

Henry George Newsletter

High School Edition



Issue 17, Jan. - Feb. 1993

LAND REFORM AROUND THE WORLD

The *Christian Science Monitor* recently ran a four-part series on farming, the last of which focused on the ways in which farmers are affected by changes in technology and governmental policies. Mexico, Russia and Zimbabwe were used as examples of the effects of these changes.

Mexico's Reforms Transform Agrarian Sector

Since 1917, under the Mexican Constitution, the government has distributed land under the ejido, a communal farm system. The land had belonged to the state but population growth has outpaced the available land.

This article can be used in conjunction with *Land and Freedom* (American History) #12 the Mexican Cessions, #15 Land Ownership in Latin America (World History) and Economic Problems of Less-Developed Countries (Economics).

Private Farming Gains Toehold in Russia.

About 140,000 Russians are private farmers, up from only 4,500 in the spring of last year. However, they face two problems: the lack of clear title to the land and a shortage of credit.

This article relates to two lessons in the *Land and Freedom* series in World History - #9 Emancipation of the Russian Serfs and #12 the Soviet 5 year Plan. It can also be used with the Economic series #20, Economic Problems of the Less Developed Countries.

Zimbabwe Poised for Huge Land Reform

Zimbabwe stands at a crossroads as it tries to balance its strength as a food exporter against political pressure to divide land more equitably.

This article can be used with the *Land and Freedom* series in Economics #20, Economic Problems of Less Developed Countries.

Free Materials For Teachers

Embassy of Pakistan

The basic packet from this embassy includes an Update of Basic Facts (specific data on economics, education, etc.), Festivals, Customs and Ceremonies (highlighting connections between personal life and culture), The Land and People of Pakistan, Sports and Cuisine.

Write to: Information Division Embassy of Pakistan,
2315 Mass. Ave. N.W., Washington DC

AFL-CIO

A Short History of American Labor a 12 page reprint outlining the history of labor in the US, including a lesson guide, is available upon request. Also included are two four page pamphlets entitled Wages and Competitiveness and How Unions Raise Productivity. Also, a 32 page booklet listing all of the AFL-CIO's publications. Ask for the Teacher Kit when requesting the above.

Write to: Publications and Materials Office AFL-CIO
Building, Suite 209 815 16th St. N.W., Washington DC 20006

ANTIETAM

The Battle of Antietam was fought on September 17 1862. It was this decisive battle that stopped the Confederacy's first attempt to carry the war into the North; it was the bloodiest single day in American history and it produced the Emancipation Proclamation.

The Battlefield Teacher's Packet is the most extensive of all the Civil War battlefield guides and provides students with many activities. It contains a booklet on Dunker church, several games and crossword puzzles and a newspaper outline complete with word searches and a wanted poster. *Antietam As They Saw It* is a 71-page booklet that is a walk-through of various sites of the battlefield and contains soldiers' personal accounts of the battle experience, similar to the PBS Civil War series.

Write to: US Dept. of Interior, National Park Service, Antietam National Battlefield PO BOX
15 Sharpsburg MD 21782-1058



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Mexico's Reforms Transform Agrarian Sector

by David Scott Clark

Leo De Gario Gonzalez Rodriguez wants a tractor. Scarcely lifting his eyes from his mudcaked sandals, the Mexican farmer explains how 90 families from three nearby communities have formed an association - uniting 172 acres of land in all. "We want to work the land," Mr. Gonzalez Rodriguez says softly, his voice edged with frustration. "But we need the tools to make a living at it."

This humble, straw-hatted farmer embodies both the hopes and challenges facing Mexican agriculture as it embarks on the most radical changes seen in the countryside since the beginning of this century.

The changes spring from two sources: sweeping market-oriented agrarian reforms passed earlier this year and the yet to be approved North American Free Trade Agreement (NAFTA) with the United States and Canada. And throughout Latin America, where similar reforms are under way, the Mexican example is being closely watched.

Since 1917, under the Mexican Constitution, the government has distributed land to peasants under ejido, a communal farm system. The land belonged to the state. The ejido farmer managed the land and could pass the right to use it along to one son. But until now he could not rent the property, sell it, or borrow money against it.

The ejido was intended to distribute resources more fairly and avoid creating a landless rural class. But population growth has far outpaced available land. There are now some 28,000 ejidos covering half the surface area of Mexico. Most ejidatarios live on small plots, barely feeding themselves, let alone the rest of this nation of 86 million.

Among Mexico's biggest farm imports are corn, cattle, beans, and dried milk (dietary staples), plus sorghum and soy (for animal feed).

"Productivity is low. We have 30 percent of the population living on 7.8 percent of the national gross domestic product. In short, poverty is a rural problem," says Luis Tellez Kuenzer, undersecretary of agricultural planning and a key architect of the agrarian reform.

