LAND & LIBERTY

Ground rules for a sustainable society: p.45

LAND REFORM

A Matter of Life or Death

Hundreds of millions of people are needlessly dying from starvation or suffering from malnutrition. Easier access to land would transform their plight. The cause of land reform, then, is a moral as well as technical issue. But for many technocrats at the international agencies, land reform usually just means a technical challenge: a more economical use of a scarce resource. To the landowners of the Third World it is a dangerous concept which has to be manipulated to mean anything other than what it *ought* to mean. For starving peasants, land reform means the difference between life and death. Some peasants, like those who died in the massacre at Panzos, in Guatemala, sacrifice their lives to promote the cause of land reform. They have little to lose: their lives are bound for premature termination *without* fundamental changes in land use, income distribution and tenurial rights. ***Land & Liberty*** investigates the need for land reform, examines the obstacles to it, and proposes what appears to be the ideal solution: an annual tax on land values.

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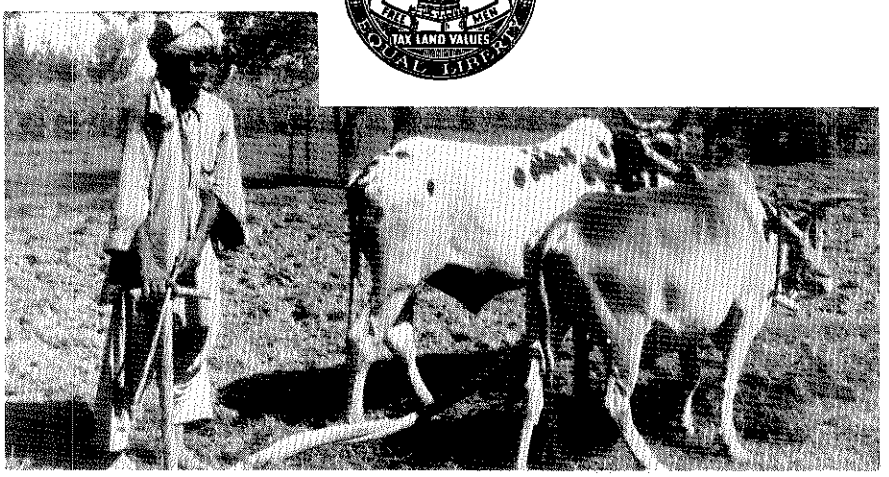

PHOTO CREDIT

THE MASSACRE at Panzos: page 41. The photograph is published courtesy of the Copenhagen-based International Work Group for Indigenous Affairs, who state of its quality: "It isn't very good, but who can take perfect photos in such a situation?"

CONCERN with the slow pace of economic and social development in Latin America led in the decade of the 1950s to the assertion that land tenure patterns had constituted a major obstacle to progress. This recognition gained embodiment in the signing of the Charter of Punta del Este in 1961 when, prompted by US concern with the insurgence of Left-wing guerrilla movements and the example of the Cuban revolution, Latin American governments pledged themselves to adopt agrarian reform laws and comprehensive changes in land tenure patterns.

Two decades later the discrepancy between expressed intentions and actual performance is striking.

There is little doubt that, following the promulgation of such laws in the 1960s, the continent has witnessed a successful and wholesale emasculation of reform attempts. As we enter the decade of the 1980s, into the age of the micro-chip society and beyond, elements of the feudal system and poverty on the land are still with us. What has happened to the mighty dreams of improvement held aloft in the early 1960s?

AGRARIAN reform, like other aspects of social change, is not the result of a rational plan but of interacting social forces, personalities and clashing interest groups. In the words of Professor J. K. Galbraith:

> **"A land reform is a revolutionary step; it passes power, property and status from one group in the community to another. If the government of the country is dominated or strongly influenced by the landholding groups – the one that is losing its prerogatives – no one should expect effective land reform as an act of grace."**[1]

Would-be reformers seem to have failed to explore how social change through the 'democratic process' actually happens, having, perhaps, adopted the attitude that change via reform would follow smoothly upon the 51% election victory of the 'reform party' or upon recommendations of international experts or the offer of finance. There is a certain myopia in the viewpoint that the adoption of a reform law equals implementation. In Latin America the colonial tradition of *se obedece pero no se cumple* ("one obeys but one does not comply") is still true today!

To understand the inefficacy of the agrarian reforms throughout Latin America it is essential to understand the relationships between economic power, social status, and political influence which form the Latin American 'characteristic.'

THE GREAT BETRAYAL

Land Reform & Latin America

By Chris Baker

Agrarian reform may be termed a 'critical issue': one which potentially or actually re-orders society, affects the interests of important social strata, pits numbers against wealth, power, and prestige, and thus cuts deeply into the political and social system. Hostility and opposition, which are inevitably found, suggest that reversing or changing existing patterns and societal structures is the task for revolutionary elites where effective reform sentiments or organised support is lacking. In Latin America, where both have been wanting, there are two levels of political functioning – the ceremonial and the operational. Needing to maintain publicly acceptable postures, appeals to the abstract ideal of agrarian reform have served to obscure the reluctance of the 'ruling classes' to accept 'indispensable' reforms. Such is the case with agrarian reform.

Let us remember the climate of the early 1960s. A peasant invasion of land, an agrarian-based insurgency or a general political upheaval may do much to stimulate consideration of the total problem of agrarian reform. Such political exigencies became a subject of international concern with the coincidence of the Cuban Revolution in 1959. If peasant discontent were to break out on a wide scale and take an organised form, the existing power structure of the whole Latin American hemisphere could have been upset. The conclusions to be reached were immediately clarified – the best approach to maintain the political status quo and avoid an upheaval was to guide both discontent and reforms into controllable channels, as seems to have been the goal of the Charter of Punta del Este.

Thus the somewhat 'delicately contrived' agrarian reform programmes of the 1960s became something of a holding operation, and increasingly so as enthusiasm for major structural changes waned with the ultimate control of indigenous guerrilla movements.

At the same time, whilst the political stage of Latin America is one upon which the esoterics of the 'counter-reformers' have been easily accommodated, tolerance of the reformer has always been tentative. Under such circumstances, for reform to have been effective would have required a constancy of pressure on administrators that could only have come from the actual and potential clientele of government programmes. Yet the laws on agrarian reform originated without seeking the cooperation of the *campesinos* or their organisations.

Without this active involvement, and relying on the legalistic approach to reform, the consequences of implemented policy were always likely to be quite imperfect – the initiation of change is constantly subject to bargaining processes between a variety of established groups negotiating a settlement designed to safeguard their vital interests. On the one hand, affected elites have had access to the presiding authorities and have thus been in a position to delay, emasculate or circumvent the reform laws and the process of change through 'Compromise bargaining' and legal loopholes, at the same time as they have been able to introduce the 'developmentalist' or modernisation argument (that which denies the need for reform).

Within the context of these influences there occurred, as early as 1963, a reversal in the order of priorities as spelled out in the basic laws on agrarian reform. Economic growth rather than structural change was to receive the emphasis as an engine to economic development. The first consideration was to enlarge the pie; to divide it more equitably was secondary.

In fact, the progressive de-emphasis on reform found its spokesman in the very same advocate that had pressurised for reform in the first place – the United States.

Whatever the initial assumptions behind the rhetoric of the original Alliance for Progress following the 1959 Punta del Este Conference, it became apparent that both US and Latin American signatories of the Charter were simply engaging in verbal rituals to exorcise the spectre of Castro's agrarian reform. It is beyond doubt that a number of the institutional changes stressed in the Charter would have had a profoundly unstabilising effect on many existing governments.

In this light, as the Cuban spectre receded and the near destruction of the *campesino*/guerrilla movements in the early years of the 1960s brought about a radical change in the political base which a large-scale land reform movement could have counted on as a springboard, the trend of policies was towards a more conservative position.

