

LAND and LIBERTY

JULY-AUGUST 1988

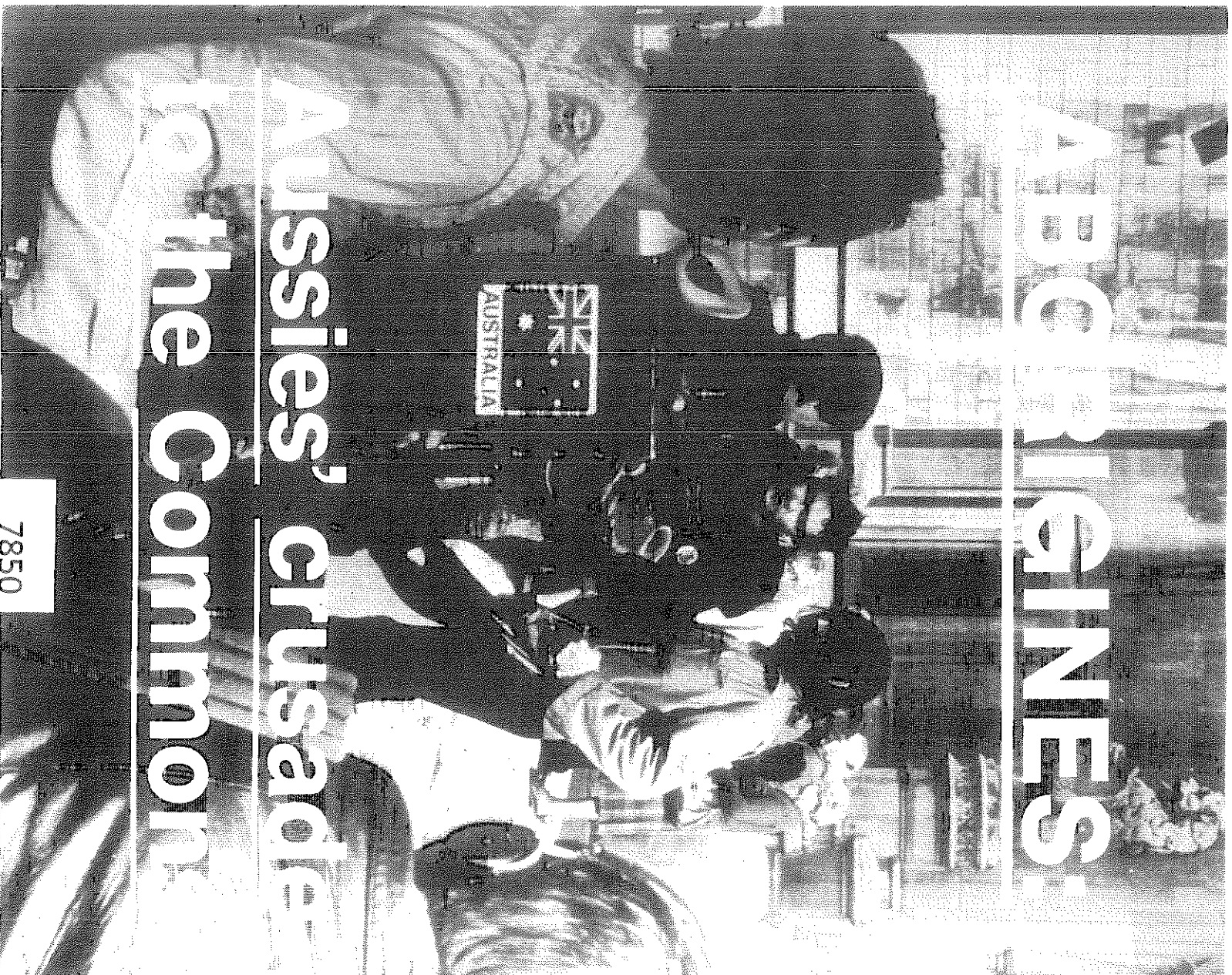
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THE DRUGS
MESSAGE

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ABORIGINES:

Aussies' crusade to the Commons



7850

LAND and LIBERTY

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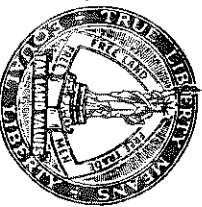
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COVER PICTURE

TWO Australian aboriginal land-rights campaigners bring their message to Westminster: they want the world to know that they have not given up their birthright. Television was on hand to interview them. But already, as Australia's bicentennial celebrations recede into the background, the reaction against the original settlers has set in.

In New South Wales, aboriginal land rights are to be abolished if the new conservative coalition state government sticks to its election pledge. The Liberal-National parties achieved electoral victory in March with campaign promises to end land rights (the state's 59,000 aboriginals hold 0.03% of the land) and withdraw funds from the aboriginals' regional bodies, the land councils.

Power and the people

FEW could deny the historical responsibilities of the imperial powers that dominate today's global economy.

The shapes of contemporary societies were determined by a few West European countries and, more recently, Red Russia.

They reached to the four corners of the world, visiting their ideologies on people who did not receive the invaders with open arms. Indeed, they were constrained to accept conquest because of their inferior arms.

But does that mean Third World countries are still under the economic domination of the Great Powers? The Pope thinks so, and the problem of economic development is worth examining in his terms.

POPE John Paul II's seventh encyclical is entitled *Sollicitudo Rei Socialis*, or Social Concern.

The largest bloc of people in the Third World are Catholics. This is not to lend credence to the theory that the Protestant ethic is better for wealth accumulation than Catholicism, but rather to highlight the fact that the Pope's words carry considerable influence.

Superpower rivalry, he claims, is blocking development. "The present division of the world is a direct obstacle to the real transformation of the conditions of under-development in the developing and less advanced countries."

He takes side-swipes at both "liberal capitalism and Marxist collectivism", which disarms both sides but does not enhance our understanding of the underlying problem of poverty, malnutrition, political instability, and the other features of so-called underdeveloped countries (have you noticed how many deprived people there are in the United States?).

IT IS TRUE that the super-powers still try to impose their concepts of the Good Society on their neighbours, not always with success: witness *Washington versus Nicaragua*, and *Moscow versus*

Afghanistan. But it is not true that change could not be engineered internally, peacefully, and to the advantage of the majority.

It is true that the super-powers can destroy the advance of economic development: witness Europe's infamous agricultural policy, which impoverishes farmers of the Third World.

But it is not true that class-sighted and determined leaders are consequently prevented from reshaping their economies to the financial benefit of their citizens.

Taiwan demonstrated how a tiny island economy could take on the giants and beat them at their own game! They did so by restructuring the land market in favour of the tillers of the soil - and redistributing rental income in favour of the wealth-creators.

SOCIAL justice requires more than finger-waving admonitions at East and West. In concrete terms, it entails more than the idea - floated by the Pope - that priests should sell their worldly goods to succour the poor.

What, then, can the religious leaders do to help economic development?

The priests of Latin America, all of whom come under the direct influence of Rome, have correctly identified the source of the problem of low or no incomes.

The peasants do not own land, and are excluded from a share of the rental income from the land which they fervently believe was given to their communities by God.

In the Philippines, for example, under a quarter of the farmers own the land they till. As tenants, they have to pay landlords crippling rents which often amount to 60% of their total harvest.

Which is why many priests adopt a political approach to the needs of their parishioners. Inevitably that leads them into conflict: not with the super-powers, but with the elites within their societies.

And they have been admonished by the Pope for doing so.

Strange, isn't it?

