

# The Flaw in the '74 Revolution

tinuity." Low agricultural productivity was one problem that Salazar had not been able to deal with. The conservatively-minded farmers objected to any plans that suggested that they should rationalise their land holdings in the interests of agricultural reform. In order to feed the tourists, who were now flocking in, Portugal was obliged to import food.

**C**AETANO was overthrown in 1974 by Spínola in an uprising that arose out of a desire for more liberalisation of the regime and a change in overseas policy. The Socialists and Communists were dominant in the new government. One of its first acts was to bring in a three-year economic programme to tackle the problem of agrarian reform by ending the medieval tenant farming system. Attempts were also made to force big landowners to cultivate idle acres or lease them to the government; if they failed to do this the land was to be expropriated with compensation and handed to small farmers' co-operatives or be farmed by state nominees. Foreigners' interests were restricted to owner-occupied houses and government approved tourist or industrial projects. These proposals stopped short of the unlimited expropriation of land demanded by the Communists.

In the event farm workers often grabbed farms wholesale and attempted to turn them into collectives. Some of these were run Soviet style and extended to anything up to 50,000 acres. The Communists believed that economic recovery was possible only on the basis of nationalisation and workers' control. Facts proved otherwise. The yield of wheat in Portugal is the lowest in Europe. Although 37% of the population work on the land only half the land is cultivated and only half the nation's food requirements are met. In many cases the workers who took over were too ignorant to run the farms. Stud bulls were slaughtered for meat, cork trees were wrongly harvested and fields oversown. One farm, once highly productive with seven workers, was being highly unproductive as a collective with 50 men. Wheat, maize, rice and other

food is now imported at a cost of \$1bn. a year.

By 1977 the moderate socialist government was contending that more than a quarter of the farm workers in the south were unemployed. Its solution was to return much of the land to private hands; its purpose was to both weaken the Communists' grip and create medium and small farms based on the northern European model.

Compensation owing for farms taken over and not being handed back was already a staggering £1.45 billion in 1977: a crippling sum for a country as small as Portugal. Riots, as Communist-led farmworkers fought against police protecting the farms returned to former owners, flared up in 1977. The Socialist government fell at the end of the year. The violence still continues as the land question remains unresolved. Dr. Soares, Portugal's prime minister and leader of the party which had won every election since the 1974 revolution, was dismissed in July 1978 when his conservative partners withdrew from his government after a disagreement over land reform.

A right-wing coalition swept to power in December 1979, headed by Sr. Francisco Sa Carneiro's Democratic Alliance, to form Portugal's twelfth government since 1974. This will favour private initiative and a trimming of the role of the state in economic life. It seems that Portugal, having experienced the swing of the pendulum of possibilities in land systems, is unable to understand what was wrong with either extremes — land nationalisation or private landownership — and must go on with its uprisings and revolutions. In 1974 it had the opportunity to introduce land value taxation. No land would have been nationalised, no compensations would have been needed, no collectivism required. All that was necessary was to see that the community received the site rents it created. Other taxes would have been reduced proportionately. If this had been done Portugal would today be a prosperous nation. As it is, the future of the country must include yet further upheavals and economic depressions.

Geoffrey Lee

## ENTERPRISE ZONES & THE RENT EFFECT

WILL THE enterprise zones planned for six of Britain's urban centres cause land speculation?

There was a difference of opinion in the House of Commons when the subject was raised on June 4 by Liberal MP Jo Grimond and Labour MP Nigel Spearing.

Mr Grimond declared that "There is a danger that there will be land speculation in those areas that people believe may be designated under the Bill", during the debate on the Finance (No. 2) Bill.

Mr Nigel Lawson, Financial Secretary to the Treasury (pictured below), was sceptical. "I see no signs of it", he replied (*Hansard*, 4.6.80, col. 1516).

Of course, he conceded, land values would rise. The Government planned to grant about £25m-£30m. in rate relief and capital allowances. He continued: "Once an area has been designated an enterprise zone, it is likely that land values will then rise. But that is not the end of the world. That is no terrible thing. It is an extraordinary suggestion that we should not rescue these areas from dereliction because land values might rise. It is almost inconceivable that they will not rise..."

But, pointed out Mr Spearing, that meant that landowners would benefit from taxpayers' money. Mr Lawson: "I am astonished at the Hon. Gentlemen. Whenever planning permission is granted, the benefit goes to the owner of the land".

He added: "That is one of the ways of encouraging development in these areas".

● *Financial Times* columnist Andrew Taylor says of the enterprise zones (1.8.80): "Giving free watering cans to nomads and expecting them to make the desert bloom would appear to have as much chance of success."

