CHAPTER VII

CONCLUSION AND SUGGESTIONS
CHAPTER VII

CONCLUSION AND SUGGESTIONS:

Rural development has emerged as a distinctive field of policy, practice and research, in the last two decades. The majority of underdeveloped and developing countries of Latin America, Africa and Asia showed their interest for rural development theory for the reason of its concern towards the equity objectives of various kinds, specially the reduction of inequalities in income and employment, in access to public goods and services, and the alleviation of poverty. Its recent popularity, however, was mainly symptomatic of the failure of technocratic and growth strategies pursued by most developing countries in the 1950's and 1960's. By the middle of 1970's it was obvious that a new approach to the development dilemma was necessary to achieve growth in productivity, employment and incomes while doing something about the potentially disruptive inequalities.

The Iranian rural development programmes started in the beginning of 1960's under the heading of "White Revolution" along with the Third Development Plan. The Shah's Government introduced a package of programmes of which the key programme was land reform and through that other organizations like co-operative societies, farm corporations, agri-businesses and production co-operatives were established. There were also other organizations that came into being with the onset of "White Revolution" such as Literacy Corp, Health Corp and Extension and
Development Corp. The rural development programmes failed in Iran because the aim behind them was not alleviation of poverty, increase in the per capita income of peasants or more employment and increase in the production; the main aim was just to convert the Iran's pre-capitalist rural system to a capitalist one and make the rural society as a market for foreign goods.

Iranian agriculture, being a traditional system engages about 17.3 million hectares land under cultivation (out of 57 million hectares cultivable land). The major farm productions in the order of importance are wheat, barely, rice, cotton, sugarbeet, oil seeds, tobacco, pistachio out of which wheat, barely and rice comprise 85 percent of the total production (wheat 61.8 percent, barely 18.2 percent and rice 5 percent). None of the crops mentioned can meet the domestic demand and the Government usually compensates the shortages by importing the above crops. There are several obstacles in the way of agricultural development which are as under:

(a) Even today, water remains as one of the biggest problems of the sector. Throughout the country rainfall is 35 mm to 300 mm a year and is unevenly distributed with the lush sub-tropical Caspian Coast receiving the highest and the vast arid central and eastern plateaux the lowest. Insufficient water supplies had restricted the amount of land brought under cultivation, affected the type of cultivation and in many regions could mean disaster (extreme conditions prevail with very hot summers and very cold winters).
(b) Lack of rural road communication network is another obstacle to the development of the sector.
(c) The migration of labour force to the cities had important implications to the Agricultural Sector, one of which was a general decline in the proportion of young people to the total rural population.
(d) Another great obstacle to the agricultural development during the Shah's time was the Government subsidy to the imported food prices. Reduction in food prices coupled with the increasing income of the people led to greater demand for food and led to a continuous shortage of essential food stuff in the market resulting in black marketing during the 1970's. The same process was going on even after the 1979 Revolution, but fortunately Islamic Republic Government recently passed an act in the Parliament to stop the subsidy for imported food stuff.
(e) As mentioned earlier, fragmentation of the holdings was another factor responsible for low productivity. Use of primitive and antiquated methods of cultivation in most of the farms of small landowners kept the productivity low.
(f) Usurious system of money-lending, the presence of advance buyers and absence of regulated markets for the products discouraged the farmers and prevented them from producing more food.

After Islamic Revolution of 1979 the agricultural situation showed an improvement as compared to the years prior to the Revolution. The area under cultivation, the total production and yield per hectare increased but, still was not enough to
satisfy the needs of the country. There are still some old problems. To change the situation and bring a real development for Agricultural Sector, the Islamic Republic Government of Iran must take the following steps:

(a) Shortage Of Loan For Small Peasants: The Government should provide enough credit for the peasants to help meeting cultivation expenditure.

(b) Cut the hands of advance buyers and money-lenders from rural areas.

(c) Establish a regular market for crops which are produced by the peasants.