THOMAS MALTHUS knew there was something wrong: there were so many poor people around. But he could not figure out that the problem lay in an economic system which prevented able-bodied people from earning a decent living.

So he blamed the poor; he decided that they were reproducing too fast for their own good. And that is the notion that still holds sway, to an important extent, among people who are concerned about economic development in the Third World today.

Advocates of the need for more family planning services tend to turn a blind eye to the fact that, for hundreds of thousands of years, through countless generations, men and women have been able to reproduce themselves at a stable rate in relation to their ability to tap the ecological environment for food, clothes and shelter.

Why is this apparently not so today?

The answer, surely, has to be found in some substantial change in culture, a change which has ripped apart the customary constraints on fecundity, rather than a change in either morality or biological propensities.

A NEW school of thought has now emerged which side-steps the Malthusian problem. It suggests that population growth and density rates are not a problem at all.

Julian L. Simon, a professor of economics at the College of Business and Management, University of Maryland, is a leading exponent of this thesis, and he delivered his evidence at a recent conference.*

His statistics showed that free market economies had faster rates of population growth, and greater population densities – and yet, when the statistics on *per capita* incomes are studied, we discover they out-performed the command economies of eastern Europe and China.

The moral for the professor was

'Growth is not now' an issue

By FRED HARRISON

clear: since faster population growth was not associated with slower economic growth, family planning programmes were "extremely damaging," in that they offered palliatives which distracted people from examining the economic systems of the Third World.

This analysis is simple-minded.

• Prof. Simon ignores the distribution of income within the faster-growing economies. Low-income families also tend to be larger than high-income families; but that, in itself, does not prove a causal connection.

• *Per capita* incomes are not a good measure of prosperity. In fact, it's an absurd measure. The birth of a child immediately reduces *per capita* income, whereas the birth of a calf is logged in the national statistics as an increase in *per capita* income. As an index of living standards and progress, it is useless; as a

means of comparison, it is dangerous.

• Not all fast-growing economies have fast-growing populations, pointed out Eric Deakins, a former Member of Parliament in Britain and consultant to the International Planned Parenthood Federation. He offered a searing attack on Prof. Simon's statistics, pointing out, for example, that "to claim that fast economic growth has co-existed with high population increase is not true."

The reverse was true, he said, pointing to Haiti (2.3% population growth rate) and Honduras (3.1%), both of which were free market economies but which suffered from appallingly low economic growth rates.

Kenya is an example of a politically stable country with a free market economy – yet it has the highest population growth rate in the world and a very low economic growth rate.

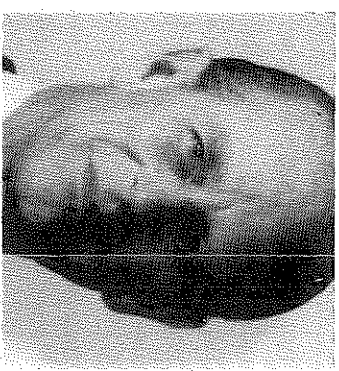
What the counter-evidence

Continued on Page 52 →

POPULATION DENSITY AND GROWTH, 1950-83

	East Germany	West Germany	North Korea	South Korea	China	Taiwan	USA
pop. per sq km, 1950	171	201	76	212	57	212	16
% change in pop.							
1950	1.2	1.1	-7.8	0.1	1.9	3.3	1.7
1955	-1.3	1.2	3.5	2.2	2.4	3.5	1.8
1960	-0.7	1.3	3.0	3.3	1.8	3.1	1.7
1970	-0.1	1.0	3.0	2.4	2.4	2.2	1.1
1983	-0.3	-0.2	2.6	1.6	1.6	1.8	0.9

Limit families! Prince makes a further plea



• Philip: "Out of their minds"

PRINCE PHILIP, the consort to the British Queen, says that families should limit their size "in order to maintain a balance between births and deaths." Expressing despair at the continued global hunger, despite the increase in the output of food, the prince – the father of four children, whose wife is a major landowner – failed to offer an explanation for this paradox.

Instead, he resorted to the idea of an optimum population size. "It is wholly against the interests of human happiness and survival for the size of the human population to reach the ultimate limit," he insisted, without suggesting what that limit was.

The prince's speech, at the Royal Society of Arts in London on March 23, was addressed to environmentalists. It was the second time he had become involved in the controversial subject. In 1982, while visiting the Solomon Islands, he was told the annual population growth was 5%. He pronounced of the islanders: "They must be out of their minds."

Now, he says it is "ridiculous" that despite improvements in food production there were more starving people in the world than 200 years ago. And his

prescription – a limit on fertility – was founded on the idea that an optimum population size would ensure future generations enjoyed a "fair share" of the world's finite resources.

Paul Knight comments: The problem with this theory is that, no matter how severely people limited their population growth rates, today's proprietorial rights over natural resources guarantees an unfair distribution of resources. A static population, by itself, is no safeguard against poverty; the growers of food, for example, could still continue to stockpile their output and withhold it from the hungry.

If hunger is an index of over-population, the world has already gone beyond that point! There were one billion people on earth in 1800; since then, the number has grown to five billion today. But according to Professor Colin Clark, the former Director of the Institute of Agricultural Economics at Oxford University, the world has the technical and ecological capacity to carry well over 100 billion people.

• See editorial comment on Page 50.

AQUINO IS WARNED

MANILA: Thousands of protesters marched on the presidential palace on April 21 to warn Cory Aquino that she faced the "wrath of peasants" if demands for land reform went unheeded. They chanted "land not bullets" and carried signs proclaiming "farms not arms" – a reference to 13 protesters who were killed when troops fired on a similar march in January last year. Mrs Aquino has called for a land reform law to distribute 13.3 million acres to 2.5 million landless farmers. The bill has been stalled by months of debate in Congress, where many members are landowners.

◀ From Page 51

shows is that the introduction of data on the relative performance of the free market and the command economy into the Malthusian debate does not get us far.

At least the Malthusians, in expressing alarm about the size of the population, do so by measuring demographic indices against natural resources. This reintroduces into the debate the concept of land, which is largely ignored by orthodox economists today.

Prof. Simon made it clear which camp he favoured: in suggesting that the United States would be

better off if all of its people were moved east of the Mississippi, creating higher densities which would lead to faster economic growth, he asserted:

"For the first time in history, land has become unimportant."

In the final analysis, we believe that the interplay between demography and finite resources will only be understood when social scientists examine "land" specifically, land tenure arrangements, and the way that these have been changed in the last 200 years.

Until then, the debate will continue to go round in circles. People will continue to die of hunger. And societies around the world will remain politically unstable as they resist the mass of peasants who seem to want but one thing to keep body and soul together: land.

* *'Population Growth, Economic Development, and Foreign Aid', London: Institute of Economic Affairs, March 17, 1988.*

CHURCH 'TO BLAME IN PHILIPPINES'

PROPERTY rights are at the core of the problems of the Philippines, according to Mason Gaffney, a professor of economics at the University of California at Riverside.

In remarks to a conference on land reform and development, the professor gave a verbal lashing to the church and the United States, which he accused of fostering a system of tenure which allowed exploitation of the mass of people.

The church, he recalled, was implicated in the original Spanish conquest. Jesuits acquired vast lands in the 19th century, and those who opposed them were branded as subversives.

"The upper catholic hierarchy has generally supported the prevailing land dispensation," said Prof. Gaffney. "Liberal popes criticize worst abuses and indirect results - like poverty, unemployment and death squads - but uphold the core concept of private collection of rents and unearned increments."