Thus the 1967 Punta del Este Conference, while paying lip-service to the need to guarantee the campesino full participation in the economic and social life of his country, made no mention of the prior necessity of structural changes. And the US Congress (acting on recommendations of the Subcommittee on Inter-American Relations) barred, as from August 1962, the allocation of funds for the purchase of private agricultural land.[2] Throughout Latin America agricultural policy came to mirror the sequential change in the US technical assistance programme.

So the arguments were turned towards attempting to correct an unbalanced picture of agricultural investment. This meant, in effect, a return to the anti-social investment pattern which prevailed prior to the passing of the reform laws and which those laws were supposedly endeavouring to correct.

UNFORTUNATELY, concern for a purely economic approach to reform which accepted the existing social and political structures as given sought only to discover development strategies within these parameters. An

Dictators v. Democracy
THE CASE OF PERU

MILITARY dictatorships are generally condemned as evil, and unacceptable to western liberals. For do they not contradict the ideal of democratic control of civil society?

Too often, however, these generalisations skate over the realities of everyday life.

And on the key issue of land reform, we have now come to realise that "democratically-elected" Parliaments are the fiercest opponents of any change designed to diffuse economic benefits among the masses.

For there is usually an intimate relationship between the landowning class and politics, which ensures that the majority of people are relegated to a subservient role within the system . . . .

WE ALSO NOW know that authoritarian governments, usually composed of army officers, have led the way to reform.

In *some* cases, they have exercised military power to enable them to force through changes which would theoretically benefit the majority of people.

Peru is a leading example.

In 1968 the army took control, and immediately began forcing through changes which were impossible under the pre-existing "democratic" style of politics.

What had the majority of people lost by this assumption of control by the army? Not very much.

Almost half of the population was composed of an illiterate, disenfranchised group of peasants who had previously not enjoyed the benefits of political democracy.

And those who were permitted to vote did not enjoy democratic access to the things which mattered – access to the nation's natural resources.

1968 – Gen. Juan "The Chinaman" Velasco ousts civilian president, begins "military road to socialism."
1969 – land reform law drafted.
1975 – 5.7m. hectares distributed to date. Right wing opposition mounts. Police and navy rebel. Gen. Francisco Morales Bermudez ousts Velasco in palace putch.
1976 – experiments with worker participation and profit-sharing in industry accelerates.
1977 – corruption, bureaucratic inefficiency and huge purchases of military equipment weigh heavily on economy.
1978 – under half workforce efficiently employed. Food price riots. Central Reserve Bank runs out of foreign currency, defaults.
1979 – 400 farmers occupy a co-operative: six peasants shot dead.
1980 – election promised on May 18, returning government to civil control.

For the land was owned by a dozen oligarchic families.[1] And they had successfully thwarted the emergence of a class of industrial entrepreneurs who might have widened the employment prospects of landless Peruvians.[2]

Under a military dictatorship, then, the peasants had little to lose but their chains – as Marx would have put it!

THE ARMY officers began to implement a striking programme of change. The first, and most important, was land reform.

Their central problem, however – the one which doomed the military rule to ultimate failure – was the absence of a coherent strategy.

The junta explicitly rejected both the capitalist and communist models. So their attempts to spread wealth more widely, and give people direct control over their lives (at the economic level, at any rate) was characterised as "socialism."

Fidel Castro quickly recognised that the Peruvian generals were different from the norm. One of the greatest ironies of modern Latin American history is that Peru's right-wing treated the military with suspicion and, eventually, open hostility.

For the stranglehold on the economy by the 12 landowning families was crushed, as estates were broken up and redistributed to the people who tilled the soil.

But the absence of an effective programme meant that there could not be a balanced development of

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LATIN AMERICA
Cont. from P.35

established part of the Latin American legal, political and social framework has always been the existence and protection of private property. Notwithstanding the permissive nature of many of the laws, one example being the Colombian agrarian reform law passed in 1961, the legislators turned to the concept of the 'social function' of land in order to rationalise the type of expropriation of estates which was theoretically allowed by law. In this concept the counter-reformist was provided with a powerful tool to justify the expropriation of only a few estates and to exempt the majority.

The concept provided that when land was being put to productive use it fulfilled its social function but not so when it remained unused or when used 'inefficiently.' But, of course, what is tricky about the use of concepts like 'efficient' or 'adequately managed' as criteria for expropriation is that they cannot be objectively defined, especially when left in the hands of the landowners! The social function shifted the reasons for expropriation away from 'social justice' for the *campesino* and onto the neutral ground of land use, and was used to introduce a new concept of social justice – for the landed elites.

In the same manner that it diverted attention away from the injustices inherent in a sharply unequal distribution of land resources, so the social function allowed that expropriation need not be undertaken on a long-scale basis, but rather on an estate-to-estate basis only. Similarly, instead of permitting that reform be carried out on the best soils and in the best (and most densely populated) areas, legislation, as in Colombia, provided that reform be carried out first on public land and on private lands only "if it appeared necessary." So provisions in the laws served the objective of diverting the land reform to outlying districts where land does not usually fulfil its social function. In this manner have "colonisation schemes been the tranquillisers of the landed elite and counter-reformers in the Americas," as Ernest Feder, a foremost authority on the Latin American agrarian scene, puts it.[3]

The effective application of the laws also remained conditional upon the existing constitutional disposi-

both the rural and urban sectors, to ensure employment and prosperity for all.

THE RULERS set out to redistribute 10m. hectares to nearly 2.25m. peasants, a sixth of the population, by 1976.[3] They failed to achieve this target, but they were nonetheless remarkably successful in what they *did* accomplish – compared with similar attempts in other countries.

But physical reallocation of land by itself is no guarantee of success, as the Peruvian case demonstates.

The family farm unit prescribed by US advisers was to be the model under which land would be reallocated. This emphasis was eventually abandoned, however, because there was not enough land to apportion among the millions of landless peasants.[4]

So large collective enterprises were created, which could absorb a larger number of people. But these, as experience eventually showed, could not keep pace with the demand for jobs. In addition, they did not yield the predicted economies of scale.

Their record, in fact, was disastrous, leading to the astonishing result that more and more land fell into disuse.[5]

And so we now see land invasions by peasants who want to break up the collectives and create family units – swinging the change in the rural structure full circle back to where it started!

TO BE EFFECTIVE, land reform has to be integrated into a strategy which aims to simultaneously increase urban employment.

PERU: land redistribution 1969-1979

	Units	Area hectares: m.	Beneficiaries
CAP (agrarian production cooperatives): excluding sugar	566	62.09	79,354
Sugar CAP	12	0.12	27,783
SAIS (agrarian societies of social interest)	60	2.80	60,930
Communities	408	0.71	110,971
Other collective units	809	1.81	45,320
Individual parcels	–	0.54	31,918
TOTAL	1,855	8.10*	356,276

SOURCE: *Financial Times,* **Peru supplement, 2.10.79**
***Figures do not add up due to rounding.**

This model for development in the Third World was described in a previous issue of *Land & Liberty*.[6] It entails the taxation of land values, which would ensure full economic use of land, provide incentives to wealth-creators, and generate funds to meet public expenditure.

Peru's generals, however, allowed land to be employed at below-optimum levels, while squeezing earned incomes in the rural sector as hard as they could. Not surprisingly, therefore, food imports rose and investment in agriculture declined.

It remains to be seen how events unfold under a civilian government. Peru's new constitution is likely to encourage the break-up of collective farms, and there is no limit on the permitted size of individual holdings. The right-wing political parties, which are seeking power, are pressing for the return of land to private ownership.

So the opportunities created by authoritarian power are likely to be dissolved into the mists of time as Peru reverts back to the pre-revolutionary period of the 1960s, with a new landowning class emerging to reassert its monopolistic control over the economic, and therefore over the political, life of Peru.

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P. E. POOLE

tions. Unfortunately, the constitutional texts were rarely adapted to the ends which the agrarian reforms sought to achieve. The complex and dilated proceedings for the acquisition of private property tended, more often than not, to favour more the proprietors than the reform agencies.

