investment. You may find corporations investing in agriculture for various reasons and not exclusively guided by the RoR. It might be part of a portfolio of activities that compensate the lack of appropriate return. Another point that I would like to share is the issue of assets mobility vs the conventional view of agriculture as a pure localised and immobile activity, deeply rooted... If you consider the funds (what scholars call "financialization of agriculture") I think there is another step or degree, or a kind of break or profound change of nature in the activity. They shape "pure" capitalist farming because they (i) work with hired workers (ii) look for high RoR but (iii) they add the mobility of their assets since they rent all the operational assets and hence reduce at nearly zero their immobilization: land, labor, mechanized operation are rented... and if the situation changes they can migrate to more favorable settings like industry does, when looking to low wages / high skills / low social regulations conditions. This is the case in Argentina, Uruguay and parts of Brazil where you also find the strong consolidated "family business farms" category (in our definition)" (personal communication, January 2016).

With these definitions of the ideal types of family and capitalist farms at hand we will proceed by discussing *real types*, as opposed to the ideal type of capitalist farming. It deserves to be stressed that ideal and real types are endpoints on a continuum from more to less abstract, from ideal type family farm or capitalist ones, to really existing farms. Contrasting the ideal type with what we know or have learnt about a real system is an important tool in deepening our understanding of the latter. When contrasting below ideal type capitalist farms with really existing large estates, the aim is to deepen our understanding of the latter.

Large estates are seldom capitalist farms

Definitions of capitalist farming found in the literature are variable, but often reflect what we would argue are non-rigorous definitions of capitalism itself. It is commonplace to see authors, academic or popular, explicitly or implicitly using definitions of farms as capitalist because they are (i) market-oriented, (ii) employ much labour, (iii) are heavily mechanized or because (iv) they are large in terms of area. A fifth point is that (v) capitalist farms seldom were established because they were technically superior but more often because powerful elites thought that they were. As we will explain neither of these five criteria would qualify a farm as capitalist in the ideal sense of the term and thus cannot be used in an ideal type definition.

Market orientation versus subsistence production

Why is not *market orientation* an indicator of ideal type capitalist farming? Such a farm is market orientated by definition, but so are most of the estimated 600 million farms found globally. Purely subsistence oriented farms, producing nothing for the market hardly exist, except as aberrations and in very remote areas.

The FAO report quoted exemplifies varying degrees of commercialization using statistics for eight countries. Out of these the least market orientated one is Nepal, where farmers in the lowest farm size quartile sell less than ten per cent of production, while those in the top quartile sell slightly more than 20 per cent. Tanzania unexpectedly is at the other end, with farmers in the lowest quartile marketing more than 60 per cent while farmers in the top quartile sell 66 per cent of their production (FAO 2014, p. 22). With a too schematic conception of subsistence production one could have expected poorer Tanzania to have a higher degree of production for own use than somewhat better off Nepal. We do not know why it is the other way round, but one may suspect that the

reason is that family farms in Nepal are subsidized, not by governments as in Europe and the US, but by remittances from migrants to the Gulf and elsewhere. Thus, commercial production is not an exclusive criterion of capitalist farming and neither is subsistence production an indicator of non-capitalist agriculture.

The majority of farmers worldwide produce partly for subsistence, especially in poor and middle-income countries. They are usually referred to as smallholders in the development debate. By the criteria proposed here they are family labour as well as family managed farms, with the specific characteristic of being partly subsistence oriented. They make up a majority of the world's poor.

Acreage criteria

Smallholders are usually defined by an acreage criterion, for example farms below two hectares (Dixon, Tanyeri-Abur et al. 2004). Area is not a homogeneous variable however: Two hectares in a near-desert area cannot feed a family, while two intensively cultivated hectares under a valuable crop can be quite a large unit in economic terms. In practical terms, the smallholder category lumps together farm types, which for analytical purposes one may wish to keep distinct. In the following we will avoid the term, although it will recur in the empirical analysis from Chapter 5 onwards.

Dependence on hired labour

Somewhat surprisingly perhaps we reject *dependence on hired labour* as a defining characteristic for the ideal type capitalist farm. Many landed properties in India or in other parts of the world, due to their size in terms of area or in turnover certainly depend on labour recruited either from outside the family or from community and kin networks. But being dependent on hired labour of various types does not make the employer capitalist in the ideal type meaning. More specifically, dependence on hired labour does not imply, as the ideal type requires, that such farms be constrained to make a profit on capital invested in land. We leave the issue of hired labour for now but will return to it later.

Mechanization

As everyone knows farmers of all kinds use machines. Family farming of the kind found in Europe or the US are heavily mechanized. They still fulfil the criteria of family farms

according to the definition above. In other words, reliance on machines does make the farmer a capitalist, as we define these terms.

Size of farm

Similarly *the size of a farm* does not automatically reflect its organization of production. A large estate does not become capitalist just because of its size. The history of large landed properties around the world suggests that unlike industries, large-scale estates have not emerged through economies of scale. They often have a completely different history. For instance, *latifundios* in Southern Spain (Djurfeldt 1993) as well as in South America have a common history as feudal fiefs. Take another example: The plantation sector in sub-Saharan Africa never proved its economic superiority, but was established by colonial and military might and often continues to be protected by the rulers of post-colonial societies, or taken over by them or their cronies. Malawi is a good example here (Prowse 2011, Prowse 2013). A recent World Bank study showed that such plantations cannot, except for certain crops, compete price-wise with the family farm sector (World Bank 2009).

Large landed properties are often created and protected by the State

Political considerations are evident in the establishment of large-scale farms. Take the now defunct Chinese communes: They would never have been set up were it not for the policy makers of the Chinese Communist Party having been taken in by the myth of 'big is beautiful', inspired by scale economies in industry. Neither would they have been dismantled from 1978 and onwards if scale economies had been there. The reforms initiated by Deng Xiaoping established by administrative fiat a huge family farm sector in China. Thus the reforms added many millions of family farms to those already existing around the world. In terms of its addition to the country's food security, it was a uniquely successful reform (see for example Lin 1992, Riskin 1995).

Returning to the main argument: Large landed properties seldom proved their superiority in terms of productivity, but were established by administrative or political interventions. Thus land tenure and other agrarian institutions have a political history that must be borne in mind when trying to understand their role in current or future food production. Historically political interventions often created large landed properties, as in Andalusia or in the former Spanish or Portuguese colonies in South America.

Corporate ownership

As argued initially, the ideal type capitalist farm requires that land ownership is corporate rather than family based. This criterion is more discerning than might be expected. When Deininger and Byerlee recently tried to estimate the number of capitalist farms worldwide they found only one good example: The Swedish *Black Soil AB* which bought up large tracts of land in the black soil areas of Ukraine cultivating them by means of so-called precision agriculture where tractors and combine harvesters are steered by Global Positioning Systems (GPS) and where fertilization regimes are worked out by means of satellite imagery (Deininger and Byerlee 2012). Since Black Soil AB is a public limited firm, listed on the Stockholm Stock Exchange, it fulfils the rigorous definition an ideal type capitalist farm (and firm), dependent for its long-term survival on generating profit on the capital invested in the firm, *including the land*.

A recent article in *The New York Times* was titled “*Cash Crops With Dividends: Financiers Transforming Strawberries Into Securities*”.⁸ The article points out that the rush for land investments (land grabs) that got into a high spin following the global food price crisis in 2008 had already begun to lose speed six years later. A new financial product is however exemplified in the article and pioneered by a private (not public) company, *American Farmland*. The new product is an example of what the journalist calls the latest twist, in which investors and bankers are “combining crops and the soil they grow in into an asset class that ordinary investors can buy a piece of” (Stevenson 2014). This is an example of the *financialization* of land, which fulfils one criterion of the ideal type of capitalist farming. So far it has been rarely fulfilled however.

