

SOCIO-ECONOMIC SIGNIFICANCE OF LAND REFORM IN SOUTHEAST ASIAN COUNTRIES

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I. PRESENTATION OF THE QUESTION

IN the 20th century, capitalist countries experienced two major upsurges of land reform: One in years immediately following World War I and the other in the period from the termination of World War II up to the present day. It occurred in East European countries in the former period, and in the latter period, in Asian, Middle, and Near Eastern countries and in some parts of Europe. With respect to the problem of the development of less-developed countries, which has been taken up by both camps of East and West as a part of their world policies, the enforcement of land reform is regarded as one of the fundamental conditions for it. Consequently, in the family of free nations recognition of the importance of carrying out land reform has led to many researches and recommendations being made on this problem by the United Nations and various institutes.

For instance, in the United Nations report, *Measures for the Economic Development of Underdeveloped Countries*, prepared by five specialists, including Prof. T. W. Schultz, reference was made to the importance of land reform for underdeveloped countries, as follows. First, regarding the need for securing tenure, it states, "Private enterprise will not yield its best results unless legal and social institutions are such that the private initiator secures the fruit of his own effort. Of the many spheres where this is relevant, the most important sphere which is widely neglected in underdeveloped countries is the contract between the cultivator and his landlord. Tenancy legislation should protect the tenant against arbitrary disturbance, giving him secure tenure so long as he practises good husbandry. And it should protect his right to compensation, upon termination of the tenancy, for any unexhausted improvements which he has effected."¹ Regarding the necessity of land reform, or need for abolishing in varying degrees landholding in huge estates, it continues: "In many underdeveloped countries, the cultivators of the soil are exploited mercilessly by a landlord class which performs no useful social function. This class

¹ United Nations, *Measures for the Economic Development of Under-developed Countries*, (New York: 1951), p. 21.

contrives to secure to itself the major part of any increase in agricultural yields, and is thus a millstone around the necks of the tenants, discouraging them from making improvements in agriculture and, in any case, leaving them too little income from which they might save to invest in the land. In such countries land reform, abolishing this landlord class, is an urgent pre-requisite of agricultural progress. . . . Land reform in these countries would be the first step necessary for releasing the productive energies of the people."¹

Further, Prof. P. A. Samuelson in his *Economics, An Introductory Analysis* underlines the need for securing tenure and abolishing or limiting landlords' right to ownership of land to increase agricultural productivity. He says, "Even without creating or finding new land, nations can make better use of the land they do have. . . . We see in many underdeveloped countries landholding in huge estates that are too large for efficiency. The tenant farmer has no incentive to improve the property, knowing that he can be dispossessed at any time and learning from bitter experience that little of the fruit of his initiative will ever accrue to him. The landlord in turn has no incentive to improve the property, never knowing whether an irresponsible tenant will waste and dissipate the costly resources placed at his disposal. . . . The situation is explosive, and agitation for land reform signifies a rising ground swell of public sentiment not long to be denied. Theodore W. Schultz . . . has well said: Successful reform that puts land in the hands of owners who can count on the fruits of their own enterprise has again and again in country after country almost literally 'turned sand into gold'."² Schultz himself further says in his work, *Economic Organization of Agriculture*, that such a reform is required not in the United States but in countries where people languish in poverty and spend most of their income for food.³

Prof. Schultz, pointing out three different courses of action by which the policy of establishing owner-farmers may contribute to the advancement of agricultural productivity, regarded this policy as having positive significance whichever course it may take. (1) The existing landowners are compensated, the land is sold to the cultivators, and the annual payments made by the cultivators in servicing the debt are equal to the existing rent. (2) In addition to the conditions set forth in (1), resources are made available to help these cultivators to acquire some of the most needed tools and equipment, to improve their production techniques and

¹ United Nations, *op. cit.*, p. 21.

² Paul A. Samuelson, *Economics, An Introductory Analysis*, 4th ed., (New York: McGraw-Hill, 1958), p. 760.