Many of the factors which obstructed the implementation of programmes were deliberately built into the agrarian reform machinery. One technique, as Alan Gilbert says in his book *Latin American Development,* "was to produce legislation which was too complex to implement quickly and effectively. Such was the case with the Peruvian and Chilean legislation. Another common technique was to place difficulties in the way of the agency in charge of land redistribution. Frequent changes of directors, selection of men who could be manipulated, restrictions in funds ..... were all employed in different countries."[4]

The same thing happened with compensation proceedings. The compensation price usually reflected the relative bargaining position of the landowners and not some simple economic feature of the land. For example, in ten municipalities where the Colombian reform agency, INCORA, was in action during the 1960s, evaluations of rural farmlands produced an average increase in values of 143%![5] Such costs, carried over to the reform agencies, have been important not only from the point of view of financing reform proceedings but also because they became reflected in onerous terms for the *campesino* beneficiary. He has had to justify his entitlement by his ability to produce sufficient surplus to meet his payments for his 'new-found land.' Lacking many of the essential inputs or the capital to acquire them, many beneficiaries failed to meet the terms of their entitlement, prompting the machiavellian attitude that the peasantry are incapable of using their land efficiently. This idea, nurtured by the counter-reformists, was not lost upon the governments of the '60s.

The narrow dependence of beneficiaries on the paternalistic reform agencies, and relegation of reform to the poorer areas, further tended to minimise the potential for success. Loading the dice this way has provided valuable ammunition to discredit land reform. Theoretically, of course, the reform agencies have

represented the peasants' interests, but their structures and composition and their very functioning within the traditional political frameworks, made it unlikely that these interests could ever be fully protected.

Only two Latin American countries (Peru in 1968 and Chile in 1970) have undergone significant and genuine reforms within the last twenty years. In Peru agrarian reforms followed a military coup which established a peculiarly left-wing military government committed to changing the inimical structures of the countryside. The 1970s, though, witnessed an abdication of that commitment as the composition of the military hierarchy swung to the Right and much of the valuable work of the agrarian reform of 1969 has been undone.

Nor in Chile was the Allende government able ultimately to get the better of the anti-reformist Latin American political machine. Here was proof that the US was as indulgent in rhetoric about reform as the Latin American governments themselves. When its economic interest is at stake such rhetoric has always gone to the wall. In Guatemala, between 1952 and 1954 the Arbenz government instituted a comprehensive agrarian reform. The succeeding government, installed following a US invasion of the country, reversed the reform, rather proving the point!

Changing the agrarian structure in Latin America has always implied disrupting the social and political balance, upsetting existing institutions and threatening vested interests. For the Latin American governments the rhetoric of agrarian reform has been enough to stomach.

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Violence as junta reveals land plan

AT LEAST one million acres are being redistributed to landless labourers and tenant farmers in El Salvador. But the announcement of the sweeping redistribution of land sparked off a new round of violence, *writes Colin Green.*

● Left-wing militants stepped up their action. They were aware that their wider socialist goals were threatened by the efforts by the ruling junta to give land to the people.

In the seven days following the announcement of agrarian reform, 70 Left-wing militants were killed, according to Oscar Arnulfo Romero, the Archbishop of San Salvador. The Archbishop himself was murdered on March 24.*

● But the severest reaction came from the Right-wing, which opposes the reform because it will destroy their political power.

All farms over 1,250 acres are affected: this means that 244 haciendas will lose land. Owners may keep only 350 hectares for their private use.

Peasants who receive land will have to pay for it; 70,000 are expected to work on new communal farms.

The junta is reported to be considering extending the reform to cover all farms over 250 acres.

Meanwhile, some of the impatient peasants who have been seizing farms have been gunned down by the National Guard.

Fifty people died in Cathedral Square during the Archbishop's funeral. And at least 70 peasants were killed near El Oro, about 25 miles outside San Salvador, a few days later.

The left-wing guerrillas, whose opposition to the ruling junta can only strengthen the powerful conservative elements in El Salvador who oppose the land reform plans, have proved powerless to protect the peasants. Twenty-four peasants were found shot dead on April 12, scattered along roads and in fields.

**This tragedy was foreshadowed in* Land & Liberty, *Jan.-Feb. 1979, p.10.*

EL SALVADOR

FERDINAND MARCOS was democratically elected as President of the Philippines in 1965.

Seven years later he became dictator: he imposed martial law in September 1972.

In declaring martial law, Marcos promised sweeping land reforms as a crucial part of the need – as he perceived it – for continuing change to create a "new society" for all Filipinos.

In a decree, he said there was need "to achieve dignified existence for small farmers, free from the pernicious institutional restraints and practices which have not only retarded the agriculture of the country, but have also produced widespread discontent and unrest among our farmers, one of the causes of the existing national emergency."[1]

The fact that, seven years later, martial law still rules, therefore suggests that he has failed to effectively implement a reform of the land tenure system in such a way as to remove the pre-existing discontent which was causing political instability.

His latest foray into the field of land ownership illuminates the kind of thinking which has held per capita incomes to just £250 . . .

ON SEPT. 11 the President announced that all land in metropolitan Manilla had been placed under State control.

All urban land, covering 400 square miles, became a reform zone.

"The urban land reform will safeguard our future generation and cause an equal distribution of wealth," he declared in a televised speech marking his sixty-second birthday.[2]

Such a reform, he claimed, marked the foundation of peaceful revolution under the new society.

● 150m. to 200m. pesos (over £10m.) will be set aside for land expropriation.

● No more land can be sold and no buildings constructed without permission of the regulatory commission of the Human Settlements Ministry.

● Landless and homeless people will be given the first chance to buy land.

It is doubtful, however, that these measures will radically alter the maldistribution of income, or lift the ailing economy[3] out of trouble.

For existing landowners will not lose out, the future generation will be no better placed to secure a foothold on the land, and relatively few of today's landless will be able to command the financial resources

The Iron Butterfly & the President's 'New Society'

necessary to make use of the opportunities which theoretically are about to be made available to them.

THERE IS, however, one clear winner: the President's wife.

Madam Imelda Marcos, at the age of 49, now has direct control over the richest part of the Filipino economy.

Known as The Iron Butterfly, Madam Marcos is said to nurture ambitions as the person best suited to succeed her husband as President.

Her personal wealth is reported to be anywhere between $200-$250m. – in any event, the ex-beauty queen is now one of the ten richest women in the world.

By PAUL KNIGHT

But she says that the trappings of material wealth interest her less than political power. And in the Philippines, today, she is the power behind the throne . . .

MADAM MARCOS is Governor of metro-Manila, an agglomeration of five cities.

And now, as head of the Human Settlements Ministry, she has direct bureaucratic control over the land, its use, and the 8m. people who live on it.

Press reports regularly refer to Madam Marcos as "President in all but name." This, she – and her husband – dispute. What cannot be denied, however, is that she has directed a sustained campaign of self-aggrandisement.

The visible trappings of her power are in Manila, where she has had hotels and art galleries and conference centres thrown up and named after her – "seen by some as an extravagant personality cult being built in a desert of slums and shacks."[4]

Many of the projects are privately-financed out of donations from businessmen whose tax returns are closely scrutinized by Madam Marcos – a fact which she openly admits.

Recently, she proposed a £6m. basilica: but the Archbishop, Cardinal Jaime Sin, declined to endorse the plan. He proposed an alternative: the money should be spent on "low-cost housing and/or a fully-equipped hospital for the poor in the area."[5]

The Archbishop has emerged as a leader of the opposition in the Philippines, but it is unlikely that Marcos can move against him in the way that he has done with his other opponents (the leader of the Liberal Party, Benigno Acquino, has been incarcerated in an army camp for seven years).

But there is no serious reason to believe that the Marcos dynasty will collapse in the foreseeable future. For even without an enlightened programme of land reform, the poor Filipinos appear to idolise Imelda Marcos in a manner reminiscent of Argentina's Eva Peron.