In addition to American Farmland, only two other farm companies are listed on the NASDAQ stock exchange, Farmland Partners and Gladstone Land Corporation, and indeed, investors interviewed by the journalist are still unsure if in the long run land it is a worthwhile investment. This is in the heartland of world capitalism and given that we have been fed with prognoses of the imminent take over of world agriculture by capitalism, at least since Lenin’s “*The Development of Capitalism in Russia*”, 1960` (1960, 1899),⁹ this is not overly impressive.

⁸ Circulated by Craig Harris through the RC40 network of the International Sociological Association who added a comment: “further to financialization”.

⁹ Not to mention his study of US agriculture where he did a similar prognosis.

In the US and other Western countries it is not uncommon to find farms, which legally are corporations but more often than not are entirely or majority family-owned and thus do not qualify as ideal type capitalist farms. They are not constrained to generating profit on the value of the land and not subjected to the discipline of the financial markets. Unlike a capitalist firm there is nothing that forces the owners to close shop if the farm is not profitable.

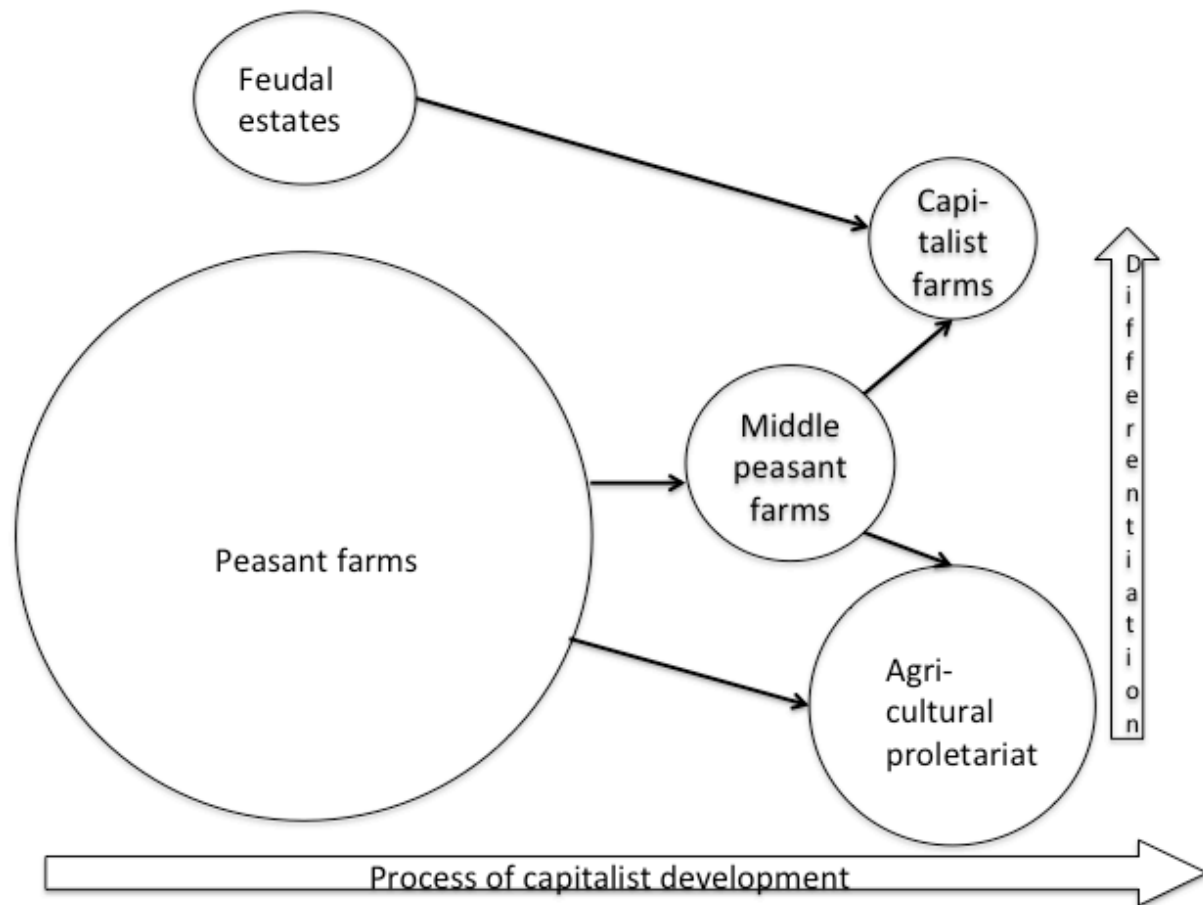
With this discussion of ideal types we move over to the development theory associated with those envisioning a future in which agriculture is dominated by capitalist farms

Classical Leninist theory

The process of capitalist development in agriculture as envisioned by Lenin (1960, 1899) is much akin to what a classical development economist like Arthur Lewis had in mind. Lewis referred to a 'traditional sector', the main function of which was to deliver surplus labour to the modern sector as the structural transformation proceeded. When surplus labour was exhausted agriculture had to be modernized and develop into capitalist agriculture.

Lenin said much the same, as is schematically illustrated in Figure 2.1. For him, development of capitalist agriculture is one of *differentiation*. In the process *middle peasants* either, for the majority, become dispossessed after losing out in competition on the market and join the ranks of the agricultural proletariat or, for a minority, graduate to the class of capitalist farmers.

Graph 1. 1. The development of capitalist agriculture according to Lenin



The emergence of capitalism in farming according to the varieties of the Leninist model, must be one of the most frequently failed prophecies in intellectual history. Given the estimate that out of about 600 million farms worldwide, as already pointed out, only a handful can be deemed capitalist in the ideal type sense of the word, the expectation that they would take over the entire global farm sector can only be explained by ideological and political factors.

Putting it starkly: Waiting for the technological preconditions for capitalist farming to prevail is like waiting for Godot in Becket's play: He never arrives. Therefore we remain sceptical when Deininger and Byerlee (2012) argue, that technologies like precision agriculture have now developed so far that, finally and with a delay of a century, large landed properties have gained a productivity edge over (smaller scale) family farming. The latter allegedly lost their competitive advantage in terms of *family labour* and *family management*. We are not yet willing to accept this claim, for the simple reason that the

new technologies will be getting cheaper as they spread and, although with a delay, become affordable also to family farmers; in the west they are.

With this we can move over to discuss the third type we need, i.e. the one of agricultural labourers.

Agricultural labourers in segmented markets

If we were to define an ideal type *agricultural labourer* it is tempting to resort to the Marxist view, according to which the capitalist farm is unthinkable without the agricultural labourer, and the reverse. Whether originating from dispossessed peasants or from groups historically denied access to land, *ideal typical agricultural labourers sell their labour power in ideal typical markets where the forces of demand and supply enact their inexorable laws*. The glitch here is the virtual non-existence of such markets, since really existing labour markets tend to be segmented with different mechanisms of wage determination in different segments.

Taking the Indian case, agricultural labourers have long been recruits from socially discriminated groups, the Scheduled Castes (SC, so-called ex-Untouchables), Scheduled Tribes (ST) or from lower castes, in the Indian debate often referred to as Other Backward Castes (OBC). Discrimination implies a segmented market with the evident function of keeping wages low. In the absence of competition for labour from services or industries, discrimination thus means locking SC, ST and low caste labourers into low wage market segments, condemning them to lives in misery.

