Realizing Efficient Use and Conservation of Land under Private Ownership
   ----A Recumbent to Nobel Economics Laureate Theodore W. Schultz

Paper to the Fifth Conference on Global Economic Analysis
`Sustainable Development and the General Equilibrium Approach’
in Taipei
5-7 June 2002

Jian-Ming Zhou
Research Fellow, University of Florence
Email: Jmzhou46@hotmail.com; Post: 50016 San Domenico di Fiesole (FI) Italy
Fax (putting cover with my name): 0039-055-4685298, 599887
Abstract

Theodore W. Schultz’s `Transforming Traditional Agriculture’ was published in 1964, given Nobel Economics Prize in 1979, reprinted without changing views in 1983.

His following assertions have never been challenged:
(1) small farmers are rational,
(2) low income countries saddled with traditional agriculture have not the problem of many farmers leaving agriculture for nonfarm jobs,
(3) part-time farming is efficient, and
(4) economies of scale in agriculture have no logical basis and not stood the test of time,
Refuting them, this paper presents that in
(1) the low income countries still saddled with traditional agriculture,
(2) the low income countries developing towards the high income economy, and
(3) the high income countries,
numerous able-bodied part-time and absent farmers earning higher off-farm income tend to under-utilize or idle small (and often fragmented) farms without selling or leasing them to full-time farmers to achieve economies of scale which do have logical basis and stood the test of empirical findings; and indicates that this is a global problem unresolved under private land ownership in both developing and developed countries. Thus small farmers in so doing are not so rational to the societal and their own fundamental interests.
The paper also shows that in *Central-Eastern Europe and Central Asia* under private land ownership or possession many farmers voluntarily remain in collective land operation which perpetuates the low individual incentives.
The paper further analyses the dilemmas the EU has been facing in resolving food overproduction, reducing trade-distorting agricultural subsidies and tariffs, keeping self-sufficiency, retaining small farmers in agriculture while strengthening large farmers, and efficient land use; and the crucial imperfections in the EU enlargement process.