Defying political sensibilities and historical precedence, the Mexican government enacted reforms that begin by legalizing Mexican farmers' property rights, so they can begin to borrow money or cut deals with domestic or foreign agro-industrial corporations.

Ejidatarios such as Gonzalez Rodriguez can combine properties for efficiencies of scale and try to attract investors or secure loans for mechanized machinery.

The government, which once set mar-

ket prices and bought all crops for distribution, now hopes for better efficiency by turning these activities over to private enterprise. This process is under way for all but a few commodities.

The Ministry of Agriculture and Water Resources lists more than 140 private farm investment projects just begun or on the drawing board. But capital is still scarce and Mr. Tellez is the first to admit that turning around Mexico's farm sector won't be quick or easy.

"The problem is that the farm sector does not have the image of being a good place to do business," says Luis Muniozcana Alvarez of the National Agricultural Council, an organization of private farm producers.

Productivity is lower and production costs are generally much higher than in the United States and Canada. Due mostly to the cost of imported feed, Mexican chicken production costs are 27 percent higher than in the US, according to the National Union of Poultry Producers. Mexican bean farmers harvest about one-third as much per acre as US growers. Thus, growing a ton of beans costs almost three times as much in Mexico as in the US. The technology gap can be even wider. With the opportunity to farm larger plots, Gonzalez Rodriguez and other Mexican farmers can now efficiently use tractors. But there aren't many around yet. Mexico has two tractors for every 100 farmers, versus 1.5 tractors for every US farm worker.

Mexican government officials see NAFTA as the next step in attracting more investment, forcing local producers to be more cost-competitive, and boosting productivity.

For example, when the agreement goes into effect, the cost of farm equipment should drop because tariffs and import permits on new and used machinery will be eliminated. The 15 percent tariff on imported sorghum will be eliminated immediately, thereby lowering poultry and pig production costs.

One of the biggest benefits of NAFTA will be the assurance it gives investors, Mr. Muniozcana says. "The free-trade agreement gives us a long-term view of what will happen in the farm sector. This enables us to make financial decisions and the government to set a clear and the government to set a clear development policy."

NAFTA will also open up Mexican farmers to outside competition while phasing out government subsidies. "We're self-sufficient in corn and nearly so with other basic grains, but at a very high cost. We

want to change production to more value-added crops, such as fruits, vegetables, and cattle," Tellez says.

Jose Luis Calva, an agricultural expert at the National Autonomous University of Mexico, admits the changes may foster the most efficient use of Mexican soil. A large portion of the land now producing grain, for example, would likely be converted to cattle ranching. Dr. Calva says that as grain subsidies are reduced and the door is opened to US and Canadian imports over the next 15 years, the result will be a forced exodus of 20 million campesinos.

"To absorb all those displaced workers, the Mexican economy will have to grow by a minimum of 7 percent annually," he figures. He guesses many Mexicans will head for the US.

Tellez is well aware of the problem. The short-term fix is the multibillion-dollar national public works/antipoverty program known as Solidarity. It includes building roads and putting in electricity in rural areas, thereby lowering transportation costs and improving living standards. But long term, he says, "We hope the agricultural sector as well as the economy in general will be more dynamic. That's what we signed the free-trade agreement for, to attract investment - because that's the only permanent way to improve the welfare of farmers."

But like the tomatoes in Gonzalez Rodriguez' field, reform programs take time to ripen. He has been to the bank for a tractor loan. The bank's response: No land title, no money. The government has promised to speed up the snarled titleship process. Meanwhile he is petitioning Solidarity for the cash. And he's hoping his five sons find farming more profitable.

Reprinted from the Christian Science Monitor

Study Questions

1. What are the two sources of the agricultural changes taking place in Mexico?
2. What are the current difficulties of the ejido system?
3. State some of the steps being taken to correct these problems.
4. In what way does the Mexican government see NAFTA attracting more investment?
5. Explain how these changes may affect employment.

Private Farming Gains Toehold in Russia

by Daniel Sneider

A fine rain mists down on Nikolai Khomutov as he watches his herd of cows munch on the late summer grass in the field. It is late in the afternoon, a time when most of the members of the nearby Ugra collective farm are already indoors and dry.

Mr. Khomutov and his brother-in-law, Alexander Nikolayev, are a new breed of Russian on the land - private farmers. They possess 428 acres of land, formerly part of a collective farm, and more than 70 head of cattle.

These men are part of a new movement of independent farmers not seen in this vast land since Stalin starved the best of Russia's farmers on their land or sent them to die in Siberia. Others were forced into collective farms (kolkhoz) or state farms (sovkhoz) modeled on an industrial factory.