What is well known but less recognized is that agricultural labour markets also in the heartland of world capitalism tend to be similarly segmented. A classic study from the 1980s (Thomas 1985) of salad farms in California, showed that farm workers were recruited from highly segmented niches in the labour market, with illegal immigrants at the lower rungs doing the most tedious jobs at the lowest wages. Green card holders occupied a higher and somewhat better niche, like overseers, quality controllers etc. The only wages at competitive rates were paid to US citizens, typically as managers, security staff and others.

The European agricultural labour market has developed in a similar direction in recent years, when legal and illegal immigrants have swelled the labour supply and caused a

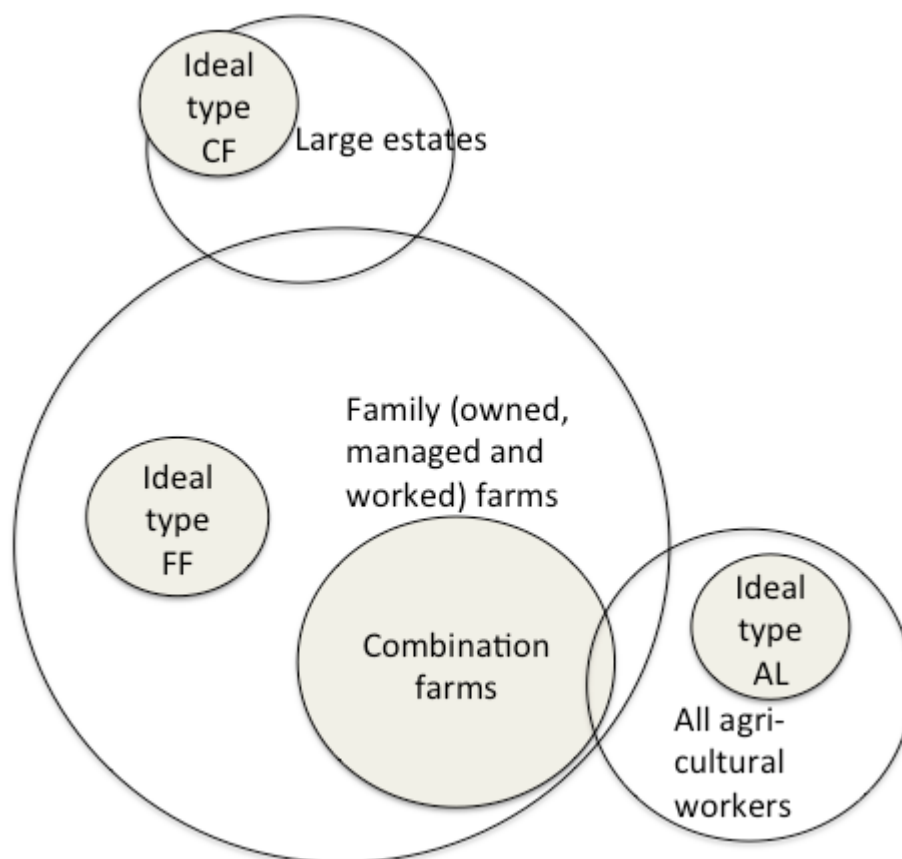
downward trend in wages with the effect that nationals and citizens remain only in the best paid jobs (Kasimis and Papadopoulos 1997, Gatti 2007).

Thus the ideal type agricultural labourer is as rare a bird as the ideal type capitalist farm. Anecdotally, it can be remarked the majority of the members in the Swedish agricultural labourers union work, not in agriculture, but on golf courses, in parks, and in gardens. The Leninist theory of capitalist development is off the mark also in this respect. To describe really existing agrarian societies, we need real types adapted among things to segmented labour markets. This does not mean that the Weberian type is not a useful tool, merely that it is not a descriptive, but an analytical device.

From ideal types to real ones

In the Figure below we summarize the typology to be used in this book (see Fig. 1.2).

Graph 1. 2. A typology of current agrarian societies



Note: CF refers to capitalist farms, FF to family farms and AL to agricultural labourers

The figure emphasizes the point that real agrarian structures are far from the ideal types as defined above, whether we speak of really existing capitalist farms or family farms, or

for that matter agricultural labourers. In the case of capitalist farms there is an especially glaring misfit between prognoses of its increasing dominance and the fact they are exceptionally rare, not only in numbers but also in terms of shares of production.¹⁰

In the graph the ideal types are small shaded circles within bigger white ones. Firstly, all agricultural labourers make up a much bigger circle than the ideal type agricultural labourers and, although it is difficult to find data on this, we would contend that 'free' or non-discriminated labour has shown no secular trend to increase its share of the larger circle. Moreover agricultural labourers are sometimes farmers as well, as denoted by the overlap between the two white circles of family farms and agricultural workers. Secondly, the ideal type capitalist farm circle is a small part of all large estates; moreover the corresponding shaded circle is not completely within the large-landed property circle, because some really existing farms dependent on hired labour are small in terms of acreage, but large in terms of economic turnover, for example in the horticultural sector. Thirdly the white family farm circle contains a new category, here called combination farms, which denote farms where farming is not full-time, but is based a combination of farming with off-farm jobs. This type of *pluriactivity*, as rural sociologists term it, is not new to agriculture. We will return to the issue in a while.

We argue that this typology is more accurate in describing contemporary agrarian societies and that analytically, together with the ideal types; the typology can be used in analysing the development of agrarian structures.¹¹ With this methodological tool in hand we can ask questions about the nature, prevalence and development of family

¹⁰ Excluding the plantation sector where colonially established estates tend to survive.

¹¹ Economists might like to compare our real typology, i.e. the white circles in Fig. 1.2 with the typology developed by Eswaran and Kotwal. Their model is a partial equilibrium one and shows that with unequal access to capital (mainly land) and high supervision costs for labour, a four class structure can be expected to develop with (i) labourer-cultivators, (ii) self-cultivators (family labour farmers in our terminology), (iii) small capitalists and (iv) large capitalists. An obvious weakness of this model is that pluriactivity and combination farms are not at all part of it. Garner, E. and A. P. de la O Campos (2014). Identifying the "family farm": An informal discussion of the concepts and definitions. [ESA Working Paper 14-10](#). Rome, Agricultural Development Economics Division, Food and Agriculture Organization of the United Nations. Eswaran, M. and A. Kotwal (1986). "Access to Capital and Agrarian Production Organisation." [Economic Journal](#) 96(382): 482-498..

farming in a given society: are they family labour and family managed farms and to what extent are they family owned? The typology further leads us to enquire about large estates dependent on hired labour, their history and their form of labour recruitment: Do they use 'free' or 'unfree' labour? Are their labourers free to negotiate their wages and organize, or are their wages kept low by their being discriminated against by citizenship, ethnicity, race or caste? To what extent are or were they historically protected by legislation, subsidies or privilege?

In the following section we first go deeper into the characteristics of family farms.

The competitive advantage of family farms

Within the Marxist tradition since Marx himself, family farms have been seen as a class facing extinction. For Lenin, the peasantry was doomed to disappear and split into two parts, a minority which would develop into an agrarian capitalist class, and a majority which would lose their land and be forced either to join the ranks of the agricultural proletariat, or its counterparts in the cities (Lenin 1960, 1899, Djurfeldt 1981). A presumption of superior productivity within capitalist agriculture underpinned this vision of the future: When compared to peasant or family farms capitalist agriculture, or factories in the field would be like industry compared to crafts and a thing of the past, a museum artefact.

