



# Archaic and Backward Land Systems

Creating a landed and landless class—"a normal step in the evolution of a country."

**S**OUTH AMERICA provides many examples of tremendous differences in wealth and development. Large cities, which have grown at phenomenal rates, provide the tourist with every conceivable amenity, catering for the tastes of even the most discriminating. The sheer bulk of modern buildings in cities such as Rio de Janeiro, Caracas, Sao Paulo and Buenos Aires, gives the impression of great enterprise, commercial activity, growth and progress.

On the fringes of these cities, however, exist the shanty towns crowded with agricultural migrants who seek a higher standard of living. The people who leave the land frequently find the city hostile, with limited work opportunities for the unskilled, acute scarcity of decent accommodation, and poor public facilities on the outskirts.

Initially it would appear a paradox that in these countries of enormous land area so many choose to leave the agricultural pursuits, which provide at least basic food-requirements. In Argentina, for example, 150 million hectares of arable land is available. Of this, however, only 30 million hectares are cultivated. In Columbia the situation is similar; only 30 million out of 114 million hectares are cultivated. In Uruguay only 1.7 million out of 16.5 million hectares are used.

Estimates of cultivable land held by large owners, absentee land owners and giant companies, for some of the countries have been made. The following figures are revealing

Argentina	72 per cent	Guatemala	70 per cent
Chile	68 per cent	Mexico	79 per cent
Brazil	62 per cent	Uruguay	84 per cent
Columbia	97 per cent	Venezuela	68 per cent
Bolivia	70 per cent	Nicaragua	60 per cent

One commentary recently explained that problems of hunger and lack of work originated in the archaic and backward structure in which the land continues to belong to a handful of families and in strong international commercial interests which hold power. In Costa Rica the United Fruit Company owns more than half a million acres, or about one tenth of the productive land, but cultivates only a fifth of its holding. Six per cent of the agricultural proprietors hold 70 per cent of the cultivable land, while 76.4 per cent of the farmers use less than 0.5 per cent of the land in share crops or small holdings. However, an Institute of Lands and Colonisation has been formed, and a law providing for a progressive tax on uncultivated land has been adopted. This tax has yet to be applied but it is hoped that it will encourage the disposal of surplus lands and break up large estates.

In other countries other methods are being employed with less prospect of success. Most of these follow the pattern of land re-distribution and peasant proprietorship. Experience in Kenya has shown that while peasant proprietorship backed by sufficient loan capital can make a big initial impact on agricultural production, problems arise with the establishment of a new class of land-owning people.

In ten years in Kenya, following the uprisings of the 1950s, the Swynnerton Plan (named after its author, then Director of Agriculture), raised output of market produce by 300 per cent and nearly doubled the production of substitute crops after consolidating one and a half million acres and dividing it into 275,000 holdings. Swynnerton's policy was a deliberate one "to enable energetic Africans to acquire more land and poor farmers less land, thus creating a landed and landless class." According to Swynnerton this was "a normal step in the evolution of a country." It certainly resulted in a landless class and the independent government, as soon as it took office, embarked on a £25 million settlement scheme to establish 333,000 families in the former "White Highlands." This policy, the Kenya Government has decided, is too costly, and it now intends to revert to a system of establishing more small-holdings on the Swynnerton pattern.

Therein lies a warning for developing countries. The case of Kenya's tragic story is deeply buried in colonial history. The fact that although the Kenyans have a long tradition of communal or tribal land ownership, proper assistance to enable them to make the most of their agricultural talents was not given to them at the right time. The result was that the colonists took most of the very productive land, recruited labour to work it and generated a feeling of intense dissatisfaction in those tribes that remained barely self-sufficient on marginal land.

Bolstered by a British government loan of £5 million, the Swynnerton Plan at first caught the imagination of some sections of the Kikuyu. Many prospered quickly, buying out the less efficient and creating new native land owning and landless classes which hitherto had not existed. While the available statistics show that the scheme led to great increases in production, it introduced a new and alien concept—that of a speculative market in agricultural land.