³ T.W. Schultz, *Economic Organization of Agriculture*, (New York: McGraw-Hill, 1953) pp. 317-318.

to enlarge their operations over time. (3) The land is sold to the cultivators under terms which require a smaller annual payment than that was formerly entailed in the rent that they paid.¹

Now, roughly speaking, three questions are raised here. What is the theoretical ground for proposing land reform in connection with the economic development of underdeveloped countries? What conditions are we to consider for its successful enforcement? How are we to appraise its results? These questions are interrelated and answers to them should be derived only from the study of land reform actually realized. This is because land reforms in their actuality are not something born of one and the same pre-existent theory, but are multifarious both in type and in the way they were carried out, and the only thing in common is that they were all carried out in areas other than Western Europe and North America. As for the above-mentioned three types of land reform, pointed out by Schultz, they should not be taken as the universal principles followed in all cases. Further, another U.N. report, *Progress in Land Reform*, 1954, points out that there still remain many areas in which land reform has not yet been introduced, while it should be carried out.² As the conditions impeding the enforcement of land reform, the above-mentioned U.N. report cites the following three obstacles: (1) administrative and technical, (2) political and social, and (3) economic and financial—the last one being regarded as the most serious. Nevertheless, it cannot be denied that despite these obstacles land reform has been carried out in a number of places in recent years. The motive power of land reform seems to be a product of particular socio-economic conditions. Here we would like to single out Taiwan and South Viet Nam as the countries that have carried out land reform in varying degrees within the framework of capitalism, and to trace concretely its process in these countries.

This will serve to clarify the general character of land reform, for these countries are different from each other in the landholding system and the circumstances under which land reform was carried out, and, in consequence, the land reform introduced in one country is different in both type and significance from the one instituted in the other.

II. LAND SYSTEM IN TAIWAN AND SOUTH VIET NAM BEFORE LAND REFORM

1. Taiwan

During 50 years of Japanese rule Taiwan witnessed rapid progress

¹ T. W. Schultz, *op. cit.*, pp. 318-319.

² United Nations, *Progress in Land Reform*, (New York: 1954) p. 286.

in the reclamation of farm land and, side by side with it, a large scale development in the tenancy system. The land reform in this country was characterized by the following facts. Backed by powerful aids from the Government a large scale farm land reclamation programme was implemented centring on consolidation and expansion of irrigation facilities. This programme produced large landholdings owned mainly by Japanese in the areas where it was implemented. This also created large scale farm enterprises, mostly sugar manufacturers, advancing the farm tenancy system on a far more extensive scale. In the prewar year 1937, the number of farming families in Taiwan totalled 427,000, comprising 44 per cent of the total households. The percentage of owner-farmers, part tenant part owner-farmers, and tenant farmers to the total farming families were 30 per cent, 32 per cent, and 38 per cent respectively. The proportion of tenanted farm land to the total farm land was 67 per cent for paddy-fields and 40 per cent for uplands in 1932, while the tenanted farmland accounted for 47 per cent of the total arable land. How the ownership of farm land was concentrated is shown in Table 1. This table indicates that land owners holding more than 10 hectares,

Table 1. CONCENTRATION OF LANDOWNERSHIP IN TAIWAN

(in <i>chia</i>)	Number of Landholders		B/A (%)
	1921 (A)	1932 (B)	
~ 0.5	172,931	130,732	76
0.5~ 1	86,711	71,181	82
1 ~ 2	70,739	63,851	90
2 ~ 3	28,412	27,673	97
3 ~ 5	23,276	22,641	97
5 ~ 7	8,989	9,181	102
7 ~ 10	5,902	6,143	104
10 ~ 20	5,454	5,852	107
20 ~ 30	1,353	1,594	118
30 ~ 50	842	1,015	125
50 ~ 100	376	514	137
100 ~	196	261	133
Total	405,181	340,674	85

Note: One *chia* equals to 0.97 hectare.

Source: The Bureau of Industry, Government-General of Taiwan, *Kōchi Bumpai oyobi Keiei Chōsa* (Survey of Farm Land Distribution and Farm Enterprises), 1912, pp. 2-3, and 1934, pp. 2-3.

who represent only 2 per cent of the total farm families, owned as much as 36 per cent of the total arable land. The table also tells us

how vigorously the concentration of land holdings proceeded in Taiwan during the period 1921-1932 when irrigation systems were developed on a large scale with the aid from Japanese Government.