That craft production has difficulties in competing with industrial organization is evidence to the superiority of what Marx called the capitalist mode of production (1977). Like Adam Smith before him (1904 (1776)), he argued that this superiority stemmed, not only from mechanization, but also from the advanced division of labour within the factory, with labourers specializing in different part of the production process rather than producing the *whole product*, as the artisan would.

This type of specialization of labour holds only to a limited extent on really existing capitalist farms, i.e. estates depending on hired labour. Strikingly such farms depend on masses of workers to perform tasks that are not easy to mechanize, like picking of strawberries, wine or tomatoes.

Large estates find difficulties in competing with family farms, precisely because *they are not factories in the field*, as the discussion above clearly illustrates. Historically, as well as currently, large estates generally have not access to technologies, which are not also

available to family farms. Both in Europe and the US, there are small differences in technology between the two sectors. The main difference between them lies in the *armies of labour*, often from segmented or unfree labour markets, absorbed by farms dependent on such labour. This is in contrast to a much greater dependence of family farms on own labour.¹²

While theoretically it is plausible that their mode of organization gives a competitive edge to estates dependent on hired labour, historically as well as currently, this is seldom the case. By contrast, given the access to the same technologies the 'staffing' of farms under family management provides *their competitive advantage*. Hired (non-family) labour is less motivated to work, and more prone to foot dragging than family labour (Scott 1985, Eswaran and Kotwal 1986, Chayanov 1986, 1966). Family members on the other hand work for themselves or for their families, including for their kids and future generations. This is a potent motivating force. During crises family labour is often prepared to work for little or no remuneration, which is the fundamental reason for the resilience of family farms (Chayanov 1986). This is contrast to farms dependent on hired labour, for which the wage bill is largely inelastic.

There is an on-going debate within agricultural and development economics on economies of scale within farming (and for India Dyer 1998, for overviews, see Eastwood, Lipton et al. 2010, Chand, Prasanna et al. 2011). With few exceptions, scale in many studies is proxied by area, either of farm or of area under specific crops. There are evident problems with this operationalization, however. Area is not a homogeneous variable. Whether we speak of farm or plot size, the productivity differences between different farms or plots are vast and depend not only on soil fertility, but also on irrigation, drainage and other factors. Models regressing productivity on farm or plot size, as a result, get large residuals, not easy to minimize and not prone to be normally distributed. In our view, this is the fundamental reason why the many studies on - have yielded little in terms of generalizable results. Thus we would argue that farm (or even plot) size is not the relevant operationalization, while farm type is. We know of only one

¹² Thus we are critical of Brookfield's characterization of some large landed properties as *industrial farms* (banana and sugarcane plantations for example). They may be large-scale, but they are not industrial in terms of technology or organization: Brookfield, H. (2008). "Family farms are still around: time to invert the old agrarian question." *Geography Compass* 2(1): 108-126.

study, which has used this insight, a World Bank study of the profitability of a selection of crops, comparing family farms and large estates in sub-Saharan Africa (World Bank 2009). It concluded that in most crops, family farmers are competitive with the estate sector.

Eastwood and Lipton argue that the competitive advantage of family farms over large estates will gradually disappear and Deininger and Byerlee would seem to agree (Lipton and John 1991, Eastwood, Lipton et al. 2010, Deininger and Byerlee 2012). All three teams of authors mention precision agriculture and geo-sensing, which in their present form require large farm areas to motivate the investment. As already pointed out and in line Moore's law,¹³ currently large-scale technology is likely soon to be available to smaller-scale farmers. Be that as it may be, this sketchy overview seems to indicate that we are far from the point of time when capitalist farms for technological reasons will replace family farms.

This argument for family farming and its competitive advantages can be put in economic terms by referring to Coase's theory of the firm (Coase 1937) and the concept of transaction costs (Williamson 1979). Coase's article became a classic because he pointed out that neo-classical economics could not explain the emergence or existence of the firm. This is where Williamson and his terminological innovation enter: *the firm is a way of minimizing transaction costs by internalizing them into an organizational unit*. One can argue along the same lines about family farming, and family business in general: By internalizing labour costs into the farm (or firm) one reduces transaction costs. Using family instead of hired labour, transactions costs are lowered because the need for supervision is nearly eliminated and shrinkage or foot dragging avoided. This is not necessarily a disadvantage to family workers and need not imply self-exploitation, as has sometimes been alleged. On the contrary, by increasing the quality of the labour input, the remuneration to family labourers may be higher than it would have been to the hired labour it replaced.

The remuneration of family labour is crucial. While the remuneration of hired labour is often simply a sum of money that of family labour is a bundle of utilities, food, shelter,

¹³ Moore's law states that the number of transistors in an integrated circuit grows exponentially and tends to double once in two years. For other electronic applications this has meant, not only miniaturization, but also decreasing costs, making the technology available to new groups.

affection and love, not easy to evaluate in economic terms. The economic parts of the remuneration can be regarded as the correspondence of a wage, or what Eastwood, Lipton and Newell call a reservation utility (Eastwood, Lipton et al. 2010). Thus one can say that as long as the reservation utility of family labour is higher than prevailing agricultural wages, one can expect a tendency for hired labour to be replaced by family labour (Schmitt 1991). An upward pressure on wages, for example due to competition with the industrial service sector, would have similar effect.

Supermarketization and vertical integration

Many perceive the spread of supermarkets in middle- and low-income countries as the new threat to the world's family farms. The basic argument is that the giant supermarket chains, Wal-Mart, Carrefour and the others prefer to deal with a few big suppliers rather than a whole lot of small-scale producers. As supermarkets invest in erecting procurement chains for fresh fruit and vegetables, with the high quality demands of discerning of middle class consumers in view, they tend to prefer large estates for production. In the process of supermarketization family farmers are deprived of some their markets. So goes the argument.

While this is undoubtedly becoming a huge part of all food retailing and procurement, we believe that its consequences for family farming worldwide may not be as apocalyptic as could be feared. Even in markets controlled by huge corporations, family farms enjoy advantages that serve them well.

In his mostly unspoken criticism of Lenin and the Bolsheviks, the Russian agricultural economist and pioneer of family farm studies, AV Chayanov proffered an alternative scenario to Lenin's horizontal concentration (cf. Figure 1.1 above), which he styled *vertical integration*. Chayanov studied how urban-based merchants contracted with family farmers to produce cotton and other cash crops and offered credit to facilitate farmers' investments. He also studied the European cooperative movement during travels in Europe and wrote about his vision for the future of family farming (Chayanov 1977):

"If to this we add in the most developed capitalist countries, such as those in North America, widely developed mortgage credit, the financing of farm circulating capital, and the dominating part played by capital invested in transport, elevator, irrigation, and other undertakings, then we have before us the new ways in which capitalism penetrates

agriculture. These ways convert the farmers into a labor force working with other people's means of production. They convert agriculture, despite the evident scattered and independent nature of the small commodity producers, into an economic system concentrated in a series of larger undertakings and, through them, entering the sphere controlled by the most advanced forms of finance capitalism." (Chayanov 1986, 1966, p. 262)

The leading current expert on supermarketization is Thomas Reardon with a long list of publications to his credit. He is careful to stress the enormous speed with which the process has enveloped the developing world including the poorest parts of sub-Saharan Africa. It is worth noting however that, with its restrictions on foreign direct investment in retailing, India is less drawn into the process than many other countries (see for example, Reardon, Timmer et al. 2003). Reardon et al. summarize studies on sub-contracting to farmers as follows:

"Companies in general tend to source from larger farmers and eschew smaller farmers in scale-dualistic contexts. However, there are various exceptions to this pattern, where companies source from small farmers even when large farmers operate in the same sector... Companies source from small farmers in contexts where small farmers dominate the agrarian structure... When companies source from small farmers, they tend to source from the subset with the requisite non-land assets (such as irrigation, farmers' associations, farm equipment, and access to paved roads). However, where companies need or want to source from small farmers but the farmers lack needed credit, inputs, or extension, companies sometimes use "resource-provision contracts" to address those constraints... [Studies] tend to show positive effects on small farmers of inclusion in modern channels, including on incomes and assets of farmers, and positive externalities to the local labor markets." (Reardon, Barrett et al. 2009)

Concluding from the above: alarm bells seem to prematurely the pending demise of the world's family farmers. As is the case for advanced technology, apocalyptic messages are too rash. In the longer run, neither supermarketization, nor precision farming need be as deleterious to family farming as some foresee.

