

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.*

REFERENCES

1. *Our Land and land Policy* advocated that: Federal Land grants should be restricted to *bona fide* farmer settlers. Railroad land not yet distributed should be recaptured for the benefit of the public. California's possessory laws should not protect large holdings of dubious title, several of which were based on rather shadowy Mexican land grants. Great aggregations of land should be taxed at full value, like small holdings. There should be a heavy inheritance tax. Financially weak persons should have some exemption from the land tax.
2. See Chen Cheng, *Land Reform in Taiwan*, China Publishing Co., Taiwan, 1961. Chapter I is an excellent summary of the Chinese land reform background. The balance of the book is an equally excellent description of the land reform, 1950 to about 1960.

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?

REFERENCES

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4. Sarita Kendall, 'The dual fight against drugs and guerrillas', *Financial Times*, 1.5.79.
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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 unused.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 Caribbean 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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