The present government, it seems, also has its eyes on the productive increases and looks at the small holding programme as a cheaper way of maintaining growth than re-locating whole communities in pre-planned state-financed agricultural settlements. Here can be clearly seen

the opportunity which has been lost for a full bodied land-value taxation scheme—a measure which would encourage maximum production without the concurrent problem of introducing a land price spiral.

The experience of developing countries that have tried

it clearly shows that peasant smallholdings and peasant proprietorships based on freehold concession are no substitute either morally or economically for the relatively painless measure of requiring landholders to contribute to the common pool the economic rent of their holdings.

## JAPAN

# The Same Patterns, Problems and Palliatives

P. R. HUDSON

**"Japan's economic triumph could turn out to be a sinister firework"**

**I**F JAPANESE ECONOMIC EXPERIENCE shows nothing else it certainly illustrates that the predictions of economic planners throughout the world have a common standard of innaccuracy. In 1955, the Japanese Economic Planning Agency predicted a rise of gross national product of 5 per cent per year. It rose twice as fast. The economic target set for 1962 was achieved by 1960. A predicted growth rate of 7.2 per cent for recent years matured into a positive achievement of 10.7. While the official planning agency chooses to stick to an average rate of about 8 per cent, the more adventurous economists consider that 10 per cent is realisable. The gloomies, on the other hand, have their doubts. Having been proved wrong that a shortage of labour would produce a cost inflation in the early sixties they still feel that the rate of growth will decline in the early '70s particularly since the government now intends to devote much more money to the provision of social services and public works, even to the extent of incurring the first budgetary deficits for twenty years.

These comments and much other valuable information about Japan is to be found in a recent article by Professor G. C. Allen (London University)\*. Two aspects of the Japanese economy are particularly interesting because they are bound up with the rigid land tenure system in a country in which accessible developable and cultivable land is particularly scarce.

In the last ten years, the disappearance of the formerly high unemployment rate due to industrial and commercial expansion has had the effect of reducing the agricultural labour force from 40 per cent to 23 per cent of the working population. Estimates suggest that within twenty years only eight or nine per cent will be employed in agriculture. Nevertheless, farming in Japan is relatively inefficient by international standards and the government pays high subsidies for basic commodities and particularly for the rice crop which is twice the world

price under the pressure of the agricultural vote. The system of land tenure, brought about by the early post-war Land Reform Law fosters peasant proprietorship and there are certain limitations on land sales. Most of the farms are held in tiny scattered strips making the agricultural industry a heavy user of capital and labour. Understandably the older men and women prize the security that their land holdings give them. As Professor Allen points out, the farmers are "reluctant to sell an asset which, they observe, is constantly rising in price." Moreover, the younger people also look on the parental holding as a valuable refuge from "the uncertainties of urban employments."

Pointing to the difficulties on the economic horizon, Professor Allen paints the picture vividly. An urban population expressing dissatisfaction with high food prices lives beside an entrenched peasantry expecting to enjoy the full fruits of rising productivity. "Serious matters are at stake. Rural Japan remains the rock on which the social order rests. The agricultural life is still regarded as a repository of old values and virtues in a time of social disintegration. It offers some barrier against the wave of urban squalor that threatens to engulf this beautiful land . . . the family farm is a haven of security to return to if bad times should come."

Apart from rural problems, Japan's political leaders are faced with the need to grapple with very serious problems of urban congestion and rapidly rising land values in towns. In Tokyo region, urban land prices have risen by ten times in a decade. "Rents have soared," writes Professor Allen, "and housing standards have lagged far behind industrial progress." The government plans to build three million houses in five years. The private sector will provide another 4.3 million with help from the government in the provision of sites. As yet, however, no real attempt has been made to deal with the problem of land prices. Fortunately a policy of legal price fixing has been rejected as futile.

In his analysis of Japanese economic hurdles Professor Allen states that the need to solve the problems of urban congestion, housing and land prices is more urgent than elsewhere because of the exceptional growth rate

\*Japan's Economic Problems and Prospects by G. C. Allen, Emeritus Professor of Political Economy in the University of London. Published in *The Three Banks Review*, December, 1967.