A safety valve for farmers is pluriactivity, which we will presently discuss.

Pluriactivity and combination farms

The term 'combination farm' used in Figure 1.2 above is a direct translation from Norwegian 'kombinasjonsjordbruk'. Used in a classical work in Scandinavian sociology by the late Ottar Brox (Brox 1969), the term denotes the combination of activities and income sources in agrarian livelihoods. Brox' example related to the combination of small-scale agriculture with fishing along the North Sea coast and in the fjords, especially in Northern Norway where living exclusively on farming was well nigh impossible. Later rural sociologists have adopted a French term, 'pluriactivity' to describe such combinations, common all over but less visible because censuses and surveys long recorded 'primary' and at best 'secondary' occupations.

Pluriactivity is not a new phenomenon: Combination farms were common centuries ago, both in Europe and elsewhere (Holmes and Qataert 1986), for example with farmers from mountainous areas migrating in the off-season to the plains to gain extra there. The fisherman-farmer (Brox, *op.cit.*) and the logger-farmer combination is also age-old (Bjerén 1981). There is no doubt however that with the ST we can expect an increasing degree of pluriactivity, involving the whole cast, fishermen, loggers, herdsman, agricultural labourers, family farmers and well as owners of large landed properties.

There was a spate of interest in pluriactivity in Europe in the 1990s that resulted in a number of publications, still worth reading. In a study from 1992, Fuller and Bollman summarized the situation in Europe, the US and Canada. They noted an association between pluriactivity and farm size within countries. Operators of larger farms were associated with lower participation in off-farm work in Canada, the US and the ten member countries of what was then called the European Community. The authors further mentioned that the participation in off-farm work by spouses was not related to farm size. Off-farm incomes were important all over, especially in the US and Canada where on the mean they made up over 37% of total income. Many farm households gained more than 50% of their total income from such sources or from social transfers, remittances and return on investments (Fuller and Ray 1992, pp. 206-9).

A study by MacKinnon and Spearman compared conditions within Europe in the early 1990s.¹⁴ The authors concluded that, when comparing the remuneration of family labour in agriculture and other sectors of the economy, a large proportion of farms across Europe did not provide a full-time wage. For nearly a half of the sampled households, farm-based income provided less than a third of household income; for only around forty per cent did it provide more than 70% of income. Only 28% of the sample farms drew 90% or more of their income from the farm. The authors concluded that 62% of farm households in the sample were pluriactive on their definition (Mackinnon, Bryden et al. 1991, pp. 61-62).

Since the 1990s interest in these issues seems to have waned both among researchers and policy makers and newer publications are difficult to find. It is unlikely however that pluriactivity would have decreased in the OECD countries.

Both neo-Leninists and neo-classical economists have had a tendency to interpret pluriactivity as a temporary phenomenon, when households due to the ST transfer out of the agrarian sector. Both camps have tended to underestimate the sustainability of combination farms and the livelihoods associated with them.

In conclusion, pluriactivity is more than a transitory phenomenon and is another way in which the prognoses about the development of capitalist agriculture, at the expense of family labour have come to shame.

The dice seems to be loaded *against* capitalist and *for* family farming. In the Indian case, scholars of various persuasions, Marxists and others have been looking for capitalist farming for seventy years without finding much of it. So we will turn the question upside down: In the empirical analysis we will be asking: Has seventy years of agricultural development in India promoted family farming and, if so, what kind of family farming?

Working with a Weberian methodology requires working not only with ideal and real types, but also with the history of the societies you are studying. Aspects of the history of family farming and large estates elsewhere than in India are relevant in our case. In further preparation for the empirical analysis we continue by discussing historical

¹⁴ These were results from a survey from 1987 of 300 farming households in 24 regions of Western Europe. The survey was not statistically representative in a strict sense, but 20 of the research areas were chosen to match the European Community as whole. Four areas were from non-EC countries.

processes of agrarian transformation. We will start with the classical case of Britain, since the time of Marx at the centre of discussion of agricultural development.

Historical transformation of rural economies

As will be evident from the following, British agrarian society did not at all develop according to theoretical expectations.¹⁵ The roots of the British estate system are medieval and can be traced to the peasant uprisings in the 14th and 15th centuries, which the peasants lost. 'Their consequential loss of land laid the foundation for Britain's extremely polarized distribution of land (cf. Brenner 1976). The Black Death contributed further to the establishment of this highly unequal agrarian structure, as did the Reformation, the dissolution of the monasteries and the appropriation of their land by the crown under Henry VIII. These estates were later awarded to the nobility (Tracy 1989, Part I). Thus a small landed elite of mostly noble families monopolized landed property.

The majority of the rural population lacked property and were compelled to seek their subsistence in the commons, until the early 17th century when the Enclosure Acts privatized the commons and deprived the peasantry also of this source of sustenance. From the 18th century onwards the poverty of the rural population, drove the poor and propertyless to seek work as agricultural labourers, industrial workers, servants or, alternatively to seek poverty relief (Polanyi 2001, 1944).

The monopolization of land by the nobility meant that the property-owning peasants, in England called *yeoman farmers* became a small minority in the countryside. Besides the propertyless and the landlords the most important group, although small in terms of numbers, was the estate tenants.

The landowners usually did not cultivate their land themselves, but leased it out. Tenants of large landed properties were pioneers in the application of what has been called *High Farming*. This was a highly productive farming system, building on permanent cultivation, i.e. without fallows. Stall-feeding of cattle, systematic manuring and crop rotation with nitrogen fixing fodder crops were major innovations in the new farming system. Increasing demand for cereals spurred by a growing urban and

¹⁵ The following builds on Chapter 3 in: Djurfeldt, G. (1994). *Gods och gårdar: Jordbruket i ett sociologiskt perspektiv*. Lund, Arkiv.

industrial population stimulated the innovations. High Farming reached its peak under the latter half of the 19th century and before the agrarian crisis of 1870 (Chambers and Mingay 1966).

At this time Great Britain had a distribution of land reminding of some Latin American countries before the land reforms of the 1960s. James Caird, a contemporary researcher described the system as follows:

"When we come more closely to analyse the purely landowning class, the aggregation of land among small numbers becomes very conspicuous. One fourth of the whole territory, excluding those under one acre, is held by 1,200 persons, at an average of 16,200 acres; another fourth by 6,200 persons at an average for each of 3,150 acres; another fourth by 50,770 persons at an average of each of 380 acres; whilst the remaining fourth is held by 261,830 persons at an average each of 70 acres. An interesting compilation by the Scotsman newspaper shows that the peerage of the United Kingdom, about 600 in number, possess among them rather more than a fifth of all the land, and between a tenth and an eleventh of its annual income." (Caird 1961, 1878 quoted in) (Newby, Bell et al. 1978)

The British agrarian structure before 1870 lay quite close to the ideal typical capitalist farming described earlier: It had a small group of aristocratic landowners, renting out their land to capitalist tenants and with a mass of agricultural labourers doing the drudgery in fields and stables. The system fulfilled one of the definitional requirements of capitalist agriculture, viz. capitalization of the land. The nobility lived from their rents, and their tenants had to run an enterprise, which could finance not only the wages and the inputs of capital, but also the capitalized value of the land, in the form of rent. It is a historical irony that this system, which as we have seen hardly exists today, was at its high 150 years ago and since then it decayed.