(d) Import the suitable technology for the Agricultural Sector; the technology should be more labour intensive and not capital-intensive.

(e) Alleviating poverty in rural areas, particularly in a number of isolated regions in the western part of the country where agriculture is characterized by small farming units and surplus laborers.

Iran consists mainly of arid and semi-arid regions. Except for the coastal regions of Caspian Sea and some other regions in the western part of the country under dry-cultivation, the rest of the country relies on irrigation to a great extent. Water is an essential need for the economic growth and development of every country. It is not only necessary for agricultural development but is an important factor for the continued creation and development of industry and urbanization. In Iran, because of insufficient rainfall and other unfavourable
natural factors, water which constitutes a basic element of economic growth, tends to have a limiting effect on both the industrial and agricultural sectors of the countries economy. The three source of water in Iran are, precipitation, surface water (e.g. rivers and streams) and underground water (e.g. qanats, wells and springs). There are four systems of irrigation namely, furrow irrigation system, basin irrigation system, sprinkler irrigation system and drip or trickle irrigation system.

Out of 457.5 billion cubic meters of water which yearly enters the country approximately 186.5 million cubic meters remain in the country in the form of surface and underground reserves and the remaining returns to the atmosphere in the form of evaporation or evapotranspiration. Out of 186.5 million cubic meters water available only 30 million cubic meters are yearly used and the remaining is lost in different ways.

The following are some suggestions for increasing the efficiency of water management and preventing the loss of water.

(a) Further construction of reservoir dams to prevent 78.5 billions cubic meters of water, at present flowing out of the country, is essential. In order to minimise the period during which the capital investment lies ideal, however, it is advisable that work on the constructions of reservoir dams and their irrigation networks be started simultaneously.

(b) In areas adjacent to hilly and mountainous country, where the drilling of deep wells is not feasible, ground water can be obtained by means of qanats or shallow wells, which tap the
aquifers by numerous horizontal galleries running in different
directions, thus preventing water from running off into swamps
and salt lakes.

(c) In alluvial plains which border on salt lakes or deserts, a
series of deep wells, acting like an underground wall, must be
drilled around the lakes or deserts, preventing the underground
water resources from permeating through to them. Apart from
tapping an important new source of water, this procedure will
also prevent the expansion of desert.

(The last two suggestions are helpful in the reduction of 43
million cubic meters of underground water flow yearly from the
country).

(d) To use the modern irrigation system, Government should
encourage the small land holders to join in big cultivation co-
operative units. It is only then that the use of modern
irrigation systems are feasible because of the expenditure
involved in the use of such systems.

(e) Government is needed to give sufficient technical information
to the farmers through the irrigation training classes.

(f) Allocation of enough budget for establishing the irrigation
networks must also be carried out.

(g) Construction of small and large dams and regularization of
dredging of lakes and rivers is a necessary action.

The rural industries in Iran were neglected during the
Shah's regime; only those industries related to agri-businesses
were encouraged (e.g. food processing). On the basis of available
data, at present 1 million persons are working in 1.2 million
small rural workshops.

For the reason of traditional and domestic characteristic nature of rural industries in Iran, 66 percent of these industries are textile industries, in which carpet weaving is the most important and dominant one.

One of the special characteristics of rural industries in Iran is the higher ratio of women workers to men.

During the Shah's regime, rural industries did not get any support from the Government and were threatened by the foreign-made imported goods available in the rural and urban markets. Government decided to modernise the rural societies with foreign goods. They did not mean to bring any improvement in rural production. The Shah's policy was "villages without production". The Islamic Republic Government by protecting these industries, both financially and technically, improved the income levels and therefore the standard of living of these group of peasants.

There should be exhibition of rural handicraft and rural handloom in big cities to increase the interest of the urban people towards the production of the rural people. The same programme is going on in India for the rural industries and rural handicrafts, and the result is satisfactory. The Government should encourage and establish co-operative organizations for different rural industries with branches in districts and cities for marketing purposes.