Can the church be changed? He recalled: "The run-around we economist-pilgrims got in Rome in 1986 suggests the Vatican apex is as immovable as any other bureaucracy. There is



• Mason Gaffney

change in the field, among brave and dedicated priests on the firing line, but it is poorly supported at the top, and vulnerable to local bravos in the field."

The Filipino president, landowner Cory Aquino, says she supports land reform. As for Cardinal Sin, "He supports Cory, who has emerged as just another political hypocrite who promised reform but backed off from her window of opportunity, and passed the buck to an unwilling Congress."

"Philippine society needs radical, wrenching reforms. But the church, trying to be liberal, has lost its radical mission. Trying to conciliate, the church has not led. Trying to participate, the church has been co-opted. Trying to make religion easy, the

church has made it trivial."

The professor attacked proposals that the U.S. taxpayer should finance land reform in the Philippines "by buying back the same land their spending makes valuable, to return to the Filipinos from whom it was stolen."

Instead, he proposed that the U.S. should gradually withdraw its support for the country. This would encourage the Philippines to defend their own nation by taxing land. He elaborated a model of economic growth which focused on the tax on rental income.

"Tax reform of this kind obviates other land reform, because the market reforms itself under this stimulus. The landholder is the successor-interest to those who stole the land from the majority. He now compensates them in three ways: by supporting government; by hiring workers to put the land to its highest use; and by producing goods for the workers to buy with their new wages."

"Supply-side and demand-side economics work together to raise real output and income."

"Land reform of this kind is free of defects that have made most other land reforms exercises in mere tokenism, stalling, graft and CIA militarism."

Land taxation raises money, he pointed out, without burdening labour or capital, whereas "Liberal 'land reform' buy-outs cost money, raised, if at all, by taxing commerce, industry and labour in the cities and aborting urban development, the very thing this country needs most."

Liberal points

Professor Gaffney says:

• Liberal "land reform" benefits at best the handful of lucky ones who get farms; land taxation helps everyone by lowering other taxes, making jobs and increasing output.

• Liberal "land reform" accepts and validates the extreme concentration of wealth; land taxation strikes at its root.

• Liberal "land reform" is strictly agrarian; land taxation deals with urban, mineral, forest and other lands and, properly constructed, deals with all economic land including fisheries, radio spectrum, air rights, water rights, amenity rights, recreation values, etc.

"Of course," admits the professor, whose out-

spoken defence of a radical strategy for land tenure and taxation has not endeared him to many in the academic Establishment in the United States, "the very virtues of land taxation guarantee it will arouse powerful opposition. Greed and fear often have their way; it was ever thus."

American poppycock

THE LANDLESS peasants of Bolivia are grateful to Western countries which are funding the construction of a new road between Santa Cruz and Cochabamba.

The road is wending its way along the edge of the Andes under the pick and shovels of the workers who toil beneath the sun. It will open up valleys that were previously inaccessible to the unemployed tin miners.

No-one claims proprietary rights over that land. So the peasants will be able to plant the fast-growing coca bushes.

While the streets of Paris and Amsterdam are littered by an increasing number of addicts; while Washington demands tougher action against the *narcos* who fly into Florida, or conceal their yachts along the Key West coastline, with their lethal cargoes of cocaine; while the world's banking system is used to launder the billion-dollar profits...the peasants will heave sighs of relief as they start to make a living.

The *narcos* effectively run countries like Colombia, where the

INSITE explains why the West has no answer to the drugs menace that is claiming an increasing number of victims.

Medellin Cartel is determined to prevent any of their number being extradited to the U.S. for trial.

Corrupt policemen and judges ensure that the coke barons are beyond the reach of the U.S. Drug Enforcement Agency. When Attorney General Carlos Mauro Hoyos tried to collaborate with the U.S. earlier this year, he was gunned down.

The United States has lost the war. The peddlers have swamped the market with so much cocaine that prices have tumbled. Prices were at their height two years ago, when a kilo of refined cocaine would fetch \$2,800 in Bolivia; on the wholesale market in New York it was worth \$40,000. Cut and adulterated, it sold to Manhattan consumers for more than \$2m.

The Reagan Administration found that, try as it may, the imports could not be stopped at

the borders. So in the early 1980s a new policy was adopted: money was offered to the peasants to grow food crops. The same offer was made to the poppy growers in The Golden Triangle, in South-East Asia.

It did not work: the money was not as much as the peasant could get for his coca crop.

In Bolivia, the peasants can receive the equivalent of \$1,000 for each hectare (2.47 acres) they dig up. Less than 1,400 hectares have been dug up since 1985. This compares with a total under coca cultivation of 104,000 hectares, according to the Bolivian Congress; local observers put the figure at around 200,000.

PEASANTS are the willing tools of the *narcos* because they have no alternative lifestyle to which they can look forward.

In considering the failure of U.S. policy, it is critically important to remember that the landless people who eke out a living in the urban slums are rootless rural families. Their loyalty can be bought by the drugs barons,

OXFORD economist Nicholas Kaldor succinctly identified the problems with under-developed countries in terms of the maldistribution of income which, he says, arose from a failure to tax the value of natural resources.

"A large share, the surplus, is extracted from (farmers) by landlords who are passive and who monetize their income, but this monetized income does not serve any very useful social purpose. In fact, it was the accepted view in the 19th century, following the theories of Ricardo, that the income accruing as rent to the landlords is a passive element which is spent in an unproductive manner."

"Because land is a safe and permanent source of income (actually, of a growing income, since land values and land rents are always rising), landowners need not save at all. It is

the entrepreneurs, the businessmen, the profit earners who use their incomes productively in investment; the landlords spend their incomes on consumption.

"From what I know of a country like Chile, the very large landowners do not even live in Chile. They mostly live in Paris and spend their incomes from Chilean land, which not only means unproductive expenditure but also contributes to the balance-of-payments problem."

Professor Kaldor recommends a tax on the annual rental value of land as the solution.

* David T. Geithman, *Fiscal Policy for Industrialization and Development in Latin America*, Gainesville: Univ. Presses of Florida, 1974, p. 167.

PASSIVE PENALISERS

LAND TENURE

whose unimaginable wealth enables them to be generous.

In the city of Medellin, for example, Pablo Escobar Gaviria – who, with his fellow gangsters, has declared war on the state of Colombia – enjoys the confidence of the slum-dwellers. Why? Because he pulled them out of the shanty towns and gave them new houses.

These barons have access to a vast reservoir of workless peasants who are willing to accept the coca plants and grow the crops required to generate the profits. They receive between \$20 to \$40 for a 100-lb bag of leaves.

The coca bush provides five harvests a year, requires little attention and will flourish for 20 years.

Not surprisingly, therefore, the urban unemployed are willingly collaborating with the peddlers. They are flocking to the inaccessible regions of South America, where – beyond the reach of government agencies or the claim-jumping property owners – they can make a living.

THE ROOT of the problem is to be found in the way the land-grabbing European colonists displaced the Indian populations.

This process wrecked indigenous cultures, leaving the Indians in a no-man's land, on the periphery of an Hispanic culture which refused to assimilate the natives on equal terms.

The Indians were driven out of the fertile territories, forced to lease a living out of marginal lands on the slopes of the Andes or the edges of the Amazon jungle.

By wrecking the ancient cultures, the landed elites nurtured the seeds which, in time, would create the narcotics industry.

To the Indians, the production

BOLIVIA

AREA: 424,000 sq mi. **Pop:** 6 million. **Income per capita:** \$410.

Land reform: Attempt to quell agrarian unrest in 1953, when land was distributed to the landless. Within two to three years about half of rural families became farm operators, "free of burdensome obligations to hacendados, and presumptive landowners," notes a World Bank report (1).