● January's local elections, the first for eight years, have been characterised as "the latest sleight of hand,"[6] in which observers report the use of intimidation, fraud, violence and the 'pork barrel' to ensure that, in most areas, hand-picked Marcos men were elected.

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FORTHCOMING

LAND & LIBERTY plans to publish additional features on land reform in forthcoming issues.

Geoffrey Lee will outline the history of land tenure which has contributed to the present political instability in **Portugal.**

Dr. Archibald Woodruff traces the history of ideas which influenced the remarkably successful land reform in **Taiwan.**

And we present two opposing views of the impact of land reform in the **Philippines.**

FRED HARRISON reports the background to the massacre at Panzos

RISING LAND VALUES BRING OUT THE DEATH SQUADS

ACCORDING to the Central American Jesuits, Guatemala's government-sanctioned death squads murdered 3,200 people last year.[1]

This was an increase on 1978, when about 1,000 people died or "disappeared."[2] The figures show a dramatic rise in the deaths monitored during the mid'70s, and the explanation is that speculators have begun to cash-in on rising land values.[3]

Slayings are a routine part of a systematic effort by the country's landowning oligarchy to prevent land reform. The savagery is not mindless, but part of a long-term strategy aimed at preserving the existing distribution of land.

The current crisis can be traced back to 1954, when President Arbenz redistributed 1.5m. acres of land to 100,000 peasants. Much of the land was not cultivated. About 400,000 acres belonged to the US-owned United Fruit Company, which refused to accept the offer of compensation.

A CIA-sponsored coup toppled Arbenz, who was a moderate liberal from an aristocratic family. The land reform was put into reverse, and 10 years later the official census (*Segundo Censo Agropecuario*, 1964) reported that 2% of the farms accounted for 63% of the arable land. In contrast, 87% of the total number of farms occupied 19% of the arable land and each averaged under two hectares in size.

The concentration of land ownership continued, and it is now estimated that 2% of the population owns 75% of cultivable land.

The stakes, then, are high. While the majority of Guatemala's population of 6m. live in poverty, something like 200 families luxuriate in riches derived from the ownership of land: and they mean to keep things going their way, even though they have created the conditions for civil war.

BALLOT rigging has been just one method of ensuring that power remains in the hands of landowners, who have structured the political system to fit the distribution of property rights to land.

For example, 4,000 rural localities which qualify as administrative units with independent armed bodies for law enforcement are, in fact, individual private landholdings:

> *"Over 4,000 of these localities are organised farms constituting a form of company town work force. Some develop fairly sizeable security units of their own, making governmental control largely unnecessary from the viewpoint of the farmowner."*[4]

These local parapolice forces are reported to be responsible for the majority of deaths and disappearances in rural areas.[5] Thus, the landowners have direct control over the legally-sanctioned instruments of terror; and they have used their powers to annihilate all opposition.

LANDOWNERS, however, are not just interested in retaining their share of the distribution of land: they do not want to pay wages above subsistence level.

Their control over most of the best land has pushed the Indians, the descendants of the Mayan empire, up into the marginal lands of the hills. Here overfarming and lack of terracing of the steep fields has meant steady erosion and smaller crops.

The 500,000 Indians who are forced into seasonal employment on the big plantations have to accept wages of under $2-a-day.

In recent years, however, the peasants have been forming co-operatives. These are designed to increase credit, and help to improve productivity.

Lowland landowners have branded the development as "communism." For, they fear, "the co-operatives will improve conditions in the highlands and thus discourage the Indians from working for slave-wages in the plantations."[6]

So co-operative organisers have become prime targets for the Right-wing death squads, deaths which in the literature of the civil rights workers are recorded as "extra-judicial executions."

MOST OF THE murdered people are rural peasants, who are defenceless against the well-equipped army and para-military forces.

Peasants who try to organise themselves have done so with fatal results. For example, between 3,000 and 8,000 are reported to have died in the

GUATEMALA

"Disappearances" and probable e

Peasants	
Opposition	
Unidentified bodies	
Bodies identified by name only	

TOTAL: 1105. This does not include dead in the aftermath of the earthqua

Percentage totals: Peasants, 25%. C Unidentified bodies, 21%. Bodies ide The unidentified and those identifiec to have been peasants or poor urban

SOURCE: *Guatemala*, London: Amnesty Inte

Zacapa-Izabal campaign from Oct. 1966 to March 1968.

The total number of deaths and disappearances since 1966 is likely to exceed 20,000, most of them peasants or urban poor. And the annual death list is likely to continue rising, for the simple reason that land values are rising in the northern provinces.

"One factor alleged by observers to have affected the situation in the Quiche area has been the rapid increase in value of the land – presently occupied largely by peasant smallholders organised in co-operatives – due to the planned construction of a major highway into the area linking agricultural land with national markets, as well as the discovery of petroleum deposits in the region."[7]

The share of deaths in the north,

E DEATH LIST

licial executions, 1972-April 1976

972	1973	1974	1975	to Apr. 1976
30	151	25	52	24
39	34	10	29	12
80	57	44	12	35
47	167	56	57	44
96	409	135	150	115

ıated but unconfirmed 200 shot bruary 1976.

ɔn, 11%.
/ name only, 43%.
ıe only are generally considered s.

Briefing Paper No. 8, 1976, p. 12.

which is the most sparsely-populated area of the country, rose from 4% in 1972 to 28% in 1976.

An example of the horror which can result from the defence of traditional rights to land is the massacre in the market place at Panzós.

Over 100 Indian peasants, including 25 women and children, were killed on May 29, 1978. The Ministry of Defence issued its version: 34 people were killed when "armed peasants" staged a surprise attack on the garrison.[8]

The Copenhagen-based International Work Group for Indigenous Affairs, which has documented the tragedy, is sceptical. "It does not seem reasonable for a group of peasants to attack an army outpost with machetes. Or to take women and children with them."[9]

The cause of the deaths is an age-old one: land-grabbing. Existing plantation owners are extending their holdings with the active assistance of the country's agricultural agency, INTA.

The aim is to cash-in on the rise in land values. Expectations leapt when it was learnt that the large oil deposits in neighbouring Mexico originate from oil strata that extend into the subsoil of northern Guatemala and southern Belize.

"However, in order to get any profit out of the oil, it has to be transported to the centre of the country. This will happen by means of a pipeline that is to pass through Alta Verapaz, including the Panzós district. The projected pipeline and wildcat drilling have meant that prices for land have begun to go up. Expecting even higher price rises, the big landowners try often with the help of the military forces to oust the Indian peasants from their land."[10]

By removing the Indians, the landowners simultaneously accomplish both their goals. They reap the benefits of increasing land values, and enlarge the pool of landless workers who act as a check on the wage-aspirations of plantation workers.

Gen. Romeo Lucas Garcia, who took over the Presidency last July, is one of the big landowners in the Alta Verapas province. So is the Minister of Defence.

Guatemala is a signatory of the American Convention on Human Rights (1969), and is a party to the American Declaration of the Rights and Duties of Man (1948).

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THE CASE OF TAIWAN

Five lessons for land reformers

By Dr. A. M. Woodruff

THE AUTHOR, an urban economist, is an executive committee member of the Land Reform Training Institute, Taoyuan, Taiwan. He has taught at several US universities, and retired as President of the University of Hartford in 1977. He is a director of the Lincoln Institute of Land Policy.

THE GAP between the rich and the poor has been narrowing for the past quarter century on Taiwan, and the country has prospered greatly under the influence of a land reform which reflected concepts very similar to the thoughts of Henry George. Elsewhere in the world, especially in "third world" countries, the rich-poor gap has been widening. Two such countries were Iran and Nicaragua where bloody revolutions occurred during 1979. Several times in *Progress and Poverty*, Henry George commented on the likelihood of such uprisings under conditions of increasing income disparity.