A characteristic peculiarity of Iranian rural areas prior to
the land reforms was the combination of predominant feudal relations of production and scant independent peasant production. The pre-capitalist relations of production were subordinated to the capitalist system through a system of commercial relations. In this regard, capitalism preserved the pre-capitalist relations of production.

The Iranian land reform may be characterised as a reform which was set in motion under mounting exogenous pressures generated by the Soviet-American rivalry specially during Kennedy's and Khrushchev's global and regional policies of the late fifties and early sixties, and also as a reform dictated from above, which was formulated and implemented by an apathetic, inefficient and corrupt bureaucratic network with minimum participation of the peasantry, the intelligentsia and the working class. As a whole, Iran's land reform led either to the sale of land to the occupant sharecropper or to the division of the plot between the land owner and the sharecropper according to the traditional practice of crop division. Thus, from the standpoint of land distribution, the Iranian land reform programme had the following consequences:

(a) Almost 90 percent of the total, 55 to 60 thousand villages in Iran were affected in one way or another.
(b) The ownership of about 40 percent of the total land holdings was transferred to the sharecropping peasants.
(c) About 30 percent of the villages were positively affected in the process.
(d) The pattern of maldistribution of cultivable land remained virtually unchanged.

The land reform programme of the 1960's and its related measures led to the emergence of a variety of agricultural enterprises such as co-operative societies, family small holdings, half and half cultivation, pump cultivation, farm corporations, agri-businesses and production co-operatives. It should be noted here that one of the major disfunctional aspects of land reform programme was the disorganisation of group farming (Buneh system) which was an integrated part of sharecropping organisation of production. Coupled with the small size of units and the failure of such new production organisations as farm corporations and production co-operatives, the disintegration of the Buneh system created severe difficulties for optimisation of agricultural production and utilisation of mechanised implements in small units of agricultural production. Furthermore, the land reform programme and certain other Governmental measures led to the emergence of a variety of rural organisations, which were designed, established and supervised agencies. Having been superimposed by the Government upon village communities by alien bureaucratic forces, these rural organisations have generally failed in the performance of their assigned roles. Finally the Shah's experience of land reform and its supportive reform measures which have led to the weakening of rural communities, Agricultural Sector and the replacement of the exploitative forces in the village class structure attest to the fact that superimposition of reform measures from above may not necessarily
result in the desirable rural development. Radical changes in the larger polity and economy accompanied by the mobilisation, politicisation and participation of villagers are the pre-requisites for an integrated and self-reliant rural development.

After the overthrow of the old regime and victory of the Islamic Revolution in 1979, a land bill passed by the Revolutionary Council in the late summer of 1979, started out by declaring all land and natural resources as belonging to God; Human beings might make use of these divine gifts, they stated, on the basis of useful work and labour. Land to be redistributed was classified as follows:

(a) Unused lands with no known history of cultivation and pastures (Band-e-Aleph).
(b) Land expropriated by action of competent Islamic courts, previously developed and cultivated (owned) by individuals or corporations (Band-e-Beh).
(c) Idle land formerly cultivated, belonging to real or legal persons in accordance with the ownership criteria of the previous regime (Band-e-Jeh).
(d) Cultivated lands (Band-e-Deh).

The preference in receiving land was given to landless peasants and persons qualified in agriculture. Land was supposed to be allocated to individuals as well as to co-operatives.

After passing of 13 years, the land reform is not yet completed, the ownership of many lands are not cleared, a large number of the peasants are still landless and most of the lands
which were distributed among the peasants are in the form of Mawat (waste land) which need lot of investments and energy to be converted into a cultivable land.

The rural co-operative societies were created as part of the land reform programs. The societies rapidly expanded after 1962 since a sharecropper was required to belong to a rural co-operative if he was to obtain land. It was believed by the land reform officials that the co-operatives could take over the duties of landlords and Buneh units. Theoretically, the functions of the co-operative societies were as follows:

(a) Operations concerned with the production, exchange, storage, transportation and sale of the produce of the members.
(b) Provision of agricultural implements and machinery, fertilizer and pesticides.
(c) Provision of consumption goods.
(d) Extension of loans to members to tide them over the period until they sell their crops, to provide what they need for the cultivation of their crops and wherever necessary, provide money for improving the means of production.

