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WOLF LADEJINSKY: A PASSIONATE LAND REFORMER - PART II

LADEJINSKY IN TAIWAN

Ladejinsky was assigned to assist the Chinese Republic with a programme of land reform, initially this was across all of main land China. However, in 1949 the Republican Army was defeated by The People's Republic of China Army, namely the communist forces of Mao Zedong. Chiang Kai-shek and some two million republican supporters fled to Taiwan. Ladejinsky also moved to Taiwan to continue his land reform work.

Taiwan had been colonised by the Japanese, following its ceding from China after their defeat in the First Sino Japanese war of 1895. At the end of the WWII in 1945 with the defeat of Japan it reverted to the Chinese rule, more specifically the territory was put under the administration of the Republic of China (ROC), which is the official name for the island of Taiwan. However, it did not begin well – due to corruption, leading to a black market, very high inflation and also the brutal treatment of the native Taiwanese by the ROC government. The native population, comprised, Han from mainland China, the remnants of the Japanese colonists and the original tribal people, who spoke a number Austronesian languages. On 28th February 1947 a riot broke-out as a result following a particular brutal event, the ensuing up rising led to the death of many thousands.

Two years later with the arrival of the retreating ROC army led by Chiang Kai-shek Martial Law was imposed and lasted till 1992, a period of 43 years. This was an oppressive regime and is referred to as the 'White Terror'. It was against this background that Ladejinsky began his work on land reform in Taiwan, work which eventually led to him being attributed to be the creator of the 'Taiwan Economic Miracle'.

When Ladejinsky arrived in 1949 he reported that 60% of the population was involved in agriculture, which produced 80% of Taiwan economic output and likewise 80% of the country's exports. Despite this, the plight of the farmers was one of undernourishment, disease and poverty. The principal reason for this state of affairs are too many farmers on too little land. The average farm size was 3.6 acres, this gave the landlords the upper hand. Ladejinsky's response was a three-phase implementation plan:

- Phase 1 – Rent was reduced by 37.5% and tenants given a 6-year secure lease, with the proviso that landlords could not reclaim the land if the family was dependent upon it for sustenance.
- Phase 2 – Land vacated by the Japanese was sold to farmers at 2.5 times the average yield.

- Phase 3 – Landlords with large holdings were required to sell all but a small area at a price of 2.5 times average yield. Payment to the landlords was a mix of cash, government bonds and industrial revenue bonds. The later which was the largest element of the payment and was to be invested in light industry. The government effectively printed the bonds into existence, which stimulated industrial growth.

The net result of this process was that tenancy rates fell from 64% to 17% and 432,000 families received land. Farmers who were previously 'share croppers' were now paying 25% of yield for 10 years, rather than 50% forever! What took place in Japan was replicated in Taiwan. Production grew consistently over the following two decades, resulting in an increased output of 250%. The farmers new prosperity stimulated the economy, it also created employment in the industrial sector.

It would be a mistake to suggest Ladejinsky single handed was responsible for the Taiwan Miracle. US financial aid with soft repayments terms and US food aid played their part. Also, the government's export-oriented trade strategy has been very successful, it was the first to adopt such a policy. This was against mainstream economic advice, which at the time advocated import substitution and import tariffs to stem the out flow of currency. However, without the foundation that Ladejinsky put in place it is difficult to imagine how Taiwan could have achieved its economic success. Its per capita income now exceeds the UK as measured by Real GDP per capita.

Henry George did not approve of Land Reform as solution for the obvious reason that it does not collect the rent for the community. If the rent is not collected then inequality increases and also, private debt becomes a major issue. This is a recurring problem and in 1997 the Asian Financial Crisis affected many nations, including Taiwan. The claimed cause - high levels of private debt. Although, the damage for Taiwan was minor, due it is reported to strong financial regulations. What was not mentioned is that Taiwan has a Land Value Tax policy, also it has a Land Value Increment Tax designed to share increases in land values with the community. The LVT is a progressive tax starting at 1% assessed value rising to 5.5%.

As mentioned above Japan had its own crisis in 1991, its banking industry had been drawn into the free market paradigm, hence it had minimal financial regulation and no significant LVT policy.

There is cause to speculate that strong financial regulation and a LVT regime contributed significantly to economic stability of the Taiwan economy over that of the Japanese.

LADEJINSKY AND MCCARTHYISM

In December 1954, during the period of McCarthyism in the United States, Ladejinsky was the central figure in a highly public incident which aroused furore among liberals in Congress and was resolved by the intervention of the White House. Ladejinsky, an anti-communist New Deal Democrat, was blacklisted by several conservative groups.

While working as an agricultural attaché in Tokyo, his position was transferred from the Department of State to the Department of Agriculture's jurisdiction. Soon thereafter, his security clearance was revoked, and he was fired by Secretary of Agriculture Ezra Taft Benson, who considered Ladejinsky a "security risk" despite admitting a lack of hard evidence against him. A public statement charged that Ladejinsky "required clearance from the Communist Party" to work for Amtorg Trading Corporation, for whom he served briefly as a translator in 1930. Also, at that time Ladejinsky had three sisters living in Soviet Russia, which was cited as making him "subject to coercion". The final charge was that Ladejinsky had been a member of two Communist Front organisations, including the Washington Committee for Democratic Action.