Major problems: Not everyone benefited. Twenty-five years after the distribution, fewer than 30% of all peasant families had received title to land.

Migration to virgin territories on the eastern frontier led to creation of large-scale ranges; some exceed the 50,000 hectares allowed by law.

"This, together with the widely varying impact of land redistribution, which left livestock estate relatively unaffected in some mountainous parts of Bolivia, has meant that nearly two-thirds of the nation's farm land is still in holdings over 1,000 hectares," notes the World Bank report.

(1) *Land Reform in Latin America: Bolivia, Chile, Mexico, Peru and Venezuela*, Washington, DC: World Bank Staff Working Paper No 275, 1978, pp. 22-23.

of the coca leaf is not, in itself, a heinous crime. The leaf has been chewed for comfort for thousands of years by the Inca peoples, who lived in the cold lands at up to 15,000 feet in the Andes. Coca growing was rooted in religious tradition.

But the peasants would not have turned the leaf into a commercial crop if their economies had developed in a rational way. Development, however, did not occur: the *conquistadores* transformed the Indians into dependent labourers toiling on the *latifundia*, and an authoritarian feudalism was created on South American soil which still forms the basis of power in the region.

So when the rich or the rootless of North America and Europe turned to narcotics as a means of escaping the tedium of their lives, there was a ready supply of unemployed workers willing to

produce the coca leaves for the black market.

Reforms occurred in those South American countries where land concentration finally became intolerable.

Maldistribution of land is the principal cause of revolution. Not surprisingly, the model for "reform" that is traditionally tolerated by the elites – a part of the land is distributed to a few of the landless workers – has not been effective.

This partial solution is reluctantly accepted by existing landlords because there are no qualitative changes to the system.

• A vast reservoir of unemployed workers are still left to search for food on the urban rubbish dumps, which ensures that wages do not rise.

• A society's resources are still not fully channelled into the productive investments that would create jobs; political power remains with the rentier class.

• The conditions for social justice that would guarantee the economic rights of the next generation are absent, which is another way of saying that proprietary rights are exclusively inherited by the children of those who own the natural resources today.

The comprehensive solution is a land values tax, which would have a dramatic impact on the distribution and level of incomes, and the pace and direction of economic development.

This is the economic reality that will have to be learnt by the policy-makers in Washington, if they really want to attack the problem at the root. For without a radical solution to Third World economics, the cultivation of the coca leaf and the poppy will continue to flourish, and there is little that customs officers can do to stem the import of the white powder of death.

Land tenure: rights

LAND TENURE and taxation are at the heart of all major problems in the Third World. The political elites hold power because they control their society's natural resources. And they escape the consequences of the abuse of their authority because they continue to control the land, which literally gives them the power of life and death over people.

Possession, as the old legal saying reminds us, is nine-tenths of the law. The landowners, directly - or indirectly through the military - possess the law because they control property rights.

This creates problems when reformers advocate a change in the balance of power. They seek to achieve this by prescribing the redistribution of land. And since no-one likes to give up what he has got, this generates a conflict which is rarely resolved peacefully.

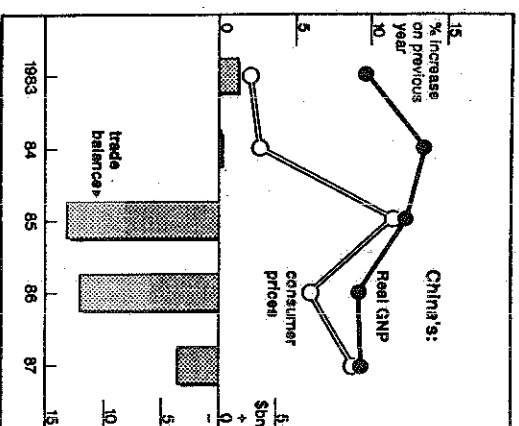
"Where land ownership has been reformed, it has been done by soldiers and revolutionaries, not by evolutionary change through the ballot-box," we are reminded by *The Economist*.¹

POLITICIANS and their advisers who read the books on "development economics" continue to limit their programmes to the reallocation of land to the tillers of the soil.

This strategy, on the whole, has failed. First, few countries had the kind of extensive estates which could be broken up into enough family-sized farms to meet the demand. Latin America is the exception to this rule. But in addition, the hostility generated by this policy created political impasses which could only be resolved by revolution.

Free market economists are best equipped to recognise the virtues of a tax-led reform, but they have been overwhelmed by the scale of the problem - and so they have settled for silver linings in the *status quo*. And the failure of land reform plans in the postwar years is being seized upon by conservative economists, who now hold the initiative in economic debates, as an excuse for abandoning the concept. Deepak Lal, the professor of economics at University College, London, and an authority on his Indian homeland, is an example.

He says that "given the political



The rights of land reform

difficulties in instituting such reforms the continued debate about their feasibility and desirability may be discouraging landlords from investing in their land by heightening their feelings of insecurity."

The difficulties are great, but the problem of land ownership will never go away; so why not look for an optimum solution, rather than resign oneself to the fate of the post-colonial system?

In Prof. Lal's view, there is no need to do so - providing "the markets for rural labour and agricultural commodities are not too imperfect." Given these conditions, "the likelihood is that effi-

cient rural development in most Third World countries will strongly alleviate poverty by raising the incomes of smallholders directly and those of landless labourers through the increase in demand for their labour which the new technology brings."

But there is the rub. In defending the free market against the command economy, Prof. Lal overlooks the fact that an imperfect land tenure system is the major cause of an imperfect labour market - which is another way of saying that workers are marginalised spatially, and their incomes (where they have any) are depressed to the barest subsistence levels.

The professor's spirited defence of the imperfect free market does not help reformers who advocate change within the context of a capitalist economy. For socialist critics have a valid case when they point to the shortcomings of what passes for the free market system today.

Look at India. Despite her commitment to the free market, which includes the private property rights



• Deepak Lal

rights and wrongs

in land which were planted on the sub-continent by the British colonial government in the 19th century, the performance of Indian farmers has been worse than China's during the inefficient years of collectivisation prior to 1979.

Prof. Lal and other conservative thinkers today blame the visible shortcomings on "misguided government intervention"; they fail to acknowledge that the intervention of the State was, in large measure, a direct result of the system's intrinsic failures.

THERE would be few problems and more successes if the advocates of land reform understood the crucial role of rent in the solution of the major problems of under-developed countries.

A liberal government dedicated to both the ballot box and social justice could shift the burden of taxation away from labour and capital, and on to land. This is a fiscal strategy that is historically valid and economically the most efficient solution to a multiplicity of problems, including the need to

- Create a pattern of consumption that fostered the growth of local industries;
- Encourage capital investment rather than hoarding fortunes in tax havens;
- Stimulate entrepreneurial activity, and
- Provide workers with an option to either work for themselves, or to sign-on with employers at comparable wages.

This electorally popular platform would not alienate any but the very biggest of landowners.

The tax-led reform would direct resources into the countryside, to improve infrastructure and encourage

CHINA: HOW IT ALL WENT VERY SOUR



• Deng Xiaoping

What the party wants is a new kind of land redistribution to achieve greater production. There are some older comrades who think this will lead to landlords and exploitation. But they keep silent; these are regarded as old-fashioned ideas. Naturally the bigger farmers will believe that this land is really theirs, especially if they invest a lot of money in machinery, irrigation and fertiliser. The party's view now is that this is the reality. Ideology isn't very important; any more, everyone is concentrating on efficiency. — Chinese economic planner, quoted by Jonathan Mirsky, *The Observer*, London, March 3, 1988.