The revolutions in Iran and Nicaragua surprised and shocked many, but hardly surprised the people who were aware of the widening income disparity. Considerable force was used to collect taxes from the poor and this added to the rate of ferment. Furthermore, outside forces were at work. The U.S.S.R. was busy stirring the revolutionary pot, and the U.S.A. was supporting the Shah of Iran and the President (dictator) of Nicaragua because they opposed communism. While history seldom smiles on such revolutions, conditions sufficiently oppresive continue to provoke them. Writing on land reform in 1960, Chen Cheng, then governer of Taiwan, said:

> **"Hunger and starvation have always been with us. Desperate people facing starvation are likely to take advantage of all opportunities to make trouble and raise the standard of revolt. Students of Chinese history find that years of civil commotion arising out of a poor harvest far outnumber the years of peace. Eight or nine out of ten such disturbances have been caused by our failure to find a thorough-going and permanent solution of the land problem."**

Henry George had watched what happened in California in the land boom days as land barons preempted huge tracts of land; and land was then virtually the sole means of production. His argument was based on the need to halt monopolization of economic opportunity, and he proposed a way to do it.[1] He also studied the Irish land question and said in no uncertain terms that Irish misery resulted from grossly unequal access to the means of production, and not from overpopulation. He began to express his ideas about 1860 in news stories and editorials, and in 1871 published *Our Land and Land Policy*. In 1879, one hundred years ago, he finished refining his ideas and published *Progress and Poverty*, which had an international impact and influenced history as far away as Taiwan.

FEW REFORMS are ever realized exactly as first proposed, and this was true of the Taiwan land reform. It does not strictly follow Henry George in form, but it does so in spirit, and few reforms in all history have worked as dramatically. Land was redistributed within a free enterprise economy; incomes were brought closer to equality, not by exterminating the rich but by building up the poor. Very few people were hurt in the process. What happened in Taiwan resulted from the fusion of Henry George's ideas with the ancient Confucian philosophy of equality of opportunity, and with the thinking of certain German land reformers who had also been influenced by Henry George.

Chiang Kai-shek, through the land reform, vigorously carried forward the ideas of equalization of opportunity common to Henry George and Dr. Sun Yat-Sun.[2] Farmland reform came first, designed to vest title in the tillers, as was befitting in a nation then almost solidly agricultural. Urban land reform came later. Increment taxes were for some years applied only to urban land but were extended to all land in 1973. They diverted to social projects considerable sums which would otherwise have become the private harvest of land speculators.

Land reform began with rural rent control and moved fast to distribution of the public domain which the Japanese had unwillingly bequeathed to the Chinese on retrocession. It included the best rice land on the west coast. In accordance with Dr. Sun's principle of *Ming Shen,* this was sold in five-hectare parcels to the peasant families who had been tilling it. At the same time, rent control reduced to $37\frac{1}{2}$ per cent of the rice crop the landlords' share on rented farms from 66 per cent or more. The law was enforceable because of the reservoir of land in the Japanese domain which was offered for sale on long terms. Terms of repayment were such that the farmer did not have to pay more than $37\frac{1}{2}$ per cent of his rice crop income. As soon as these laws were partly digested, the government began to buy land from the landlords and resell it to the tenants on similar terms so that no farmer had to pay out more than $37\frac{1}{2}$ per cent.

This affected the local economy more markedly and more rapidly than even the most optimistic advocates had dared to predict. Dr. Sun had long since pointed out in the *San Min Chu-I* (the *Three Principles of the People)* that industrialization should follow, not precede, the building up of the internal capacity to consume. The land reform did just that. Farmers doubled their income when rents came down to $37\frac{1}{2}$ per cent; and, thus encouraged, proved again the truth of Henry George's statement:

> **Give a man security that he may reap and he will sow .... Assure a man of the possession of a house he wants to build and he will build it. These are the natural rewards of labor. It is for the sake of reaping that men sow; it is for the sake of possessing houses that men build.**

With the landlords brought to bay and with assured possession, the farmers began to plant second crops of rice and intervening crops of vegetables, thus doubling their income a second time. The four-to-one increase had a multiplier effect throughout the Chinese economy. The detailed sequence of the economic development is less important than its impressive totality. Within a decade much of the island was rehoused. Former adobe structures with thatched roofs and dirt floors gave way to brick houses with tile roofs and cement floors. Electricity was extended throughout the countryside: electric fans spell the difference between comfort and discomfort in such a climate, and they were an early addition to most country houses. Transportation went through stages from rusty bicycles to brand-new shiny bicycles to small motorcycles to automobiles. With each economic change came a new industry, selling to an indigenous local market bicycles, electric appliances, and later motorbikes.

Income equalization. For some time the World Bank has been computing an index of income equality. The process is notoriously imprecise because of the spongy nature of the input data, but in crude terms it is revealing. As land reform took a firm hold in Taiwan, the income per capita of the *least* affluent fifth of the population increased relative to the income per capita of the *most* affluent fifth. The land reform built the prosperity of the country from the bottom up. This did not mean that the top was cut down. The top continued to rise, but the bottom fifth rose so much faster that the gap between them narrowed.

This is the first great lesson from Taiwan: *proper allocation of resources combined with the diligence of a naturally hard-working population greatly improves the economic circumstances of the bottom quintile.* It does not totally eliminate poverty, but the general benefit to the lowest quintile is spectacular. Taiwan is not a unique example; the same principle was applied, with equally effective results, in post-war Japan through the land reform of 1946, and very similar results were achieved in South Korea.

Keeping people busy. The second lesson from Taiwan is related to the first. At the start the country banned the importation of large tractors. It recognized that it had surplus human power, limited land, and a dearth of foreign exchange. The Chinese agricultural experts reached the correct conclusion that more food could be grown by hand and water buffalo from a hectare of land than could be produced by large-scale mechanized farming. This fact has been demonstrated the world over. Tractors and other farm machinery save man-hours of labour, but do little else, and a country with a manpower surplus does not need that.

Countries which imported large machinery accomplished minimal increases in production, but faced the displacement of tenant farmers. The availability of farm machinery holds back land tenure reform. Large landowners can make more money by displacing tenants and mechanizing, so they like the new arrangement. But displaced farm tenants have no place to go but to the edges of cities where they cluster in urban slums and where they have to be fed on the bounty of those working.

When industrialization was far enough advanced, and a manpower balance attained, Taiwan began to mechanize farms to release manpower to industry. *The second lesson is not to displace agricultural labour, until the industrial sector has developed enough to begin to demand it.*

Political gains. The third lesson is political. Asian government is sufficiently different from American that confusion results when Chinese try to find adequate words to describe what goes on in America and Americans find equal or greater trouble in trying to describe the government of Taiwan. Americans are fond of political clichés and like to sort systems into tidy categories, appropriately labelled, each to its own bin. America has been prone to classify the government of Taiwan as a dictatorship and to criticize the government and also General Chiang Kia-shek accordingly. The Taiwanese central government exercises more power over more things than the White House does in America, although recent American administrations seem to have been trying hard to catch up. Below the level of central government, Taiwan is quite democratic.

Taiwan is more democratic than any Chinese government of the mainland has been within recorded history, and far more democratic than about 100 of the 144 members of the UN. Dictatorships, incidentally, can have broad popular support, as various powerful monarchs have proved over the span of history; they can also be feared and tolerated only because of the force at their command.