But all these above mentioned functions just remained on the paper, their only function was the distribution of consumer goods, fertilizer and pesticides, in which the last two items were in small quantities. Rural co-operative societies failed to provide enough credit to the peasants; the loan which they provided to the peasants was insufficient for production purpose and usually was used for purchase of consumer goods by the
farmers.

The co-operatives had widely been scattered and were suffering from managerial shortcomings. The rural co-operative societies in Iran were in fact a Governmental organization and not a peasant one. It was established just for the sake of protecting the beneficiaries and not peasant's interests.

The rural co-operative societies totally failed in Iran for the below mentioned external and internal factors:

The external factors being, (a) Government's wrong credit policy; (b) less attention paid to marketing and insurance of agricultural goods; (c) wrong pricing policy by rural co-operatives; (d) less attention paid to education and training of peasants; (e) assignment of irrevant duties, by the Government, on the shoulders of rural co-operatives; (f) incorrect policy of Government in formation of rural co-operative societies; and finally (g) the political dependence of the rural co-operatives; and the internal factors being (a) centralised decision-making; (b) absence of co-ordination among the official credit organisations; (c) lack of control on the use of loans; and (d) weakness and high corruption among the rural co-operative management.

In the time of Islamic Republic Government of Iran, the irrevant duties which relied on the shoulders of rural co-operatives by the previous regime has been removed, but for the sake of Iran-Iraq war their functions were limited to providing of consumer goods. The framework of co-operative societies
training and education system was almost same as before. The rural co-operative societies can be helpful in the process of rural development only if, (a) Government gives them full protection by providing enough credit, specially low interest credit; (b) modern technology and agricultural machinery and establishment of the agricultural industries (suitable for geographical and socio-economic tradition of rural societies) in rural areas, correctly used, with the help of peasants (especially the poor peasants), can help in increasing the income level of peasants and take fundamental steps towards the removal of poverty in rural areas; (c) educating and training of the peasants to acquire the necessary skills, can be useful to involve the co-operative's members in the rural co-operative's management and strengthening the co-operative spirit among the peasants; and (d) continuous training for the rural co-operative societies management board.

The co-operative societies programme was an overall failure at the time of previous regime. Even after the Revolution with all the attention paid and helps extended by the Government, these societies have not yet achieved their set targets.

The sustained and rapid rise in the oil revenues increased the spending power of the State, made property ownership (for the land owning class) less attractive, resulted in the cumulative (but uneven) growth of urban incomes and encouraged the notion that a peasant based agriculture was dispensable, indeed anachronistic. Therefore, and in line with purely bureaucratic and technological blueprints for "modernising" the
whole of the economy, it was decided to impose a system of "farm corporations", that is, joint stock agricultural companies, sometimes consisting of several villages, and then to promote agri-business complexes that is, extensive farms based on foreign and domestic capital and wage labour in the most fertile regions of the country, officially described as the poles of land and water resources.

The parallel strategy of rapid urban industrialisation generally discriminated against agricultural development. Of the funds allocated to the Agricultural Sector, direct state investment was channeled primarily into agri-business companies, while most of the state credit and loans were granted to farm corporations. The peasants, constituting 55 percent of the country's population and operating 82 percent of the cultivable area, were left to obtain what credit they could through the complex bureaucratic network of the co-operative units or, more often from the local usurers and merchants.