The agrarian crisis from the 1870s onwards and what we today describe as the first period of *hyperglobalization* (see further below) brought about the downfall of the British system of capitalist tenants. Falling food prices are a deadly threat to landlordism, since they decrease the rental value of land. Landlord incomes tumble; the nobility cannot maintain their castles, their extravagant style of living or pay their servants. This was the destiny that befell many British landowners.

In 1873 the first signs of the coming crisis appeared: World market prices on farm products fell drastically and remained low for a number of years. The estate tenants

took the first blow, but since prices remained low, landlords were gradually affected. Paradoxically, agricultural labourers were quicker to recover. The competition between agriculture and industry for labour resulted in scarcity of labour and partly protected the rural proletariat from the worst effects of the crisis (Perry 1972 p. 22).

The agrarian crisis has been interpreted as a delayed effect of the famous Corn Laws, adopted in the 1840s by the British Parliament in opposition to the landlords (Perry 1972 p. 14). The Corn Laws opened Britain to imports of farm products, but their impact was delayed by about 30 years, due to high transport costs that curbed international trade in bulky products like cereals. During the second half of the 19th century, rapid advances in shipping led to falling freight costs. After 1870 they were low enough to allow American and Argentinian cereals to compete with European ones, which set the bells tolling for British landlordism:

“The dismantling of the landed estates – the aristocratic diaspora from the land – although usually dated from the period immediately following the First World War... began much earlier. Nevertheless a deluge of land sales began in 1919, on a scale unprecedented since the dissolution of monasteries in the sixteenth century. Within three years, it has been estimated, one-quarter of the land surface of the United Kingdom changed hands. However, as Hobsbawm has remarked, one of the most noteworthy aspects of this forced aristocratic abdication was that it took place almost unnoticed at the time, outside the restricted coterie of landowners, farmers, and estate agents who were directly involved in the transactions. This, Hobsbawm adduces, indicated just how far the agricultural interest and the landowning aristocracy had become removed from the centres of economic and political power by the early decades of the twentieth century.” (Hobsbawm 1969, Newby, Bell et al. 1978, pp. 36-37)

The agrarian crisis thus brought a land reform, not by the State, but via the market. British estates were divided and taken over by smaller landowners. They were often ex-tenants, but land was also sold in smaller portions to family farmers. (Harrison 1975). Although Britain still has a higher concentration of landownership than Western Europe, its structure is similar to that found in the rest of Europe (Gasson 1987)

The British case is a good illustration of the role of agricultural labourers in the ST. As Eastwood, Lipton and Newell remark (2010), the relation of the wages of labourers compared to the shadow price of family labour is decisive. In Britain prices of output fell

while wages increased: This forced landlords to divest in land and made it possible for family farms to invest in it. The development in the rest of Europe was parallel.

The case of Europe

With partial exceptions of Mediterranean and Southern Europe, agrarian development in the rest of Europe from 1870 onwards resembled that of the UK. The estate sector contracted in favour of family farming. A classic study of this process is the one by Folke Dovring (1965, 1955). His is a comparative study of agrarian change in the whole of Europe, especially the period 1900 to 1950. As can be seen today the periodization used is not optimal: Today one would have chosen the period from 1870 to 1914 (the first period of hyperglobalization) and 1920 to 1939 (the interwar years, including the Great Depression). In the latter period 1930 is a divider, marking the beginning of large-scale subsidies to agriculture. Roosevelt's New Deal was a forerunner but Europe soon got equivalent programmes.

Dovring documents the development of landownership in Europe. With great skill he avoids the many traps laying in comparative analyses of ownership structures and farm population in different countries. He starts with the decile distribution of land and owners, as one does when calculating Gini indices, but he takes into account the heterogeneity of land and the possibility that the value of output on a small farm, as defined by area can be higher than that of a larger farm. These complications make area statistics of limited use, especially if the aim is comparative and historical. Dovring avoids this problem by using other statistics, for example man-land ratios and standardized labour time data, which began to be collected in many European countries already towards the end of the 19th century. By triangulating the different sources of data, he arrives at a very interesting conclusion, with a bearing on other regions and historical periods than Europe in the early 20th century:

"The weighted material underlines the rigidity of the farm structure in western Europe, and also the similarity between countries. England, with the most extreme large-farm structure in Western Europe, has only one-tenth of its developed resources in farms larger than 200 hectares, or employing more than 10 men. The median is only 60 hectares and rather less than 4 man-years. On the continent and in Scandinavia, family farms and under-sized farms are entirely dominant, with farms requiring large amounts of hired labor definitely in a small minority" (Dovring 1965, 1955, p. 135)

The same pattern to a large extent holds even today, although the median size in terms of area has grown manifold while average man years of labour input is considerably lower, with a strong majority of farms needing one man-year or less (as documented by Bailey 1973 for the period after 1945).

The US

When discussing North American agriculture, it is often pointed out that the US has no feudal past and that this has left an imprint on its agrarian history. In general terms that may be true, but in a more detailed account it does not hold. True, large parts of the Mid-West was colonized by settlers that were allotted land parcels, in principle of equal size. This created the typical US settlement patterns, with farmsteads spread out over the landscape and with a low degree of inequality in terms of landownership. But there are many exceptions to this. Firstly, many settlers bought larger land parcels from institutional landowners, often railway companies that owned about 10 per cent all land in the US (Pfeffer 1983 p. 554 ff.). More importantly there are regional exceptions to the settler story.

In the Southern States, the history of agriculture is rooted in the slave plantations, dominant until the land reforms after the Civil War. Many have wondered why after the abolition of slavery, the large cotton plantations were not converted to capitalist farms, with black wage labourers. The fact that they did not, again points to the constraints to the development of capitalist farms, in the real world, as opposed to theory. Most Dixie landlords preferred to lease out land parcels to sharecroppers to running their plantations with hired labour. This may have something to do with Roumasset's observation:

"Share tenancy gives the tenant a share of benefits from maintenance and land improvements and thereby lowers asset abuse relative to that of the fixed lease arrangement, while simultaneously lowering optimal supervision costs of labor, relative to wage contracts." (Roumasset 1995)

Since the Civil War Southern landlordism has given way to a smallholder structure: In the 1980s the South had a greater share of small holdings than the rest of the country (Wilkening and Gilbert 1987) and this is probably still the case. On the other hand, California, Arizona, Texas and Florida continue to be marked by a huge concentration of landownership. Mind you, this unequal structure is not a product of capitalist

development, but of history. Californian landlordism is rooted in the Spanish/Mexican past. The large landed properties formed at that time, to a large extent have weathered the times and kept their dominance in the State. In 1870 0.2 per cent of California's population controlled more than half the agricultural area:

"To some extent this pattern of landholding is an artefact of the area's colonial heritage. With the completion of the Mexican-American war of 1846-48, American rule was simply exchanged for Mexican rule without any basic change in land tenure. Spanish land grants remained essentially intact but were appropriated through force and fraud by public officials, the railroads, and various powerful persons.