The Chinese government on Taiwan earned very broad-based support by the land reform. The majority of the island's population were peasants. Asia has a long memory, and the one-time tenant farmers remember what life was like before land reform. The older generation has told the younger. This has not altogether erased a lingering uncertainty on the part of the "old islanders" towards the newcomers who arrived in a rush around 1950; it has nevertheless left a very comfortable power base for the island government. The Japanese and Chinese mentality differ enough to suggest restraint in generalization, but the same general result followed the land reform in Japan. The third lesson is: *A land reform which upgrades the economic condition of the peasantry provides an important political power base for the government that engineers the reform.*

The raunchy reality. The fourth lesson is different, and has sometimes been called the raunchy reality of land reform. The landlords of Taiwan included the Japanese

Land Company and a number of ethnic Chinese, "old islanders," who had been active Japanese collaborators. The Japanese deserved the unpopularity they earned in Taiwan during their 50-year occupation and few Chinese tears were shed over the acquisition of the Japanese public domain. The collaborators had acted like traditional Asian landlords. They gave only verbal leases, terminable at their pleasure. The rent was nominally about two thirds of the crop, but the landlords, at least the larger ones, employed estate agents who extracted from the local farmers whatever they could, paid enough to the landlord to keep him reasonably happy and pocketed the balance until the shifting of the economic sand forced a landlord to sell, and the agent could buy his way into the land-owning class. The small "village" landlord, usually an ex-farmer or a farmer's widow, generally did not use an estate agent but dealt with the tenants in an atmosphere of mutual respect. The "big" landlord was an object of village obloquy; the "village" landlord was an object of village sympathy.

Most of the land was owned by "big" landlords and the reform process involved their removal. In Japan they were bought out in yen which promptly declined in value through inflation leaving many of them stranded, too old to go back to work and unable to live on the pittance inflation left them. In Taiwan, the landlords were compensated in New Taiwan (NT) dollars, but the compensation contracts were tied to a commodity base. The annual payment was computed in terms of the number of NT dollars required to buy a certain quantity of rice or sweet potatoes. This made the payment reasonably inflation proof.

Collectively landlords invariably oppose land reforms. At the very least it involves change, and change is always traumatic. To many the prospect suggests the loss of financial position and social prestige; they just cannot see beyond the first step. Landlords in Taiwan and Japan were no exception to this rule. Some ex-landlords from Taiwan still rail against the indignities heaped upon them by the government and find some sympathetic ears in the US.

In the Philippines, the Senate, also landlord-dominated, blocked reform which the House had approved, until about the time Marcos declared martial law, disbanded Parliament, and pushed land reform dictatorially. In Thailand the entrenched nobility and other landowners have blocked a really effective land reform, although lower echelons of government keep talking about it. In Nicaragua and San Salvador, the land was owned by a handful of friends and relations of the dictators, and the peasants were left to fester at the bottom of the pile. The fourth lesson from Taiwan is: *Land reform must be imposed on the landowners by a central government strong enough to do it.*

The follow-through. In a country that needs a land reform the peasantry usually depend on their landlords for credit to buy seed and fertilizer, do other banking transactions and handle much of the marketing. The landlords function in all these capacities. They are often the rice millers, the bankers, and the local suppliers of whatever is needed to make a crop. They also often are the sole marketing vehicle. If this situation is not changed, the tenants quickly come back under their influence and the landlords wind up owning the land again in a short time.

In Taiwan, a system of cooperatives had developed in Japanese times as a semi-underground movement. The cooperatives were bankers of a sort, hiding wealth from the Japanese and providing other clandestine services, and they developed strength and peasant confidence. When the land reform took place, the cooperatives emerged and became the dominant factor in supply, marketing, and local banking. They have never enjoyed an exclusive monopoly; farmers can buy and sell from and to whomsoever they wish, but the cooperatives generally offer the "best deal." This has been a significant factor in making the land reform "stick."

The tax system must also be designed so that the farmers are not taxed out of their holdings. Rural taxes in Taiwan are almost entirely on land and are kept at a level which encourages the farmers, and does not in any way discourage them.

The fifth lesson is: *To make a land reform "stick," marketing, supply, and credit facilities must be supplied so that the farmers are not driven back into the clutches of the former landlords.*

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COLOMBIA Cont. from P.48

would lose the incentive to grow marijuana. A thriving rural sector would curb migration to the towns, and push up the wages of urban workers.

Unfortunately, Washington fails to make its gigantic foreign aid to client states like Colombia conditional on such reforms until – as in the current case of El Salvador – civil strife has begun to collapse the country into the arms of Moscow-orientated forces.

The landed elite will certainly not freely implement land reform, for the under-use of land is a rational part of its strategy for reducing wages and increasing rental income. As Feder notes:

> **"The minifundio problem and the under-utilization of the resources is an inherent feature of a latifundio agriculture which prevents access to land to the campesinos and reduces the employment of its resources** *in order to maintain an excess obedient labour supply working at low wages."*[5]

Land reform, far from constituting a threat to the landlords, has been skilfully turned to their financial advantage. As one INCORA official noted at an early stage of the "reform" programme: "We buy their land for more than its worth, and often for cash. Our own investments raise the land's value."[6]

Thus, a tax based on land values – which would recoup the increased land values for the benefit of the whole community – is the *last* change which they would be willing to countenance.

As a result, left-wing guerrillas such as members of M-19, who took over the Dominican Embassy in Bogota, will continue to undermine geo-political stability. Who is to blame?

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Ground rules for a sustainable society

AS IT IS claimed that Henry George's fiscal reform would unleash economic growth and even render population growth desirable, it would not at first sight appear to fit the environmental conservation bill, commonly associated as it is with the curtailment of both.

However, at the heart of environmental literature one finds a book, *Land for the People*, whose central chapter – 'Principles of Land Reform,' by agricultural journalist Robert Waller – is an explicit exposition of land value taxation.[1] And the doyen of the self-sufficiency movement, John Seymour, bases his recommendations for Wales and its agriculture on a "graduated land tax" which he attributes to Henry George.[2]

Clearly, there must be a misunderstanding over the nature of economic growth and its consequences. George himself deplored economic growth, **as manifest,** for disrupting the natural harmony and creating grinding poverty. But this spurred him to a discriminating analysis of its nature and a resolution of "the great enigma of our times" as expressed in the title of his book *Progress and Poverty* (1879).

BY DAVID RICHARDS

Henry George learned his trade in the frontier society of mid-19 century California. From this unique vantage point, unobscured by massed capital and commerce, he observed the manner in which the artefacts of man mushroomed from the virgin wilderness as population grew.

He concluded that it is the **mechanism** by which land and labour are married in the production process, that is the structure of property rights, which determines the economic lineaments of our civilisation. This fact alone – that of all economic systems only George's accords prime importance to land – should commend it to environmentalists.

MANY PRIMITIVE tribes are regarded as paragons of sound ecological land use and communal living. This does not restrict us to their horizons, for their success is based not upon their low technologies but upon their basic assumptions concerning how to make a livelihood. As that famous conservationist Chief Seattle explained:

> "How can you buy or sell the sky, the warmth of the land? The idea is strange to us . . . The earth does not belong to man; man belongs to the earth . . . [The white man] kidnaps the earth from his children. He does not care . . . His appetite will devour the earth and leave behind only a desert . . ."

Such is also Seymour's view: "The land should not be looked upon merely as something to make money out of. It is a sacred trust to be handed on to our descendants in better heart than it was when we got it."

So we are, in fact, beholden to make something grow, namely value. And that is what economic growth is all about. If this process is to be sustainable, non-exploitative and diversified as ecologists require, then account must be taken of the property laws under which the economy operates.

Indeed, the Ecology Party of 1979 had as its election slogan: "We do not inherit the world from our fathers – we borrow it from our children," which is a plain enough statement of the need for land reform. However, search through their manifesto for implementing this concern, and you will find nothing. "Such a programme adds up to . . . a new sense of values." indeed, but not to "a new economics for man," as claimed; nor, therefore, to "the chance of a new future."

Conserving our green environment without tackling the question of property rights is like eating salad without dentures. The Ecology Party is practising the art of the impossible.

The writers of *Land for the People,* however, are more practical. "It has now become clear that the social injustice of the present pattern of ownership of land is the key issue before which nothing else can be achieved." (Steve Hobbs) "Redistribution of the land is a prerequisite for the emergence of an ecologically viable agriculture." (Herbert Girardet.)