The performance of agri-business farms was extremely poor and their unit-costs of production were characteristically higher than those in the peasant sector. The reasons for this poor showing were in general; the units were too large, their management structure was ill-suited to the local conditions, their imported technology was ill-adapted and their work force was typically made up of expropriated former peasant holders used as "migrant labour". Farm corporations performed relatively better than agri-business farms because of their smaller size and
more relevant form of ownership, management, technology and employment. Yet considering the moral and material support which they received from the State, their performance was also disappointing. The destruction of the social and economic boundaries of the traditional village, the immiserisation of the poorer peasants, and the direct bureaucratisation of decision-making which they involved were among the major reasons for their inefficient functioning. The available evidence clearly indicates, in spite of the antipeasant state policies, the performance of peasants agriculture was better than agribusinesses and farm corporations; but it grew at a slow rate and remained economically underdeveloped and socially underprivileged. The extension of the central bureaucracy to the village, and the official contempt for the peasantry which was amply reflected to the attitude and behaviour of local (civilian as well as military) officials, created social instability, economic insecurity and psychological resentment among the peasants.

After the victory of 1979 Islamic Revolution, the newly appointed Government tried their best to solve the problems of the peasants. They declared that the highest priority was to achieve self-sufficiency in agriculture and hence better living conditions for the peasants, by first relieving them from the clutches of the landlords. They reallocated the lands among the peasants, established Rural Service Centers (instead of old farm corporations), re-established the rural co-operative societies on the basis of voluntary co-operation without Government direct
intervention.

In spite of all the efforts put by the authorities and the planners, the rural development programmes of Islamic Republic did not bring about much change in the socio-economic situation of the rural areas. Still such problems as bureaucracy and disharmony among the Ministries involved are major barricades in the path of rural development programmes.

The following paragraphs contain some humble suggestions which might be helpful in solving the rural problems (mentioned in the previous text of the present study) and future planning for rural development.

(a) Instead of involving so many Ministries and organizations, the authority of rural development programme could be put in the hands of a few Ministries. By this way, programs will not only work more smoothly but the bureaucracy present among the organizations will reduce or vanish.

(b) Disharmony among the organizations in the rural areas should be changed to a collaboration.

(c) Incomplete land reform should be completed as soon as possible, especially Band-e-Jeh and Band-e-Deh of the land reform law. No farmer or peasant can be expected today to put all his efforts on land belonging either to other private owners or to the Government.

(d) Since most of the agricultural arable lands are in the hands of rich peasants and merchants settled in towns (who have hired the land from small peasants) the pattern of cultivation is
profit based and not based on necessary needs of the country. For example one year potatoes are profitable, therefore majority will cultivate potatoes; this policy should be controlled by Government and channelised in a correct way.

(e) Since the most abundant resource of small farmers is labour which is often underemployed and since for them capital is relatively much scarcer than labour, low cost techniques using labour may be employed to the greatest extent possible in agriculture, if small farmers are to benefit most.

(f) Since even labour-intensive agriculture is unlikely to provide year-round full employment in the villages with surplus labour, job generating minor development schemes with high labour contents (e.g. construction of feeder roads, irrigations and other water works), as well as social overhead facilities (e.g. school, houses and clinical buildings) should be carried out with underemployed and seasonally unemployed small farmers. To minimise housing and transport costs, construction activities should be as concentrated as possible and the time for these activities should coincide with slack seasons of farm work. In addition, local materials should be used, wherever possible, because their use provides employment and reduces transport costs.

(g) Small-scale, labour-using, light industries with low capital requirements should be established in rural areas to supplement opportunities in agriculture. However, this does not call for decentralisation of all types of industry; such decentralisation may be desirable from the point of view of regional development which is another matter. What is needed is the establishment of
specific kinds of farm-related industries in these areas.

Light industry in villages should be mainly of two kinds: (i) the processing of agricultural commodities produced in the area concerned, such as fruits and vegetable canneries, flour and rice mills, wood-working factories, slaughter houses, milk powder plants, sugar refineries, paper mills and processing units for cotton and edible oils, and (ii) the fabrication of inputs for agriculture, which may include, cattle and poultry feed mills, fertiliser mixing plants, small tool-making shops and clay, brick and tile works.