"In order to understand the present day industrialized agriculture of California, with its heavy labor requirements, it is necessary to keep in mind the interacting effect of two factors: land monopolization and the availability of large units of cheap labor. If the large holdings had not been monopolized from the outset, it is quite likely that many small acreage units should have developed... Conversely, if the owners of the large estates had been unable to tap huge reserves of cheap labor after wheat production ceased to be profitable, it is quite likely that the development of large scale intensive agriculture would have been retarded, perhaps never undertaken." (Pfeffer 1983 p. 543)

In California, as in many other parts of the world, large landed estates were created before capitalism developed and thus are no product of such a development. The history of large landed properties so far is a corrective to the evolutionist paradigms. However, the different historical trajectories of the cotton belt and the sun belt, calls for an explanation. In the former the plantations have been largely dismantled, while in the latter latifundios continue to dominate. Pfeffer's explanation of this paradox still holds and tallies well with the thesis advanced in this book: the problem of large landed properties has always been labour power. The access to disciplined labour at low wages is a perennial problem for large-scale production. In Western Europe as we have seen, the large estates had great problems in surviving the competition with industry for labour, even if mechanization was a countervailing force.

East Asia: Japan, South Korea and China: The industrious revolution

Japanese scholars have coined the concept of an *industrious revolution* applicable not only to Japan but to several East Asian countries, emphasizing the role of family labour, not only in farming but also in the non-farm sector and in the proto-industrialization of

the Japanese and Chinese weaving and textile industries. Later the industrious revolution led to the emergence of a labour intensive pattern of industrialization, which made it possible especially for Japanese industries to compete with American and European industry (see for example the works quoted in Sugihara 2003). The industrious revolution also left a resilient imprint on the agrarian structure of East, as well South East Asia, as documented in a recent study by Rigg *et al.* (2016).

It is doubtful whether the concept of an industrious revolution can be applied to India, to its farm sector or its protoindustrialization. On the contrary, the division of labour in the agricultural sector and in spinning, weaving and textiles, typically occurred between households, rather than within them, unlike in the Japanese and Chinese cases. This also applied to farming where in the Indian case family-managed farms were the rule, but not family labour farms. Over large parts of the country even small and medium farmers depended on hired labour, especially during the peak seasons and in ploughing, harvesting and threshing (Kumar 1965, Hjejle 1967). The presence of a large landless proletariat, either working as tenants or as agricultural wage labourers made it possible for landowning farmers to 'outsource' the most demanding tasks in cropping. We would argue that this structural feature, distinguishing the Indian case from the East Asian ones, is crucial in understanding the background conditions for India's ST. It continues to mark the development in the sub-continent.

Another common feature of the East and South East Asian 'tiger economies' is that they all had thoroughgoing land reforms before World War II (in the case of Taiwan under Japanese occupation)¹⁶ or immediately after the war in the other cases. Land reforms largely did away with landlordism and created farm sectors dominated by family farms (Jirström 2005). Again India is a contrast: its abolition of tax farming (*zamindari*) is usually considered successful but, although attempted, reforms of the East Asian type have only been implemented with some success in the Indian States of West Bengal and Kerala.

¹⁶ There is large literature on the consequence for the farm sector of structural transformation, especially in South East Asia. See for example the articles collected in Eicher and Staatz (1990) and Tomich et al. (1995): Eicher, C. K. and J. M. Staatz, Eds. (1990). Agricultural development in the Third World. Baltimore, Md., The Johns Hopkins University Press.

India in earnest launched the modernization of its agriculture with the Green Revolution from 1967 onwards (Frankel 1978, Djurfeldt and Jirström 2005), but it did so with a legacy of a segmented rural labour market, with minorities consisting of millions of landless labourers and poor peasants, segregated by caste, tribe and religion and mostly living in abject poverty, together with a class of large landlords, entrenched in agriculture despite the half-hearted land reforms and, with less family labour farms and more family managed ones.

Summary and conclusions

The emergence or strengthening of family farms has historically been associated with the structural transformation (ST) of economies, which now belong to the most industrialized and urbanized in the world. In the West family farms have grown, not only at the expense of smaller units, but also at the expense of large farms dependent on hired or other non-family labour. As a result of mechanization and the decreased importance of hired labour, big estates have often been sub-divided and converted to family worked farms. This leads to a general question for following analysis: Is family farming strengthening its position in India in tandem with its ST? Or is India, paraphrasing the title of this study: "No place for family labour farms?"

Before we can dig into that: In the next chapter, we discuss the concept and process of ST, especially its consequences for agrarian society.

References

- Bailey, W. R. (1973). *The One-Man Farm*. Washington, D.C., Economic Research Service, United States Department of Agriculture.
- Binswanger, H. P., K. Deininger and G. Feder (1995). Power, distortions, revolt and reform in agricultural land relations. *Handbook of development economics*. Jere R. Behrman and T. N. Srinivasan. Amsterdam, Elsevier. **3B**: 2659-2772.
- Bjerén, G. (1981). "Female and male in a Swedish forest region: Old roles under new conditions." *Antropologiska studier*(30-31): 56-85.
- Brenner, R. (1976). *Agrarian Class Structure and Economic Development in Preindustrial Europe*.
- Brookfield, H. (2008). "Family farms are still around: time to invert the old agrarian question." *Geography Compass* **2**(1): 108-126.
- Brox, O. (1969). *Hva skjer i Nord-Norge?*, Pax Forlag.
- Caird, J. (1961, 1878). *The landed interest and the supply of food*. London, Cass.
- Chambers, J. D. and G. E. Mingay (1966). *The Agricultural Revolution 1750-1880*. London:, B.T. Batsford Ltd.
- Chand, R., Prasanna, P. Lakshmi and A. Singh (2011). "Farm size and productivity: Understanding the strengths of smallholders and improving their livelihoods." *Economic and Political Weekly* **46**: 5-11.
- Chayanov, A. V. (1977). *The journey of my brother Aleksei to the land of peasant utopia. The Russian peasant 1920 & 1984*. R. E. F. Smith. London, Frank Cass: 63-108.
- Chayanov, A. V. (1986). *On the Theory of Peasant Economy*. Madison, Wis., The University of Wisconsin Press.
- Chayanov, A. V. (1986, 1966). *A.V. Chayanov and the Theory of Peasant Economy*. Madison, Wisconsin, The University of Wisconsin Press.
- Coase, R. H. (1937). "The nature of the firm." *Economica* **4**(16): 386-405.
- Deininger, K. and D. Byerlee (2012). "The rise of large farms in land abundant countries: Do they have a future?" *World Development* **40**(4): 701-714.
- Dixon, J., A. Tanyeri-Abur and H. Wattenbach (2004) "Framework for analysing impacts of globalization on smallholders." *FAO Corporate Document Repository*.
- Djurfeldt, G. (1981). "What Happened to the Agrarian Bourgeoisie and the Rural Proletariat Under Monopoly Capitalism?" *Acta Sociologica* **24**(3): 167-191.
- Djurfeldt, G. (1993). "Classes as clients of the State. Landlords and laborers in Andalusia." *Comparative Studies in Society and History* **35**(1): 159-182.
- Djurfeldt, G. (1994). *Gods och gårdar: Jordbruket i ett sociologiskt perspektiv*. Lund, Arkiv.
- Djurfeldt, G. (1996). "Defining and operationalising family farming from a sociological perspective." *Sociologia Ruralis* **36**(3): 340-351.
- Djurfeldt, G. and M. Jirström (2005). The puzzle of the policy shift - The early green revolution in India, Indonesia and the Philippines. *The African Food Crisis: Lessons from the Asian Green Revolution*. G. Djurfeldt, H. Holmén, M. Jirström and R. Larsson. London, CABI.
- Djurfeldt, G. and S. Sircar (2016). *Structural transformation and agrarian change in India*. New York and London, Routledge.