"Our main object," writes Seymour independently, "must always be borne in mind: a populace and a prosperous countryside. This cannot be achieved if people are not allowed to build houses to live in, nor workshops to work in. The popular view of the city sentimentalist that the countryside is only beautiful if it is an unpeopled desert must be disregarded."

Giradet echoes this view and adds: "Neither agribusiness, nor smallholdings, are the answer . . . Rather the solution lies in the emergence of new villages with co-operative agriculture as the main economic base . . . and small-scale industry, preferably for processing local raw materials."

Given these ends how are they to be achieved? Pulling the strings together in the final chapter, 'Theory and Practice' Steve Hobbs notes that "the exact kind of reform of land ownership which should take place and how it is likely to be achieved are the most difficult questions we are faced with just now." He sees five alternatives: Land nationalisation; control of land by the local community; land value taxation; community trusts; and varied legal creations such as land companies.

My purpose is to put forward land value taxation as the necessary and sufficient solution to the conflicts between environmental, social, and economic ends experienced in the economic growth of advanced countries.

IT IS generally accepted as inevitable that economic forces in the modern state concentrate production, create social costs in city centres, and drain amenities and services away from more dispersed popula-

tions. The noblesse oblige made it their task to discipline the economic free-for-all, and produced our brand of paternalism. A hydrocephalic planning bureaucracy now burdens the production process in order to preserve declining sectors and the regional populations dependent upon them. The growing sectors of the economy have been strangled in the process. After Office Development Permits were introduced in 1966, for example, a space shortage was created and office rents in London rose to four times the New York level. France, meanwhile, declined to sacrifice the economy for short-term equity and her economic story diverges accordingly.

A more sensible approach would have been to alter the economic gradients themselves in such a way that wealth would naturally flow where required, and not slough around leaving dereliction and pollution. Social, environmental and economic criteria can be satisfied harmoniously, and they could pull in harness towards a better future.

Wealth comprises the energy flux of the economic system, money its working fluid. Wealth is value added to land by labour and capital in four stages. The primary sector produces the raw materials; the secondary adds form-utility to them; the tertiary, time –, place –, and transaction-utility; and the quaternary, the utility of order. In exchange for their efforts these producers receive claims upon the wealth in the form of wages and interest.

"Modernisation" of society involves migration downstream, away from the primary sector, of the highest proportional contribution to gross value added. This naturally follows from the compounding of the added value at each stage. In 1976 the relative contributions of each sector to GPD were 5%, 32%, 50% and 13% respectively (the last being undervalued as it is present in the other sectors as well). Opportunities for employment in each sector, therefore, vary accordingly.

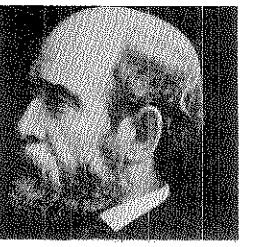
However, it is the spatial manifestation of this process which is of crucial importance, and geographers have produced a body of "central place theory" to account for it. Just as fluvial sediments are graded according to size by gravity, so too are settlements distributed regularly over space according to size by the relative attractions of economic activities to natural resources, markets and each other. Primary activities are dispersed over the land, but the higher value-adding sectors tend to concentrate at the centres of markets and agglomerate for external economies of scale. Those activities requiring larger markets will be restricted to a few locations. Other activities in such centres with lower market thresholds would have larger than necessary hinterlands and enjoy "abnormal profits" were it not for competitors setting up at locations in between until these profits are soaked up.

A regular spatial pattern of settlements of discrete sizes and spacings results with the number of functions performed per category of settlement (city, town, village) decreasing down the scale. Village-level functions such as general stores are obviously thickest on the ground for they are present in each settlement's category, but some functions such as central government are located only in the most "central" place of all.

Now, under present conditions, advancing technology has tended to undermine the role of settlements at the lower end of the hierarchy. Complexity, interlinkage, and the relative growth of the higher stages of production which require greater centrality, has concentrated the country's wealth production in the higher-order centres. Claims to wealth, effective demand, and opportunities for investment follow suit.

Moreover, those claims to wealth which are earned

Henry George: his land tax would have sound ecological effects



down the hierarchy and in the rural fields, are inevitably sucked towards the whirlpool at the centre. Two one-way ratchets operate. First, countryside earnings are more likely to be spent in the town than vice versa. Second, it is possible to do most of one's shopping in one weekly visit to town but it is not possible for a townsperson to frequent town-level shops when he is in a village.

In south-west Wisconsin, J. E. Brush discovered that village functions in towns commanded market areas four times the size of those in the villages.[3] In 1976 I studied the area of South Wales served by Bridgend as the central place. It contains 150,000 people and supports one village-order shop for every 500 people. However, in the town itself there are 870 people per village shop compared with between 300 and 400 in the outer hinterland. A professional survey found that 15% of the convenience shopping of these latter areas and 50% of that of the sub-urban ring was done in Bridgend. This raises the people per village-level shop in Bridgend to 1540, and lowers the average outside the town to 360, which precisely confirms Brush's findings.

So where are the excess profits received by the spatial monopolists of the Bridgend market place going? Obviously, mainly into higher rental payments. Money earned in the countryside is channelled into the pockets of the landowners in central places. They will probably invest it higher up the hierarchy and if it finds its way back to the countryside it will be in the form of capital equipment or rationalisation, displacing workers into the towns and cities to produce the capital with which to further depopulate the countryside. The more capital-intensive agriculture becomes the more farmers have to sell their land to raise capital, and then rent it back. Thus the rural surplus is further drained by city businessmen.

That all surplus value is creamed off as rent and gravitates to the centre is a well-known failing of underdeveloped countries, but we overlook its consequence in advanced countries and thus fail to propose land reform as the solution to our economic and regional problems.

The centre-periphery configuration of economic activity in inevitable: industry, community, service-provision and the (ecologically desirable) minimisation of transport-costs each require centrality. Sound ecological land use requires dispersion. The solution is to revive the lower rungs of the central place hierarchy, as Girardet and Seymour advocate, by attracting value-adding activities down the scale into the villages. This can only be done by raising the market potential of village areas through urban-rural migration, and preventing it draining into the existing regional centres. The confiscation of rent by government would achieve both objectives.

WERE ALL the unearned value of the land to be taken for the needs of the community (whose demand creates that value) then all firms would have to prune their underused land: those who held land merely as a capital asset would find that it had become a capital liability. Land would come on to the market and its selling price would be reduced to the value of the improvements the user had made upon it. There would be real

freedom to choose to produce on the land rather than in cities.

The new tax would fall in proportion to centrality and spatial monopoly. The source of unearned income purely dependent upon these factors would become a tax burden so that incomes proportional to effort might be relieved of much of theirs. Abnormal profits in central activities resulting purely from monopoly over lower-order settlements would be at an end. Owner-occupiers in centres who had "enjoyed the rent" would either have to put their land to its most productive use, or take themselves elsewhere.

The tax which destroys the capital value of land to owners would restore fair competition in the economy and result in pressure to use the land more efficiently. Each site, with its intrinsic qualities and extrinsic locational situation, has its optimum usage which obtains when the activity that can produce the most surplus over wages and interest, and thus offer more rent than all competitors, locates there. The total pattern of land use that maximises rental values, maximises the surplus value created by the economy over and above the claims of labour and capital. This mechanism, however, is destroyed when fair competition is removed, as under government favouritism or the favouritism of private land ownership.

A further burden is imposed when the surplus is not reserved for the proper needs of government but is allowed to be claimed as rent by whoever has the legal title to land (however procured), in return for no contribution to production. The Government has then to turn instead for funds to the legitimate earnings of labour and capital. These obstacles alone separate us from the "pipe-dream" of a marriage between economic growth and economic deconcentration (or "decentralisation"). Far from being the enemy of conservation, productivity per occupied-acre is its handmaiden. Under equity, as restored by the taxation of land values, the free market ensures the most efficient use of finite resources.