The agro-industries using agricultural inputs, involve weight or bulk losing processes, and therefore, have vocational advantage if established near their sources of raw-materials. Some of the second type of agro-industries, those producing products intended primarily for the use of the small farmers in villages, have transport advantages when located near their markets. This is especially true if their products are heavy (e.g. brick, tile and concrete blocks) or bulky (e.g. seed-drills) or, if their major inputs have to be purchased in large quantities (e.g. fertilisers for mixing). Some kinds of agro-industries are, therefore, well suited for small scale products in villages.

(h) To improve the environment in rural areas, as far as possible economically and socially viable methods should be used. Works like digging sanitary wells and building small bridges etc. create the atmosphere for rural development and
makes the rural people to think more and more in terms of development. Many things, indeed, depend upon how in these rural areas more and more rural people are made development-oriented through environmental improvement strategies. It is expected, that other things remaining the same (taste, habit etc. of the people), more improvement in environment of rural areas may induce the rural people for better standards of living and such a feeling, once generated, may be effectively channelised for meaningful rural development activities. Therefore, unless these people taste the experience of better environments, it may be difficult to expect from them the requisite attitude for going ahead.

(i) The rural problems can be solved only by the active and effective participation of peasants or farmers in rural development programmes, but an unskilled and illiterate peasant can not help and participate effectively in rural development programmes and acts as an obstacle in the way of rural development.

A suitable education and training programme by the Government containing the following points can be helpful in improving the income level and living conditions of the peasants or farmers: (i) short term training courses for old men and women, long term education and training courses for young boys and girls; (ii) contents of books and the method of education for peasants or farmers and their children be related to rural needs; (iii) punishments and reward policy in education and training programme, e.g. peasants who did not allow their
children to go to school should be punished or those students who passed the course with a higher marks should be rewarded in the form of goods or cash from the Government side and from co-operative societies; (iv) compulsory and free education, and some help in the form of cash, clothes, food etc., for those peasants who are poor; (v) permanent employment of the school graduates as a teacher by the Literacy Movement Organization with higher salaries to encourage them to work hard and honest (at present the salary of temporary teacher in village is about 20,000 Rials which is not sufficient even for transport expenditure); and (vi) rural-based technical institutes, workshops and agricultural universities must be set up.

(j) Besides education, health-care is the second most important social service. The most important problem in rural areas is the supply of potable water, as an unsafe supply of drinking water has been the major cause of many diseases. It is necessary to provide piped water to all the rural areas. The other major problem is the extreme shortage of medicine, doctors, clinic and hospital facilities. The situation has remained unchanged for the last 20 years. The peasants go to the big cities for treatment. There should be a compulsory period of one month service in the rural areas every year for all the doctors (general or specialist) in the country. There should be itinerant clinic to move from one village to another (especially in those villages which are scattered and out of reach) and give free treatment and medicine.

(k) With regard to reducing rural-urban differences in terms of disparities in incomes, life-style and level of living, besides
the education and health service facilities, the infrastructure requirements are necessary for integrated social living. It is necessary to bring industry close to those rural areas which have potential for development. This is likely to create more employment avenues for the youth and the trend of out-migration to metropolitan cities will be restricted. Further, as a part of area planning, the development of cluster villages around a "focal point" village will ultimately lead to the growth of that village into a town. The infrastructure facilities thus generated will provide a comparable level of living with the urban centers. As such, there is a need to encourage the growth and development of small and medium towns rather than allow people from the villages to move to big metropolitan cities in large numbers, in order to lessen the rural-urban gap.

(1) Absolute support of national agriculture at all costs first and foremost by a programmed complete cut-off of all agricultural imports through a five year plan should be done. Only this will encourage meeting national production goals and quotas.

(m) Conduct of seminars and workshops at both national as well as international levels regarding rural development and its subordinate programmes will help exchange of ideas and hence widen the perspective viewpoint of the planners, research workers and students, and all those involved in these programmes.

(n) Purchase and/or publication of latest rural development literature both in English and Farsi (Persian) can help in updating the knowledge of researchers. By this the experience of other countries can also be learned and lessons can be taken.