Communism

THE CHINESE experiment has failed. The move away from the Marxist economy is in the direction of a western-style unstable capitalism, writes Ian Barron.

The seeds of failure are being shown today, with arrangements to recreate the landlord class. It was the excesses of this class which caused the Red revolution in the first place. Reformers under Deng Xiaoping have failed to elaborate a set of policies that would encourage the development of a new set of economic relations that would work for the Chinese. We foreshadowed the risks three years ago (*Land and Liberty*, May-June, 1985, p. 53).

In breaking up the communes, and establishing family farms under the "responsibility system," China could have remained faithful to the best principle in its ideology: that the resources of nature belong to the community, and the economic benefits of those resources (measured by rental values) should remain the equal property of everyone.

The simple device for accomplishing this: a 100% tax on the annual rental value of land. This policy is not only eminently practical, but has proven economic benefits. For evidence, Peking had to only examine the roots of the booming Taiwanese economy, the free market "miracle" just off China's shores.

Instead, and to encourage the amalgamation of farms into larger units, China is opting for the private appropriation of rental value. This error stems from the fact that China's planners are taking it for granted that efficient small-holders are entitled to treat their leased land as their private property.

TWELVE experimental zones have been established in which farmers are now allowed to offer plots — which they hold on contract from the State — to other farmers in exchange for 50% of the profit. This will deepen the income divide between rich and poor, create a class of rentiers and destroy the principle that everyone is entitled to an equal share of the value of their society's natural resources.

In addition, the new policy will create a landless class. Already, 94% of village land outside Peking is in the hands of the most productive farmers. In principle, there is no reason why every family in a modern economy should possess a tract. China's industrialised sector needs to poach many of the under-employed workers among its 180m peasant families out of agriculture and into factories and services. That is vital if living standards are to be raised.

But by negating the fiscal and philosophical right of equal access to land, the well-known problems associated with the private exploitation of resources begin to re-emerge. Among these: the depression of wages (which will necessitate income supplements through the welfare system along western lines), and the denial of job opportunities to willing workers.

The Chinese media, including the official news agency, Zinhua, is concentrating attention on the fact that the best productivity gains from the small family plots have now been reaped, and that "the system should now be replaced by large-scale farming" (*Economic Daily*).

Unless alarm bells are rung in Peking quickly, the worst features of the western economic system will return from exile to haunt the ghosts of the men and women who died on the Long March.

the decentralisation of economic industrialisation and enabled Japan and political power. It would also stem the flow of landless labourers into the congested cities.

Not many people know it, but this is the model that was adopted during the Meiji restoration in the 1870s; it created the conditions for

to compete with the West. It was also the basis of Taiwan's explosive growth in the 1960s.

1 "The Latin block on land reform", *The Economist*, London, Feb. 27, 1988.

2 Deepak Lal, "The Poverty of Development Economics," London: IEA, 1983, p. 97.

ALL customary tenures in the Pacific provided for a significant element of taxation, in the true sense of contributions in labour, food, service and otherwise to the community. The defence, public works and related responsibilities are now carried by central and local governments, but there is considerable resistance to transferring the relevant taxes to them, usually on the grounds that it has no customary precedent – but it has.

It is not practicable to impose money taxes on all customary lands, but it is both feasible and generally desirable to do so for those which have a reasonable production potential. But foreign aid in the Pacific islands is so abundant that governments avoid unpopular land taxes and rely instead on handouts. The inevitable reduction of self-reliance and the negative impact on agricultural productivity is unfortunate, but unlikely to change in the existing political context.

– Ron Crocombe, Director of the Institute of Pacific Studies, in *Land Tenure and Agricultural Development in the Pacific Islands*. Taiwan: Food & Fertilizer Technology Center, Extension Bulletin No. 187, 1983.



• Ron Crocombe

Trading places

THE FIRST military coup in the South Pacific was led by Col. Sitiveni Rabuka.

By PETER POOLE

Last year, Fiji elected a coalition government dominated by

Indians, and the Colonel did not like it. His men marched out of the barracks to overthrow the democratically-elected government.

To the rest of the world, this was a typical case of an upstart soldier taking power into his own hands, who committed an unpardonable offence against democratic values and institutions; who had forgotten that he was paid to defend the realm, not take control over it.

That was the picture painted by the media. For the instant analyses failed to identify the source of the problem, which is that the indigenous peoples had finally asserted themselves after 150 years of religious and cultural domination by colonial powers.

They were worried that the Indians, the descendants of the indentured labourers who were imported by the British farmers to work their estates, were poised to replace their former colonial masters.

Rabuka expresses the discontent articulated by the Taukei, or sacred owners of the soil. A founder of the movement is Inoke Kubunabola, a devout Baptist who was appointed Fiji's information minister. He explained:

"We believe this land was given to us by God. The Indians came in 1879, brought in by the British to work the sugar. They multiplied. During the wars, they didn't want to go and fight. Our Fijian men went and they stayed back to multiply and make money."

Now the ethnic Fijians are slightly outnumbered by Indians in the population of about 715,000. The indigenous people are losing their land to the Indians, and they feared that if this was capped with political power there was nothing left for the original occupants of the Pacific paradise. So in marched Rabuka's soldiers.

Right or wrong, the fact is that there can be no resolution of the problem until the original grievance – the erosion of traditional rights to land – are satisfactorily resolved.

The

AUSTRALIA'S original inhabitants, the aboriginals who were culturally decimated by the white colonists, have taken their campaign for land rights back to the Mother of Parliaments in Westminster, writes Ian Barron.

Two representatives were present at the launch of the London-based Anti-Slavery Society's report, *Aborigines Today: Land and Justice*, written by Dr. Julian Burger.

Mr Burger toured the continent taking evidence. "Most people expressed concern that the present government had made a commitment in 1983 to provide land rights for all aboriginal people, giving them the opportunity to own land in inalienable freehold, but the pledge had never been honoured. Hopes had been raised and then dashed."

The aboriginals want a clear affirmation that they owned the land, and white settlers should pay them rent for the sites which they occupied.

"The obvious consequence of this is that lands that they are not renting revert back to aboriginal ownership and control, rather than being described as Crown lands," states an advertisement published by the Aboriginal Land Council of Victoria. "In effect the payment of rent would mean that non-aboriginal Australia will at last, after 200 years, recognise black sovereignty of this country."

Mr Robbie Thorpe, chairman of the Koorie Information Centre, Fitzroy, Victoria, insisted that a policy of genocide continued in the country that is celebrating its bicentenary. Britain's prosperity had been at the expense of aboriginal children.

"This report condemns Aus-

big steal

ALIEN FORCE



• Stating their case... Thorpe, left, and Shields

tralia, and I hope that something is done about it, because we have got people dying in gaols and we can't take any more. We see the actions of the Queen, who is going out there to condone the actions of the last 200 years, as an aggressive act against the aboriginal people."

Richie Shields, a film maker and story teller, said that the centenary celebrates "the biggest real estate land sale in the world."

Talking passionately in Committee Room 13 of the House of Commons, he declared: "Charles Darwin said we were the missing link, so white Australians don't see us as human. They want to steal our culture, steal our land, but they want us to have the white man's face and lust for money." Hitler, he said, would be happy to see what was going on in Australia today. The bi-centenary was "a celebration of our holocaust."

Some land had been given to them in South Australia, but it was useless, he claimed.