Regional resuscitation and rural-urban integration cannot be achieved from the top down by the dispersal of industry, the migration of commuters to dormitory villages, and the Town and Country Planning Acts. These must occur organically from the bottom up by the restoration of the land-labour amalgum, the prime engine of production.

THE FARMER is the custodian of our landscape. Environmentally hazardous "ranch-farming" has replaced the labour-intensive, highly productive methods of the British "agricultural revolution" that produced the landscape we all wish to conserve. The modern farm is devoted to maximising revenue per worker. High receipt-payment ratios have been achieved by concentrating on cheap resources of oil, land and space (once initial costs are overcome). This bestows economic "fitness" upon those who major in these factors. Thus the size and capital-intensity of agricultural units has tended to grow.

However, the true running costs of production would be restored by the annual removal of the rental value of the land, so that unfair advantage would no longer accrue to the bigger monopolisers of nature. Value added per acre would return as the criterion of profitability, and careful husbandry the safeguard of livelihood. Coupled with the trend in oil prices all the previous economies of modern agriculture would have become diseconomies, and the small-scale farming of yore, intimately attuned to the ecoclines restored. All scale-economies in agriculture can be provided by co-operatives.

Ironically, even the prime architect of the EEC farm rationalisation policy, Dr. Sicco Mansholt ("the peasant killer"), now recognises the need for small, husbandry-intensive farms for "closed-cycle agriculture is the only way in which high production can be achieved on a permanent basis."[4] But there is a dangerous shortage of the necessary skills. "A dull man, who can hardly be called a good farmer, can raise his production with artificial fertilizers and other chemicals." So the tax which puts talent upon an equal footing with wealth in the land-access stakes must be regarded as invaluable.

In fact, John Seymour proposes that "A party of observers should be sent forthwith to Denmark to make a study of agricultural co-operation there." They would find small farmers enjoying the fruits of the land value tax they had voted for over half a century earlier.

It may still be feared that it is laissez-faire rather than unfair ground rules which threatens our environment. One thing is certain: planners cannot cope. It is of the essence of ecology that the complexity of the controlling system must match the complexity of the system controlled. In cybernetics this is "the law of requisite variety." Neither direction, nor private ownership with its high fixed-costs, permits a man-land relationship flexible enough to allow fine adjustment between the potential of the land and the numbers working on it. They are also inconsistent with true local democracy.

Another law of ecology is "the law of the minimum." A species cannot increase beyond the limit set by the least abundant necessary factor in its environment. The dislocation caused by the use of land as a capital resource is clearly a weak link in the social chain which pushes us up against method-constrained environmental limits. However, the tax on rent would ensure that the land that is held is used to its full potential. All urban wasteland such as the 12% of land vacant in my home Borough of Southwark would be returned to industry and commerce. Urban and industrial sprawl would be halted and with it the annual predation on agricultural land. In fact, agricultural land itself could be expected to contract with the intensification of land use.[5] "Natural" marginal land would spread and so, too, opportunities for self-sufficient communities with their own domestic economies. The city monopoly of employment would have ended, a prosperous peasantry replacing the dole queue.

Again there is "the law of sufficient redundancy." For stability there must be a diversity of opportunities and plenty of redundant capacity to cope with change. As we have seen land value taxation promises to harness the spare capacity, by freeing overmanned industries and relieving pressures within the economy.

The relationship of man with the land is fundamental. The tax which restores equal rights to the usufruct of the land and balances them with obligations to the community reproduces the conditions common to all ecologically sound societies. It is no coincidence that the Values Party of New Zealand both espouses this reform and has close links with the Maoris.[6]

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COLOMBIA

Latifundia, narcotics & the fight against land taxation

BY FRED HARRISON

COLOMBIA is a country of poverty-stricken peasants. Most of them have now migrated to towns in search of jobs that do not exist.

So their frustrations find an outlet in organised violence, such as the capture of 16 ambassadors as hostages in February.

Colombia is well-used to violence. One of its memories is *la violencia* – the slaughter of up to 300,000 peasants in the decade after 1948. The origins of the discontent which led to this mass slaughter are to be found in the dispossession of peasants from land that was rising in value.[1]

Murder and banditry will continue until the political bosses finally implement land reform to satisfy the majority of peasants who just want the freedom to work on a farm of economic size. And that aspiration is a long way off from being realised, if modern history is anything to go by.

IN 1972 the Minister of Agriculture asked Congress to place a tax on land, so that owners who failed to use their acres would be forced to sell rather than pay the tax.

There was an undoubted need for such a fiscal inducement to efficiency. For example, 635 owners of farms averaging 11,000 hectares reported that two-thirds of their land was unutilized.[2]

This, while peasants were forced to eke out a bare living on their small *fincas* on the hillsides.

But the land tax did not have a chance to operate as an effective mechanism for redistributing income and improving land use. As *Financial Times* correspondent John Cherrington reported at the time (2.2.72): ".... the new law is thought to be no more than a move in pre-election manoeuvres."

INCORA, the Land Reform Institute, was created in 1961 to reduce rural tensions and stem the stream of landless workers into towns.

Ten years later the agricultural census showed that 4.3% of all landowners held 67.5% of the land, while 73.1% held 7.2% of the land in holdings under 25 acres. More than half of the holdings were considered to be of inadequate size to fulfil the minimum needs of a family.

INCORA, then, was an agency to help the big landowners. In its first 13 years it invested nearly £145m. Under 5% was spent on acquiring 55,000 acres through expropriation. The greatest part was spent on irrigation, drainage and loans to big landowners.

The concentration of holdings continued apace through the '70s, building up the pressures that manifest themselves in sporadic violence.

THE ONE hope for systematic action to help the poor was under Carlos Lleras Restrepo, who was elected President in 1966. He encouraged the formation of the Association of Peasant Users of State Services (ANUC).

By 1971, a million *usarios* had organised themselves into a political force. But although they tried to secure action through established political processes, their most effective weapon was the land invasion.

By settling on unused parts of *latifundias*, turning the soil and planting seeds, the peasants stood their best chance of establishing some tenuous legal claims to land.

On the whole, however, the ANUC failed to secure change at the constitutional level. And ex-President Restrepo declared from Rome, where he went to collaborate on a study of failed Latin American land reforms for the FAO, that Colombia's big landowners were to blame for sinking reform during his administration.

AN ESTIMATED 250,000 acres are used to grow marijuana in Colombia. Many peasants participate in the illicit trade, because the weed yields a higher income on their miniature patches than corn, cotton or beans.

And the fast-growing weed does not require careful cultivation or the fertilisers which peasants could not afford for traditional crops.

Coco is imported and processed into cocaine at a rate of between 3,000 and 5,000 kilos a month, according to a US congressional committee report.

The marijuana and cocaine is then shipped across the Carribean to Florida.

The narcotics trade is now the biggest export trade, yielding an income estimated at between $1.5bn. and $3bn. – larger than earnings from coffee, Colombia's traditional export crop.

Officially, successive Governments have condemned the trade. But it grows because corruption has worked its way into all the state institutions, including the police who protect consignments if they have been paid off.

The Liberal and Conservative Parties, which dominate the political system, publicly accuse each other of using drug money to finance electoral campaigns for Congress.[3]

Last year a high-level seminar in Bogota opened up discussions on the possibility of legalising marijuana production. Although the US and Colombian Government representatives opposed legalisation, "enough establishment figures, such as the head of the Bogota stock exchange and the comptroller general, have now stated their approval to ensure that the debate will continue."[4]

Church leaders oppose legalisation because they fear the effect on the Colombian population. One thing is certain, however: there will be no effective clamp-down. For narcotics means valuable US dollars for the large landowners. And for many peasants it means the difference between starvation and an occasional meal.

WASHINGTON has a direct interest in encouraging effective land reform in Colombia, for the drugs problem is having a tragic impact on its people.

If peasants were incorporated into a rational agricultural system, they

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