The vast bulk of Russian agriculture still lies in collective hands. But private farming is rapidly increasing, though in an uncertain legal environment in which private ownership of land is still not clearly recognized.

About 140,000 Russians are private farmers, up from just 4,500 in the spring of last year and accounting for about 2 percent of the total land area. But these are necessarily hardy souls, ready to take a risk, often in the face of fierce opposition from local authorities. The new private farmers point to two key problems: the lack of a clear, legal right to the land and the shortage of credits and other support for farmers.

Mr. Nikolayev and his brother-in-law were the first in this region, some three years ago, to take advantage of new laws granting them the right to lease land from the collective on which they had lived and worked.

Last year they were granted a lifelong lease with the right to pass the land to their descendants, the new phase of land reform brought by the government of Russian President Boris Yeltsin. Now 21 collective farm members have followed their example, leaving only 87 in the collective, which is one of the least successful in the region.

The farm's commanding founder, Nikolayev, proudly points to the results - the yields of barley and oats on their land are more than three times those of the collective farm and he reaps bountiful harvests of sugar beets where the collective farm gets none.

"It's more hard work," he says, curling brown hair framing his strong face. "The main idea is that it's yours. The people on the kolkhoz don't care. They just get a salary. When I go to bed, I know what I'll do in the morning. At the kolkhoz, every day is directed by a different person. The boss says do this one day and another says do that. You are confused. You just spit and go away. That was

kolkhoz life. By morning, people are drunk."

And he says government help is minimal. He did receive a 3 million-ruble loan (about \$10,000) at a subsidized interest rate of 10 percent, as well as a 100,000 ruble grant to help build a cowshed. He also benefits from state subsidies on milk and meat prices. But he complains that this is far from enough and that no more money is available from the banks.

But what Nikolayev wants most of all now is private ownership of the land, free from the fear that someday a bureaucrat somewhere can come along and take his land back. "No law works here," the farmer declares. "At the upper level, they say some things, but at the lower level, nothing works."

The current law allows individual possession, in the form of a lease but not full ownership, with the right to sell the land or even to use it as collateral for a loan. Persistent efforts by the Yeltsin government to pass a law on private land ownership have been stymied by conservative former communists in the parliament.

"The main aim is to protect the farmer," especially from arbitrary local officials, says Nikolai Komov, head of the Russian government committee on Land Reform and Land Resources. The proposed new law would ensure "that land becomes capital. When land becomes capital, people take care of it, as in the United States."

Russian policy is to create a mixed structure of collective and private farming, allowing those who wish to remain in a collective while giving legal and economic support to private initiative. The draft law would create a mechanism to distribute land through a land bank from which citizens would receive and register land in exchange for vouchers, a process parallel to the vouchers now being distributed for shares in privatized industry. Owners will be able to sell land after a three- to five-year moratorium, though only for agricultural use.

Currently, members of collective farms have the right to leave with their share of the total property. In practice both government officials and private farmers say that obstacles are great.

In many areas the collective farm officials offer only minor financial compensation, not land, says Yuri Cherbakov, an official of the Land Reform committee. Others give poor land, located in areas that are inaccessible to roads or other infrastructure.

In some areas, such as the Kuban and Stavropol regions of southern Russia, the movement to leave the collectives has gained momentum, Akkor says. Usually these are unprofitable farms with weak leadership. In most places, however, the power of the kolkhoz

director remains untouched.

"The kolkhoz or sovkhoz is the only form of social life in the countryside," says Akkor official Mezentsev. "Even pensions are paid by the kolkhoz, not by the state." In an average collective farm of 2,000 people, some 400 are pensioners, 400 are children, and another 400 are administrators, teachers, and so on, he says. The rest are unskilled laborers with the exception of 50 to 80 tractor drivers and other specialists who tend to be the younger, more energetic members of the collective.

"Our farmers are these 50 to 80 people," Mr. Mezentsev says. "When they leave, they are hated by the whole community because everybody knows that when they leave" the livelihood of those that remain is diminished.

Akkor also complains that government credits and subsidized state purchase prices for agricultural products still flow almost entirely to the collective farm system, often to make up for their inefficiency and losses. Out of 34 billion rubles (about \$ 100 million) promised in February to support private farmers with cheap mortgages and other credits, only 10 percent has been actually dispersed, they say.

Most government subsidies have gone to milk and meat producers, an amount that Prime Minister Yegor Gaidar has said is equal to total expenditure on military equipment. Without private property on land, "it is practically impossible to put in motion normal market mechanisms of support of agriculture," Mr. Gaidar said in a recent interview with Russian television.

Ultimately, the future of agriculture in Russia may depend on the will of a few to scout a path through the minefield laid by decades of Soviet rule.