The two aboriginal spokesmen wanted the whites to recognise their sovereignty over the land, the rent from which would help them to restore the culture which had enabled them to survive for 40,000 years on the continent. "Our land claim doesn't take one



• Leonard Maenu'u

Pacific know-how

A FINE body of knowledge has begun to be assembled by students and teachers working with and under Ron Crocombe, the Director of the Institute of Pacific Studies at the University of the South Pacific. These include:

Crocombe, R.G., *Land Tenure in the Cook Islands*, Melbourne: OUP, 1964.
Crocombe, R.G., *Improving Land Tenure*, South Pacific Commission, Noumea, New Caledonia,

piece of land from anybody," said Mr Shields.

They were willing to live in

EUROPEANS, weaned on the notion that there is nothing special about property rights in land, have difficulty in understanding the cultural consequences of colonial interference with traditional societies, writes *Fred Harrison*.

Throughout the world, man's biological and cultural evolution was inextricably associated with the way he related to the ecological environment. Land was not a commodity to be bought and sold; members of a community were not denied fair access to the resources of nature: these were the inventions of civilisation.

The peoples who, over the millennia, migrated to the South Pacific islands, were lucky: they had settled in a paradise where the minimum of work was required to give them a good living and plenty of time for cultural enrichment and recreational pleasure.

The white man, with missionaries often in the vanguard, sought to change the rules in these island-locked gardens of Eden. And only now are the ethnic

scholars beginning to document the results.

Leonard Maenu'u, a former Commissioner of Lands in the Solomon Islands, explains the contrasting land ethic which created cultural conflicts on his own island of Kwara'ae:

"Our land tenure really consisted of a system of rights of usage from which we knew what units of our society held what land, and the extent of rights of land usage. People didn't attempt to exceed these, and in fact there were few disputes over land."

The colonial power introduced institutional problems, which "included courts (notably land courts), which were simply means by which an alien system was directly imposed upon our Kwara'ae system. Over the years, experience showed that the two could not work together. Ours was based on humanity and *distribution of wealth*, while the other was that of English-speaking societies which tend to be individualistic and favour the accumulation of wealth."

Technical Paper No 159.

Kalauni, Solomon, *et al*, *Land Tenure in Niue*, Institute of Pacific Studies, 1977.

Larmour, Peter, Ron Crocombe and Anna Tangenga, editors, *Land, People and Government: Public Lands Policy in the South Pacific*, Univ. of the South Pacific, 1981.

Larmour, Peter, editor, *Land Tenure in Vanuatu*, Institute of Pacific Studies, 1984.

Maenu'u, Leonard P.,

Bib-Kami na Anoc: Land and Land Problems in Kwara'ae, Honiara: Solomon Islands Centre, 1981.

Report of the Regional Conference on Land Management, Institute of Pacific Studies, 1981.

Waia, Ben, *et al*, *Land in Solomon Islands*, Institute of Pacific Studies, 1979.

* The University of the South Pacific's address: P.O. Box 1168, Suva, Fiji.

WHAT DO the Russians and land speculators have in common? They both have long time horizons. That is because the bosses of the Communist Party have got nothing to lose, and the speculators have got everything to gain, by playing the waiting game.

The secret is in judging where the biggest profits are to be made in a generation's time, rather than worrying about a fast buck today. Changing patterns of land use and resource exploitation are the best money-spinners.

They have one other characteristic in common: neither likes to take risks. Nor do they: control over natural resources provides a risk-free means of making money!

Take, for example, the decision to build the Channel Tunnel. Britain and France are spending billions of pounds on a fast train route under the water between Dover and Calais. The big capital gains will be made by the people who already own land near the railway terminals, such as Ashford, Kent.

Other shrewd operators will already have bought land in the French countryside, which will be within a three-hour train journey of London. Today's prices are around £25,000 for hand-some houses in secluded parts of Normandy and Brittany. When the trains start running through the twin-track tunnel in 1993, Londoners will decide that their country retreats might just as well be in France as the West Country.

House prices will boom: so those who are buying up the peasant cottages now will reap the rewards. Dorset estate agent Jeremy Gunn says that even now he is finalising 28 deals, including the sale of seven properties to one man.

AND so to the Russians. They are about to perform tricks with mirrors, which will have a dramatic impact on land use. Not tricks of the circus magician sort, for there is nothing illusory about what the Soviet Union is doing in outer space.

They plan to transform the power of the sun into infra-red laser beams, for transmission back to earth. Then, they will

- Increase the productivity of the soil, extending the photosynthesis process during the

By Fred Harrison

growing season;

- Change urban work routines, by lighting up cities with solar power; and

- Tap into an infinite power resource to ensure that, when their oil runs out, they will control a new source of energy that is "clean" and infinite in supply.

This programme has crucial consequences for countries in the cold regions of the northern hemisphere, like Norway and Canada.

North Sea Oil will start to run out before the end of the century. What happens then to the price-competitiveness of industry, compared with the newly industrialised countries with their relatively cheaper labour forces?

The burden on taxpayers of subsidising the agricultural sector - justified by governments on the grounds of severe climate - is very heavy. Even if that burden could continue to be financed by people working in industry and commerce, a new means of aiding farmers would make sense.

The USA is now a long way behind in this area of research. Ronald Reagan's infatuation with the military use of outer space has crippled U.S. policy, whereas - from the outset - the Russians have been exploring the industrial uses to which they can put natural resources of other planets like Phobos.

Until recently, under the compulsion of short-term democratic politics, the Reagan Administration had us believe that changing the growing seasons,

Far, far horizons

and increasing the number of hours of sunlight, was a fantasy for science fiction writers. The evidence suggests that Moscow is treating the prospect with deadly seriousness.

By failing to monitor the direction of scientific exploration now in progress in the Soviet Union, the West could suffer a severe economic blow. Some observers are seriously canvassing the possibility of the rich industrialised economies slumping back into peasant-based agricultural systems while the wealth-generating axis shifts towards eastern Europe.

Moscow's time-scale - 20 years - is not more than one generation, but it is longer than the period which Western governments are willing to countenance: their budgetary commitments are heavily biased in favour of taking into account the need to win election votes.

Land speculators, on the other hand, are willing to tie up their money for up to 15 years in the expectation of a gain: they usually make a fortune.

WHAT ARE the economic lessons of this story?

Solar power would enable farmers in the hostile parts of the northern hemisphere to generate higher incomes, which in turn would enable their governments to reduce their cash subsidies to this sector. Canada and the Scandinavian countries would be in a better position to restructure their economies. Lower cash subsidies to farmers means lower tax rates - which ought to encourage higher investment in wealth-generating enterprises.

The 21st century will present

major challenges to the West, both from the economic dynamism threatened by Mikhail Gorbachev's reforms as well as the continued industrialisation of today's underdeveloped countries. It would be a serious mistake not to compete – better still, collaborate – with the Russians on the opportunities offered by outer space.

But why should we suspect that the Soviet Union intends to exploit space for industrial rather than (or just for) military purposes?

(1) Their scientist have been astonishingly frank about it. The frankest revelation was from a team of academicians led by Sergei Sarkisian from the Inter-cosmos Council, the Russian international space office. Their paper titled "Socio-economic benefits connected with the use of space power and energy systems" (1985) contains an outline of *practical* exploration and invention.

Soviet research indicates that space mirrors could provide the power to light up a city right down to the level of street illuminations. And they could boost Russia's ailing agricultural sector by beaming down additional hours of sunlight on to northern farmlands at harvest time. The beams would penetrate all but the densest clouds.

This would reduce Russia's dependence on American grain, and transform the global distribution of economic, as well as political, power.