Dovring, F. (1965, 1955). Land and Labor in Europe in the Twentieth Century: A Comparative Survey of Recent Agrarian History. (Third Revised Edition of Land and Labor in Europe, 1900-1950). The Hague:, Martinus Nijhoff.

Dyer, G. (1998). "Farm size and productivity: a new look at the old debate revisited." Economic and Political Weekly: A113-A116.

Eastwood, R., M. Lipton and A. Newell (2010). Farm size. Handbook of agricultural economics. P. L. Pingali and R. E. Evenson. North Holland, Elsevier.

Eicher, C. K. and J. M. Staatz, Eds. (1990). Agricultural development in the Third World. Baltimore, Md., The Johns Hopkins University Press.

Errington, A. (1996). "A comment on Djurfeldt's definition of family farming." Sociologia Ruralis **36**(3): 352-355.

Eswaran, M. and A. Kotwal (1986). "Access to Capital and Agrarian Production Organisation." Economic Journal **96**(382): 482-498.

FAO (2014). The state of food and agriculture: Innovation in family farming, Food and Agriculture Organization of the United Nations.

Frankel, F. R. (1978). India's political economy, 1947-1977: The gradual revolution. Princeton, N.J., Princeton University Press.

Fuller, A. and B. Ray (1992). Pluriactivity Among Farm Families: Some West European, US and Canadian Comparisons. Contemporary Rural Systems in Transition. I. R. Bowler, C. R. B. and M. D. Nellis. London, CAB International. **Volume 2: Economy and Society**: 201-212.

Garner, E. and A. P. de la O Campos (2014). Identifying the "family farm": An informal discussion of the concepts and definitions. ESA Working Paper 14-10. Rome, Agricultural Development Economics Division, Food and Agriculture Organization of the United Nations.

Gasson, R. (1987). Family Farming in Britain. Family Farming in Europe and America. B. Galeski and E. Wilkening. Boulder, Col., Westview Press: 5-37.

Gatti, F. (2007). Bilal: viaggiare, lavorare, morire da clandestini. Milano, BUR.

Harrison, A. (1975). Farmers and farm businesses in England, Miscellaneous Study Number 62. Reading: Reading University, Department of Agricultural Economics and Management.

Hjejle, B. (1967). Slavery and agricultural bondage in South India in the nineteenth century Copenhagen, Scandinavian Institute of Asian Studies.

Hobsbawm, E. J. (1969). Industry and empire : an economic history of Britain since 1750. London.

Holmes, D. and J. Qataert (1986). "An Approach to Modern Labor: Worker Peasantries in Historic Saxony and Friuli Region over Three Centuries." Comparative Studies in Society and History **28**(2): 191 - 216.

Kasimis, C. and A. G. Papadopoulos (1997). "Family farming and capitalist development in Greek agriculture: A critical review of the literature." Sociologia Ruralis **37**(2): 209-227.

Kumar, D. (1965). Land and Caste in South India: Agricultural labour in the Madras Presidency during the nineteenth century. Cambridge, Cambridge University Press.

Lenin, V. I. (1960, 1899). The Development of Capitalism in Russia. Moskva, Foreign Languages Publishing House.

Lin, J. Y. (1992). "Rural reforms and agricultural growth in China." The American economic review: 34-51.

Lipton, M. and T. John (1991). Does Aid Work in India? A Study of the Impact of Official Development Assistance. London:, Routledge.

Lowder, S. K., J. Skoet and S. Singh (2014). "What do we really know about the number and distribution of farms and family farms in the world?" Background paper for The State of Food and Agriculture: 8.

Mackinnon, N., J. M. Bryden, C. Bell, M. Fuller and M. Spearman (1991). Pluriactivity, Structural Change and Farm Household Vulnerability in Western Europe.

Marx, K. (1977). Capital. A Critique of Political Economy. London, Lawrence & Wishart.

Newby, H., C. Bell, C. Rose and P. Saunders (1978). Property, Paternalism and Power. London:, Hutchinson.

Perry, P. J. (1972). British Agriculture, 1875-1914. London, Methuen.

Pfeffer, M. (1983). "Social origins of three system of farm production in the United States." Rural Sociology **48**: 540-562.

Polanyi, K. (2001, 1944). The Great Transformation: The Political and Economic Origins of Our Time. Boston, Beacon Press.

Prowse, M. (2011). A Century of Growth? A History of Tobacco Production and Marketing in Malawi-1890-2005, Universiteit Antwerpen, Institute of Development Policy and Management (IOB).

Prowse, M. (2013). "A history of tobacco production and marketing in Malawi, 1890–2010." Journal of Eastern African Studies **7**(4): 691-712.

Reardon, T., C. B. Barrett, J. A. Berdegúe and J. F. M. Swinnen (2009). "Agrifood Industry Transformation and Small Farmers in Developing Countries." World Development **37**(11): 1717-1727.

Reardon, T., C. P. Timmer, C. Barrett and J. Berdegúe (2003). "The rise of supermarkets in Africa, Asia, and Latin America." American Journal of Agricultural Economics **85**(5): 1140-1146.

Rigg, J., A. Salamanca and E. C. Thompson (2016). "The puzzle of East and Southeast Asia's persistent smallholder." Journal of Rural Studies **43**: 118-133.

Riskin, C. (1995). Feeding China: The experience since 1949. The Political Economy of Hunger. Selected Essays. J. Drèze, A. Sen and A. Hussain. Oxford, Clarendon Press: 401-444.

Roumasset, J. (1995). "The nature of the agricultural firm." Journal of Economic Behavior and Organization **26**: 161-177.

Schmitt, G. (1991). "Why is the agriculture of advanced Western economies still organized by family farms. Will this continue to be so in the future?" European Review of Agricultural Economics **18**: 443 - 458.

Scott, J. C. (1985). Weapons of the Weak: Everyday Forms of Peasant Resistance. London and New York, Yale University Press.

Smith, A. (1904 (1776)). An Inquiry into the Nature and Causes of the Wealth of Nations. E. Cannan. London: Methuen & Co., Ltd. , Library of Economics and Liberty [Online]

Stevenson, A. (2014). Cash Crops With Dividends: Financiers Transforming Strawberries Into Securities. New York Times. New York.

Sugihara, K. (2003). The East Asian Path of Economic Development: A long-term perspective. The Resurgence of Eastd Asia: 500, 150 and 50 year perspective. G. Arrighi, T. Hamashita and M. Selden. London and New York, Routledge: 78-123.

Thomas, R. J. (1985). Citizenship, Gender, and Work: Social Organization of Industrial Agriculture. Berkeley:, University of California Press.

Tracy, M. (1989). Government and Agriculture in Western Europe 1880-1988. Third Edition., London: Harvester Wheatsheaf.

Weber, M., Ed. (1997, 1949). The methodology of the social sciences. Translated and edited by Edward A. Shils and Henry A. Finch. New York, Free Press.

Wilkening, E. and J. Gilbert (1987). Family Farming in the United States.

Williamson, O. E. (1979). "Transaction-cost economics: the governance of contractual relations." Journal of law and economics: 233-261.

World Bank (2009). Awakening Africa's Sleeping Giant: Prospects for commercial Agriculture in the Guinea Savannah Zone and Beyond. Washington, D.C., The Bank.