

RICHARD CROTTY is that rare writer, a person who can draw on practical experience to guide his theory. His observations therefore have a special status.

His latest book* contains the distilled wisdom of 20 years as a farmer in Ireland supported by periods as a consultant in underdeveloped countries (LDCs), and rounded off with a fellowship at the Institute of Development Studies at the University of Sussex.

Crotty is concerned about the welfare of the landless peasant in the Third World. He employs theory and mathematics to define the optimum conditions under which pastoralism can improve the lives of the mass of mankind.

The analysis penetrates below the economic surface, however, and makes an important contribution to the sociology of knowledge.

*R. Crotty, *Cattle, economics and development*, Slough: Commonwealth Agricultural Bureaux, £15.

Raking out answers to global problems

It would have been easy, for example, for Crotty to have trotted out the usual observations – such as the one that millions of people in the Indian sub-continent would enjoy enhanced living standards if they treated cattle as economic rather than religious objects. But Crotty pushes his analysis deeper.

WHY IS cattle farming inefficient? In his case study of Latin America, Crotty shows that the explanation resides in an inefficient land tenure system. He traces out the connections, and his work is an important addition to development economics.

What policy solution does he

prescribe? A central proposal is the taxation of land values. He notes: "The case for taxing land in LDCs is overwhelming and incontrovertible. Yet land is taxed nominally, or not at all, in LDCs."

Crotty suggest two reasons for this. First, powerful landowners oppose the tax. Second, social scientists ignore it. His explanation for the latter reason is of special significance.

"The vast majority of social scientists are urban born and based. This can be partly accounted for by the preponderance of urban populations in DCs, that have most of the social scientists. The preponderant agricultural populations of LDCs produce few social scientists, partly because poorer, remoter LDC populations produce disproportionately few higher educated persons; and partly because persons of rural origin in LDCs who receive a

Conflict and the alternative to palliatives

F. Harrison, *Land Reform or Red Revolution: Economic Surplus and the Dynamics of Political Violence*, Centenary Essay No. 1, ESSPA, 1980.

THIS PAPER is the first in the Centenary Essay series produced by the Economic and Social Science Research Association and deals appropriately with the broad theme of the interaction of economic laws and political upheavals in the century since *Progress and Poverty* was published.

In this essay Mr. Harrison reviews the basic Georgist theory of wages, identifying the underlying cause of poverty and inequality as the payment of wages according to the value of output on marginal farmland where surplus labour keeps down the general wage level and permits the extraction of a surplus for rural and urban landowners alike.

The tensions this generates in 'open' societies with democratic elements has often been alleviated by the rise of welfare statism, or reformism of a piecemeal and ad hoc nature. The worst excesses of fabulous personal wealth and grinding poverty can be extirpated, but usually at the price of cyclical bouts of inflation and depression and growing bureaucratisation and inadequate personal freedom and responsibility. Since the

underlying injustice remains, the income transfers often penalise work and risk-taking as much as passive landownership, giving rise to continuing discontent and political conflict.

In the Third World, where the population is still largely agrarian, the land problem is more obvious and is manifest in demands for crude land redistribution schemes rather than land *value* redistribution. In some of the more 'open' Third World countries poverty and discontent have produced political pressure for 'land reform' that, like welfare statism in richer Western nations, has been only

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a palliative. Since there is not enough land of the right quality in the right location for everyone to have an equal *physical* share, crude land redistribution schemes often merely create a new class of reactionary landowners opposed to true justice through change of a more fundamental nature. Bolivia is cited as an example.

In more 'closed' societies such as pre-revolutionary Russia, China, Nicaragua, Vietnam, Cuba and

elsewhere, the strains build up to a revolutionary climacteric, and the old reactionary order is overthrown, with the initial revolutionary thrust invariably coming from the agrarian populace rather than the less impoverished urban proletariat, contrary to Marx's predictions. However, the revolutions are soon taken over by more educated urban groups and usually the socialist path is adopted, with the expropriation of *all* the means of production, including capital and labour, by a centralised group of politicians in whose hands is concentrated enormous power over everyone else's lives.

Efficiency and personal freedom are casualties and this prompts many to question the wisdom of any change even in the most venal and corrupt of non-communist societies, on the grounds that the alternatives are almost as bad.

Mr. Harrison's contribution is to show that there is an alternative to both paternalistic welfare statism and despotic socialism and that the centennial anniversary of George's most famous book is the right time to push forcefully for this alternative. *Progress and poverty* march hand in hand as much today as they did in 1880, but with more dangerous potential on a global scale for economic disruption and military conflict.