(2) The successful testing of the Energia rocket. This is designed to lift into orbit payloads nine times as large as those that the US space shuttle can carry, Energia cuts launch costs by a factor of 10. So industrial work stations in space can be established at a tolerable cost.

Academician Vladimir Kotelnikov, the chairman of Inter-cosmos, admits: "The USSR plans to orbit large-scale structures,



• Channel Tunnel workings on the Kent coast

including reflectors one kilometer across, to feed solar panels for use as power stations."

Alan Bond, the British scientist who invented HOTOL, the Horizontal take off and Landing vehicle which experts admit is superior to anything invented by US scientists, warns: "At the moment the Soviets have planned for nothing less than economic domination of the world."

(3) The continuous presence in space of one or more Russian cosmonauts. This is more than of symbolic significance. It is vital to learn about the biomedical aspects of space exploration, because it would take 450 days to get to Mars.

A Russian cosmonaut, Yuri Romanenko, spent 326 days in space – compared with America's longest trip of 83 days. With 60 cosmonauts, the Russians have clocked up 12 man-years of experience in space, more than twice as much as the West.

MOSCOW believes that nothing less than the salvation of Earth is at stake. Their studies show that, during the early part of the next century, pollution levels will become intolerable, population growth rates will cripple man's ability to feed himself, and energy sources will be exhausted.

By industrialising space, they say, these problems can be solved – permanently. The sun provides an inexhaustible source of power. Space provides a

"pollution sink" into which we can get rid of destructive by-products. And we can continue to grow more food in the temperate climates of the northern hemisphere.

How can we be sure that the Russians would want to share the benefits of their exploration? Alan Bond asked Academician Sarkisian: "Is your study just an academic exercise, or do you really have a space power programme?"

The reply: "We have been watching your studies in the West and we agree with your main conclusions. We do have a programme, and the first elements are in the current five-year plan. In due course, we will be offering collaboration to the West."

That collaboration will probably only be forthcoming if the West has something to offer; and that means channelling new research in a similar direction to the Soviet Union's.

The threat doesn't come from laser-based weapons which could shatter buildings from outer space (Reagan's SDI programme), but from Russian research which will one day force a change in the patterns of use – and value – of land.

We can fairly assume that the land speculators are even now laying their plans for buying properties in the areas that will most benefit from the links between Earth and the planets in space. After all, we are only talking about changes in the course of another 20 years!

THE LIBERAL and Social Democratic Parties in Britain have amalgamated to form a new Party. What is the background to this new arrival on the political scene?

Immediately after the 1979 General Election, the Liberal Party seemed to be exhibiting a slow, but definite, come-back. Eleven M.P.s did not sound a lot, but these numbers compared favourably with the six who had been returned monotonously at each General Election of the 1950s; while the number of Liberal voters had increased very considerably: fewer than a million in 1951 and 1955, well over four and a quarter million in 1979.

The Liberal Party of nine years ago was beset by several fundamental political weaknesses, of which three stood out conspicuously. Firstly, the electoral system was (and is) tilted heavily against a third Party whose support is not strongly localised in particular regions. As Liberals never tired of pointing out, the Conservative Party with a little over three times as many votes as the Liberals, had more than thirty times as many seats.

Secondly, the Liberals were chronically short of money. Their funds bore no comparison with those of the Conservative Party, which can always attract money from business interests, or of the Labour Party with its heavy reliance on the automatic subscriptions of Trade Unionists too lethargic to "contract out" of the political levy. Thirdly, the Liberal Party could not produce a convincing Front Bench of people with experience in Ministerial office.

As Liberals of those days sometimes admitted, their real hopes were pinned on something dramatic happening to break the mould of British politics: some major schism in either the Conservative or the Labour Party, which would deeply alienate large and important sections of that Party, and bring them into association with the Liberal Party. Such a development could well overcome all three problems. The personalities would come over, the money would start to pour in, and popular support could be brought to a pitch where the electoral system proved an advantage rather than the reverse.

IN THE very early 1980s, there seemed a real hope that this was happening, although perhaps not quite in the manner originally anticipated. More than 25 Labour M.P.s, including several former Cabinet Ministers, broke off from the Labour Party to form the Social Democratic Party. Many important Conservatives were visibly uncomfortable with the policies and leadership style of Margaret Thatcher, and one of their M.P.s also defected to the SDP.

Thus the new SDP was an important force in politics. Its rank-and-file membership was a good deal less than that of the Liberals, but it had a lot

Chance for Georgists

more MPs, and seemed to offer the political credibility which the Liberals lacked. Out of these political realities was born the "Alliance". The Liberal and SDP leaderships arranged that their respective candidates should not oppose each other, but should fight approximately half of the British constituencies each. Roy Jenkins, it was agreed, would appear in the next General Election, and in any Political negotiations which might follow, as a kind of overall leader of the Alliance.

At the 1983 General Election, this strategy appeared to be vindicated. Granted, the Alliance did not perform as well as sanguine anticipations suggested, and most of the MPs who had transferred to the SDP were unseated. On the other hand, the Alliance's Parliamentary representation of 23 was better than anything that the Liberals had produced for close on fifty years.

Much more impressive was the popular vote. The Conservatives had secured a shade over thirteen millions, but the Alliance won more than seven and three quarter millions, which ran the Labour Party's figure of a little under eight and a half millions very closely. A relatively small swing of votes could credibly establish the Alliance as challenger to the Conservative government within a few years.

AT THAT point, the Alliance rather ran out of steam. It continued to do well in by-elections, winning several seats in the ensuing four years; but it certainly did not look like a movement poised for a major breakthrough. Just what went wrong is difficult to analyse. Labour's decision to choose a new leader who was not too frightening to the moderate section of the Party was certainly important in stemming defections to the SDP.

More curious was the loss of internal momentum in the Alliance itself. Nobody seems to have disputed the view that current arrangements between the two component Parties should continue both at national and local levels, but at the same time nothing happened to weld the Alliance together, even though - to all appearances - there was every reason for expecting a gradual development in the direction of complete fusion. The degree of cooperation between the two Parties

DEMOCRATIC MERGER

varied considerably from place to place; and in local elections, the success or otherwise of Alliance candidates tended to follow closely the measure of cooperation between the local Parties.

At the 1987 General Election, the mood of the Alliance was less happy than it had been four years earlier. No overall leader was chosen this time, and it was not difficult to discern considerable differences on some matters, particularly defence, between Liberal leader David Steel and Dr David Owen of the SDP. Each, of course, claimed to speak for his Party in such matters; but it would probably be truer to say that both Parties exhibited a wide, and overlapping, range of opinions on these questions.

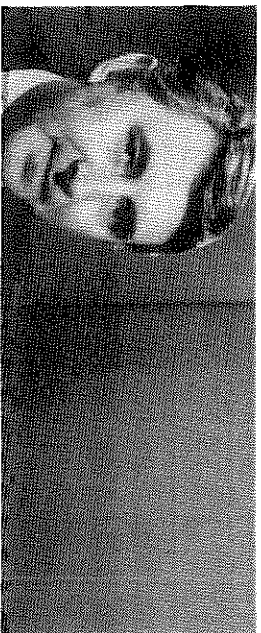
When votes were counted, the Alliance representation almost held: 22 seats, against 23 in 1983. The SDP fared noticeably less well than the Liberals: five seats against seventeen. More important was the unseating of Roy Jenkins and the failure of two of the SDP's other former Ministers to secure election. This left David Owen as the one ex-member of a Cabinet to return to Parliament on the Alliance benches.