The result was a public outcry. Members of the press repeatedly questioned President Eisenhower regarding the Ladejinsky case. At a news conference held on January 12, 1955, particularly focusing on the fact that Ladejinsky was chosen by Harold Stassen at the Foreign Operations Administration to direct the land reform program in South Vietnam, giving him full security clearance in order to fill a position even more sensitive than his previous one in Tokyo.

Secretary Benson was quoted as having "branded Ladejinsky flatly as a member of two Communist front organizations, and as an economist analyst, and investigator for Amtorg, the Russian trading agency". John Allison, the U.S. Ambassador to Japan, protested the firing. Author James Michener wrote a letter to the New York Times stating "It is precisely as if Richard Nixon and Adlai Stevenson were to be charged with subversion. Mr. Ladejinsky is known throughout Asia as Communism's most implacable foe."

LADEJINSKY IN VIETNAM

In 1955 Ladejinsky was assigned to Vietnam by the Foreign Operation Administration to assist with a programme of Land Reform, with the hope this would enlist the support of the peasant farmers. Shortly after arriving he resigned his US Government position and was contracted directly to advise President Diem of the State of Vietnam (later South Vietnam). He found a country

suffering from too many families on too little land - as was the case across Asia. This was made worse by nine years of war, which saw them eventually defeat the French Colonial Forces in 1954. But the country was left war torn with a broken administration and rural population infiltrated by Viet Minh agents. Despite formulating a land reform programme Ladejinsky was becoming more and more disillusioned by the process in Vietnam. The certainty of a strong military leadership he experienced in Japan etc. was not replicated in Vietnam and matters were complicated by conflicting political priorities.

THE LATER YEARS - THE FORD FOUNDATION

Following his departure from Vietnam he worked with the Ford Foundation from 1961 to 1964. The aim of the foundation is to advance 'social justice' and it sees 'inequality as the defining challenge of our time'. During his time there his principal role was as advisor to King Mahendra of Nepal, to which he advocated a programme of agrarian reform. This was based upon his excursions into Nepal to see the problems first hand - a key feature of his way of working, which led to him being called 'The Travelling Economist'.

In Nepal he found a country facing the same issues as so many others in the Far East - too many farmers, too little land, also 'rack rents', insecure land tenure, the terrain; in addition, 95% of the population was dependent upon farming for its sustenance. He made the case to the King for rent reduction programmes and secure tenancy agreements, to which he assented to - however, other voices urged different priorities and little progress was achieved. Rational action and political expediency do not make good bed fellows!

THE WORLD BANK

In the early 1960s The World Bank became increasingly concerned for the food security of the Indian people. In response they gathered a small team of acknowledged experts in the field of agriculture one of whom was Ladejinsky who joined in 1964. The aim was to provide assistance to India with its agricultural development policy. He advocated his as now, atypical holistic approach in which the welfare of the farmer was fundamental. His solution was not the one single thing, but a whole systematic reconfiguring of the socioeconomic structure.

What Ladejinsky championed was a revolution in the relationships that hold society together, placing the farmer as the bedrock of a healthy society. What he and his colleagues had not realised that a round the same time others were working on a very different approach, what we may now call mechanistic or industrial - that approach became known as the 'Green Revolution'.



The green revolution, was based upon the adoption of HYV (High Yield Variety) seeds supported by the use of fertilizers, pesticides, herbicides and good irrigation. Large scale production was started in 1966/67 centred in the Punjab.

In terms of output it was a great success, increasing by 70% as a result the Punjab was to become the bread basket of India. The policy makers saw this as the great step forward and focussed their hopes in the technocratic solution. This solution was and continues to be based upon the extensive use of petrochemicals, which come at a high cost to the farmer in terms inputs. And compared with what Ladejinsky was offering the scientific approach was a one-dimensional solution available now - with the promise of significant production gains.

Vandana Shiva is a foremost and vocal opponent of the industrial agriculture methodology. Her background is in quantum mechanics, which has taught her that the nature of the creation is interconnectedness and not the mechanistic model that is prevalent. In her book 'The Violence of the Green Revolution' (1991) Vandana Shiva argues that the seed-chemical package promoted by the green revolution agriculture has depleted fertile soil and destroyed living ecosystems. It would seem that Ladejinsky's pursuit of justice for peasant farmers has now morphed into the fight for environment justice led by the likes of Shiva.

Ladejinsky continued work in India until his death in 1975, as much as he found India a test of patience and resolve he was unable to turn his back on the situation and retained his ambition to free the farmers from the tyranny of oppression. As an aside, none of the articles on Ladejinsky mention a family life, so it appears that his life revolved around his work.

AN AFTERWORD OF CAUTION

Tiberius Gracchus (168 – 133 BC) was a Roman patrician, soldier and Tribune to the Plebs. He put in law a programme of agrarian land reform, in which land was taken from the wealthy landlords and redistributed for the benefit of poorer citizens. In doing so, he made many enemies in the Senate, who in retaliation instigated a riot.

During the above-mentioned riot, Gracchus was bludgeoned to death along with some three hundred followers. A decade later his younger brother, Gaius, decided to extend the land reform programme – he too met a similar fate.

The date of Tiberius' death marks the traditional start of the Roman Republic's decline and eventual collapse. 🇮🇹