Reprinted from the Christian Science Monitor

Study Questions

1. What type of non-private farm systems existed under Communism?
2. What are the two problems faced by private farmers?
3. What is the reaction of Mr. Nikolayev to private ownership?
4. What are some of the obstacles, besides those mentioned above, faced by private farmers?
5. What is the current Russian policy?

Zimbabwe Poised for Huge Land Reform

by Colleen Lowe Morna

Dani Mutsoto is a communal farmer in the stony hills of Chikukwa, close to Zimbabwe's eastern border with Mozambique.

Farming on eight acres of communal, government-owned land, Mr. Mutsoto grows sufficient corn for his family, and in a good year has a surplus to sell. He also finds space to grow wheat, citrus fruit, coffee, and 4,000 gum trees, amid which he keeps 17 beehives.

The productivity of his plot results in part from a concerted government program to assist communal farmers with better farming methods and marketing and credit services. Yet such proud achievements mask the growing disgruntlement in the rural areas of this southern African nation. Thanks to the slow pace of a post-independence resettlement program, coupled with population growth of 3.2 percent a year, the fragile communal areas where the majority of Zimbabweans live are bursting at the seams.

Zimbabwe thus stands at a crossroads, as it tries to balance its strength as a food exporter against political pressure to divide land more equitably.

In March, the government passed a far-reaching Land Acquisition Act that may finally make good on President Robert Mugabe's longstanding promise to redistribute land to peasant farmers.

Two years ago, the government announced its intention to acquire about 13 million acres (or about half) of white-owned farmland for resettlement by the year 2000.

As chairman of the local coffee growers association, Mutsoto visited a 3,800-acre white commercial farm in the neighboring Chipinge district. He left impressed but embittered at the small size of his own holding, which will pass on to three sons.

Commercial farmers here achieve yields comparable to those in the industrialized world. Yet the growers privately concede that the land - much of which they inherited or obtained cheaply - is not optimally used.

The Land Acquisition Act does not target underutilized farms. Instead it allows the government to designate areas it wants to purchase, based on the rationale that it is cheaper to resettle peasant families in big blocs rather than piecemeal.

Moreover, the government will for the first time fix the price of the land and pay that price in local currency over a 10-year period. At the last minute, under pressure from human rights groups and Western donors, the government inserted a clause in the controversial act that permits disputes to be taken to court. But farmers

will only be able to contest whether the correct procedure has been followed in determining the price they receive for their land rather than the price itself.

Privately, white farmers are not as worried by the policies as one might assume.

The Constitution that ushered in Zimbabwe's independence from white settler rule in 1980 stipulated that, for at least 10 years, land could only be acquired on a "willing buyer, willing seller" basis at market prices, and in foreign currency (enabling white farmers to emigrate).

These land schemes involve carving up commercial farms into individual holdings of about 10 acres each. These small farms are not as efficient as the large scale-farms. But when provided with extension facilities and proper infrastructure, the program has improved the lot of peasant farmers.

Esther Kashiri and her husband are among 320 peasant families who have moved since independence to the Bumpa resettlement scheme in southeast Zimbabwe. Before, in crowded and stony communal lands, the couple produced 10 bags of surplus corn each season. Now when the rains are good they have 200 surplus bags. "For the first time we have money to spend," she says.

At the opposite extreme are Zimbabwe's numerous squatters - peasant farmers who moved onto white land either because their ancestors owned it before white settlers arrived in 1890, or because it was temporarily abandoned by white farmers at Independence. The law says squatters must move, often back to communal lands. Somewhere in between these extremes are the industrious communal farmers who - though usually less productive than their resettled counterparts - have shown enterprise and ingenuity.

In a good year communal farmers now grow half the country's marketed

corn. This year a severe drought has caused Zimbabwe, which always used to have enough food to feed itself and even export to its neighbors, to seek food aid.

Adverse pricing policies have also hurt corn production. In an effort to keep food affordable to urban consumers during an austerity program encouraged by the World Bank, the price paid to farmers here slipped to about half the world market price.

Since the passage of the new Land Acquisition Act, the government has so far designated only 13 farms the Mutare area for resettlement. These are for peasant farmers being moved to make way for a new dam. The time it is taking for the government to work out a compensation package has given some white farmers hope.

Nonetheless, numerous white farmers are reported to be contemplating moving to neighboring Zambia, which is wooing agricultural investment after years of ignoring agricultural investment in favor of mining.

Reprinted from the Christian Science Monitor

Study Questions

1. Locate Zimbabwe on a map of Africa and mention its neighbors.
2. Why are the Zimbabweans bursting at the seams?
3. Explain the land acquisition Act of Zimbabwe.
4. Explain the plight of those who have been resettled - the squatters and the industrial communal farmers.
5. Does this article seem optimistic or pessimistic for the average peasant? Explain.

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