The overall Alliance vote dropped somewhat, and the margin behind Labour became considerable. Yet – and this remains perhaps the most remarkable feature of the 1987 Election – the Labour Party certainly did not cover itself with glory. After four years of “moderate” leadership, despite the obvious public unease with Thatcherism and the weakness of the Alliance, Labour made an overall gain of only twenty seats.

Thirteen of those twenty were in Scotland and Wales. England – the north as well as the south – was practically untouched. There was, and is, still no reason for considering the Alliance incapable of one day overtaking Labour.

ALMOST immediately the 1987 General Election was over, some people in both the Liberal Party and the SDP began to press vigorously for amalgamation. In the ensuing period, that pressure was sustained. Despite the continued opposition of David Owen, it took place. Are the two Alliance Parties now doing what ordinary political prudence prescribed that they should have done four or five years ago? Superficially the answer seems to be yes; but in fact the situation has changed dramatically over those years.

Thirty years or so ago, when the Liberal party was suffering disastrously, there was one compelling argument which kept enough enthusiasts within its ranks to save it from total disintegration. That argument was that politics ought to be about positive things rather than negative things. The overriding reason why Liberals shouldn't vote Conservative to keep out Labour, or vote Labour to



• David Steel

keep out the Conservatives, was that Liberalism stood for unique policies, which neither other Party was likely to support.

To a considerable extent, that argument has worn thin in more recent years. The traditional Liberal commitment to Free Trade, for example, was jettisoned in favour of support for the Common Market. Yet, even to this day, the Liberal Party does stand for some policies which are both distinctive and traditionally Liberal. As recently as last October, for example, many readers of this magazine were heartened to hear of the Liberal Assembly's renewed assertion of support for the taxation of land values.

HOW FAR has the new Party preserved traditional Liberal policies? Its essential ideas are set out in the Preamble. This document does not derive from any kind of Assembly of either the Liberal Party or the SDP – or, indeed, of the two Parties together. It has been cobbled together by the leaderships, or a section of the leaderships, of both existing Parties.

The Preamble for the new Party is not an encouraging document. There is no reference, for example, to the taxation of land values. Indeed, there seems to be no reference to any policy at all which either Party favours to which the other has no commitment. If this Preamble is a sample of what is to come, the overriding appeal of the new Party will not be its Liberalism – or, for that matter, its Social Democracy – but the wholly negative argument that it isn't Socialist and it isn't Thatcherite.

There is nothing intrinsically good or intrinsically bad in a merger of the Liberals and the SDP, and there is certainly nothing sacred in the name of a Party. What matters is the Party's policies, and its prospect of setting those policies into effect.

The new Party is still unformed clay on the potter's wheel. Its SDP members – and, for that matter, a very large proportion of its Liberal members – have had little exposure to traditional Liberal policies. It is the task of those Georgists who choose to work through the new party to expound the policies they favour in a way which the members can understand, and which is likely to attract their support.

TWO YEARS ago the 100th anniversary of the birth of Chiang Kai-shek - the Chinese leader defeated by Mao Ze-dong - went largely unnoticed in the western world.

The same applied in mainland China (the People's Republic of China). But it was not forgotten in the Republic of China which reigns on Taiwan.

When Chiang's forces lost to Mao's forces in 1949, he and about two million of his followers fled to Taiwan where along with the native inhabitants, the Republic was continued.

Generalissimo Chiang became President Chiang, and after his death his son succeeded him.

The Republic has considered itself to be the real China in opposition to the mainland communist regime. But eventually it was expelled from the United Nations in favour of the People's Republic.

In a curious state of political suspension, an unrecognized nation, Taiwan has prospered economically. Although Chiang Kai-shek's reputation was effectively tarnished by Mao Ze-dong and his advocates, we ought to heed the saying, "by their fruits you shall know them."

Mao precipitated 25 years of disaster, including the notorious "cultural revolution", while in the much smaller area of Taiwan, a successful economy was built up.

IN OCTOBER 1986 there took place an international seminar in Taipei, on "President Chiang Kai-shek and Land Reform," sponsored by the China Land Reform Association. Its President is Dr. Tsieng Hsiao, appointed by Chiang himself.

A report of the proceedings of this seminar, edited by Prof. Isaac M. Ofori of Ghana, has been issued.

Chiang Kai-shek was a faithful disciple of Dr. Sun Yat-sen, founder of the Chinese Republic, who was much concerned with the land question. One of his basic principles was "equalization of land rights", and he was strongly influenced by Henry George.

He studied with close interest the pre-World War I German colony of Tsingtao in China, where its administrator, Wilhelm Schrameier, applied a version of the single tax.

This was reported at the seminar by Prof. Wilhelm Metzger of Bonn University. The success of the Tsingtao experiment was also recor-

Taiwan Lessons

By BOB CLANCY

ded in the September-October 1987 issue of *Land and Liberty*.

After the devastation of World War II, the rebuilding of China began and in 1946 a Constitution was adopted which paid attention to the land question including its taxation. This was of course interrupted by the civil war precipitated by Mao.

In retreating to Taiwan, Chiang sought to continue Sun's principles. This included public ownership of the land with free use by the people and a competitive market system - a balance between equality and freedom.

"Land to the tiller" and "equalization of land rights" were guiding principles. This involved the following: rent reduction, government purchase of land, and taxation of socially-created increments of land value.

The system, says Dr. Hsiao, "includes all the merits of the land system of nationalization and the land system of privatization." Absentee ownership and speculation in farmland have been virtually eliminated and farm tenancy greatly reduced.

The result, while not pure single tax, is a vast improvement over most land systems in effect today. Edwin J. Faulner, President of the conservative Heritage Foundation in Washington, D.C. wrote a preface to this report praising Taiwan's "land reform while maintaining property rights," and we hope he understood what he was praising.

Different phases of the Taiwan land reform were discussed by various participants in the seminar: agricultural and economic development, by Toing-chuang Wu and Yin Chang-fu; current problems and policies, by Yu-kang Mao. Ramon H. Myers of the Hoover

institution dealt with prospects in mainland China and new directions sought since Mao. Communes were discontinued and more private enterprises was encouraged.

However, the Communist Party retains control, has not given up socialist doctrine, and a period of confusion reigns today the outcome of which is not yet clear.

One hopeful development is a measure allowing private use of land with a payment of part of the produce, a "rent", paid to the state.

Prof. Natsuki Kanazawa spoke on Japan, noting that land reform greatly increased the number of small farm owners, and farm communities called "shuraku" have been developed. But one serious problem is the soaring price of land and the Japanese are seeking to handle it by means of controls, not having discovered LVT.

LAND REFORM in the Philippines was discussed by Sein Lin of the Lincoln Institute. There has been excessive concentration of land-ownership and low tax on land. To introduce land reform, "a formidable array of administrative measures" have been adopted.

So complex, so bureaucratic is this system that land reform has become paralyzed - which makes more understandable the unrest in the country. Efforts to induce Philippine officials to consider LVT have met with little success.

An interesting paper is "To Land on Spacship Earth" by Robert McAlpine of the Australian Institute of Valuers. Taking a global perspective, he warns that the tendency to enclose the limited area of the earth by a few families and profifiers is leading to serious trouble.

The earth should be available to all, and Mr. McAlpine quotes extensively from a paper given by Kenneth Grigg at a 1981 conference in Taiwan in which, referring to the land question, he said:

"Henry George solved the problem. The answer was to socialize the land rentals: as the community developed and its land thereby became more valuable, the increased rentals would be collected through the taxation system, so that everybody could share in the benefits."

Reformers of the world would do well to heed this and other lessons from this outstanding seminar.