

capture rising land values via a "valorisation tax" levied on a piecemeal basis, such as when there is a big increase in land values adjoining road-widening schemes.

**C**OLOMBIA is a classic case of a resource-rich country trapped in arrested social development by its land tenure and tax laws. Violence has become the overt way of expressing discontent. Successive governments have gone through the motions of introducing land reform, to no avail.

By the mid 1970s, 93% of the labour force received 44% of the national income, and 7% received the remaining 56%. Despite attempts to develop the rich oil and coal seams, income distribution remained seriously skewed. The state, however, remained complacent. A report in the *International Herald Tribune* in 1980 noted: "Guerrilla groups pose no real threat to the state. In the countryside they have their origins in violent conflicts over land".

The "safety valve" for peasants is the trade in narcotics. Marginalised peasants earn incomes by growing coca bushes in remote locations to feed the heavy demand for cocaine in the US. But this, in turn, has disrupted the lives of the landless who sought refuge in the towns. Billions of narco dollars were laundered through real estate in Bogota, Medellin and Cali, which pushed up land prices beyond levels affordable to urban workers. For example, between 1977 and

1979 house prices rose by an average of 75% a year - more than double the inflation rate.

Despite the boom/bust in the land market of the 1970s, the lessons were not learnt. The 1980s was a decade of missed opportunity. The government regarded housing policy as the "principal bonding element that links together the present administration's objectives for a reactivated economy and socio-economic change". The millions of jobs that were supposed to be created in the construction sector did not materialise. This played into the hands of the guerrilla groups whose allegiances were to Moscow and Cuba. But they were not able to produce proposals that would ensure full employment and sustainable growth. They emphasised land occupation rather than fiscal reform. A spokesman for the second largest guerrilla movement (M-19) said: "If you say to people, we're socialists, it doesn't mean anything. Most people are illiterate. They want land, health facilities, food, and housing. We say we're trying to build a real democracy".

Land occupation was not a dynamic solution serving the interests of the whole population. But grabbing unused land offered a symbolism that was not provided by politicians, who failed to propose reforms that would enrich all sections of society. The result was protracted warfare between rebel groups and the army, which turned Colombia into what Dr. James Busey, the editor of a Latin American guide, described as possibly "the

most dangerous country on earth".<sup>4</sup>

One president (Dr. Carlos Lleras Restrepo) declared in his last message to the nation in 1970: "A country cannot use its armed services to combat with force the cries of dissent which come from hunger, wretchedness and neglect". But the failure to define and implement an effective programme of land and tax reform meant that Colombia was destined to fight it out to the death.

Last July the second largest rebel group, the National Liberation Army (ELN) met 42 representatives of Colombian society on neutral ground in Germany for peace talks. Proposals for an effective land and tax reform were not on the agenda. It is therefore difficult to see how the new administration can hope to curb the drugs trade in favour of an expanded economy. The projected fiscal deficit of 3.5% of GDP will lead to spending cuts and an increase in conventional taxes which, cumulatively, further weaken the fragile social base.

#### REFERENCES

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- 2 R. V. Andelson (ed.), *Land Value Taxation Around the World*, New York: Schalkenbach Foundation, 2nd edition, 1998.
- 3 V.H. Blundell, "Flawed Land Acts 1947 - 1976", in Nicolaus Tideman (ed.), *Land and Taxation*, London: Shephard-Walwyn, 1994.
- 4 James L. Busey, *Latin American Political Guide*, Manitou Springs: Juniper Editions, 1995, p.78

## The Vatican and the land question

THE GREAT Jubilee of the year 2000, proclaimed by John Paul II, has inspired the Pontifical Council for Justice and Peace to issue a document in an attempt to confront the problem of land hunger, writes *Julia Bastian*.

The Henry George Foundation of Great Britain responded with a submission and have written to the President of the Council, Roger, Cardinal Etcheagaray, to welcome the fact that they have identified the inequitable distribution of land as a major cause of poverty.

In commenting on the Vatican's policy proposals the Chairman of the Foundation, Norman Slater, offered some major criticisms. He wrote:

"Chapter II confirms God's provision of the Earth to all mankind and the world needs reminding again and again of each individual's right to share in this provision. However, in a later section you appear to contradict and deny this right. Surely ownership of the earth by individuals deprives those who do not have the right of access and denies them the means of sustaining their own life. This is the basic cause of all the poverty, yet you defend it. This is because you describe land as "goods". We entirely agree that man is entitled to own and dispose of those goods which, by his own exertion, he has created. We do not accept that what God has created, i.e. the land, can morally be owned by anyone. It is vital to make this distinction. Failing to distinguish between God's creation and man's produce or products perpetuates the gross injustice from which mankind suffers so grievously.

"It is true that man has the right of 'possession' of that land on which he has laboured - the right to reap where he has sown. But he must also, in justice, recompense his fellow man for the privilege of possession, for it must be acknowledged that his possession deprives others of the use of such land. A rent paid to the community or state based upon unimproved value of the land so possessed satisfies this moral requirement and relieves the population of any taxes which might otherwise be required by the state for community purposes. Such other taxes are usually levied upon labour, confiscating from the worker a part of his personal property, and constitutes robbery by the State."

Mr Slater explained how and why the introduction of annual collection of land rents would end land speculation and enable funds to become available for investment in productive activity. He wrote:

"Those Third World countries where major concentrations of peoples exist, for example in India, Brazil, Mexico, have major conurbations where land values are enormous. These values are the result of the presence of and the investment made by the community. The value is in no way created by the landowner and, in justice, ought to be collected as public revenue. This public revenue would finance state education, fresh water supplies, health care - and much else."

A further criticism of the document pointed out that it is directed solely at the problems experienced by developing and under-developed economies, and

in particular the farming sector. The injustices discussed, however, are as much a feature of urban and rural economies. The Foundation agreed that developing countries do manifest many of the worst aspects of unequal land rights, but believed the matter to be one of universal concern.

The Henry George Foundation recommended the following policy proposal to The Pontifical Council: "To directly tax the annual rental value of land and use the fund collected as a primary source of public revenue in order to finance social investment." The Secretary of the Council replied that the Foundation's letter "would deepen the issues confronted in the document."

□ This debate raises issues that challenged the Vatican in the 1880s. Father McGlynn, who supported the work of Henry George in New York, helped to form the Anti Poverty Society. On being summoned to Rome by the Pope, he was asked to explain his activities, whereupon he was excommunicated. It was not until 1892 that McGlynn was re-examined by Mgr Satolli, who later confirmed that the land policy espoused by Father McGlynn was not contrary to the Christian faith or Catholic doctrine. Father McGlynn was restored to the Church.

\* *Towards a better distribution of land: The Challenge of Agrarian Reform*, The Pontifical Council for Justice and Peace, Vatican Press.