As for land rent paid by the cultivators, there were various forms of rent, such as crop-sharing (share-renting), fixed rent in kind, rent in kind payable in cash, and rent in cash. Of these, fixed rent in kind, and rent in cash were predominant, while those of crop-sharing and rent in kind payable in cash were rather exceptional. Fixed rent in kind was most commonly practised in case of the rice-growing tenancy as "fixed rent payable in unhulled rice", while rent in cash was limited to upland, tea plantations and orchards, and crop-sharing to newly developed paddy-fields, poor paddy-fields, and mountain fields and orchards in certain districts. It was a common practice that rent in kind payable in cash was paid as a substitute for fixed rent in kind, in such cases where: (1) sugar cane was grown on the tenanted land; (2) the yield of unhulled rice fell short of the contracted amount of rent for tenancy; (3) the tenant land was remote from the landlord's residence; (4) the tenant sold rice before the harvest; (5) the tenant was in want of his own food; (6) at the request of the landlord who was in need of cash. The average rate of farm rent in kind was some 50 per cent of the crop, which served as the general basis for determining the amount of rent in other forms. Most tenancy contracts were verbal, written contracts being quite rare. In most of the verbal contracts, no term of tenancy was specified, and such contracts could be cancelled anytime after the passage of one year. Sometimes it happened that such contracts were arbitrarily terminated when one crop year was over. At a time when productivity was on the upgrade, the cancellation of contracts gave momentum to a rise in land rent. In rare cases where the term of tenancy was specified, verbally or in written form, the term of such contract usually ranged from three to five years. Even in such term-fixed tenancy the contract was easily called off by the landlord before it expired, for one or more of the following reasons: (1) the payment of farm rent was in arrears; (2) a higher rent was offered by another farmer; (3) the tenant did or said something that offended his landlord. Cancellation can be ascribed, of course, to the scarcity of land and sharp competition for land among tenant farmers, as may be gathered from the following extract from a report prepared by the Government-General of Taiwan in those days: "An intending tenant farmer is always on the lookout for land whose term of tenancy is about to expire."¹ "As soon as such land is found, he approaches

¹ The Bureau of Industry, Government-General of Taiwan, *Taiwan ni okeru Kosaku Jijō to Sono Kaizen Shisetsu* (Tenancy Conditions in Taiwan and Measures to Improve Them), 1935, pp. 13-14.

the landlord directly, if he happens to know him, or, otherwise, makes an application through a friend, a local leader, or a land broker. In such cases, he applies to the landlord for the right to cultivate the land, expressing his willingness to pay a rent somewhat higher than the current rate."¹

2. *South Viet Nam*

As is well known, Viet Nam was divided into Southern and Northern Zones by the Geneva Agreement of 1955. Let us here examine, however, the case of South Viet Nam, for the sake of convenience, as data and materials available are limited to those from that part of the country and the purpose of this article is to deal with land reform under capitalism. Viet Nam is another country which experienced the formation and development of large holdings in association with the reclamation of farm land under colonial rule, in this case French rule. The centre of such development was Cochin-China, or the southern rice-growing areas of what we now call South Viet Nam. In 1939, the area of land where main crops were cultivated totalled 6,750,000 hectares, of which 89 per cent or about 6 million hectares were paddy-fields. It is to be noted that of all the provinces, Cochin-China accounted for 2,300,000 hectares of the total rice-growing area and that an overwhelmingly larger part of this acreage was developed during 70 years after France took possession of the country. To be precise, when France started their colonial rule in 1868, there were only 216,000 hectares of rice fields. This means that the difference of 2 million hectares was newly brought under cultivation during the 70 years of French rule. The development of Cochin-China, which was almost the sole example of the French effort in the development of South Viet Nam, brought with it the formation of incomparably large-scale landownership.

As is clear from the following table, landholdings were concentrated on a small number of great-landholders. Those who held more than 50 hectares, though constituting only 2.5 per cent of the total number of landholders, held as much as 45 per cent, or nearly half, of the total acreage of landholdings. This showed a sharp contrast to the conditions of land distribution in Tonkin and Annam, which had been developed in the olden times. While in Tonkin and Annam, the number of landholders holding more than 50 hectares was only 180 and 50 respectively (in 1929-31), in Cochin-China there were far more such landholders, as

¹ Industry Encouragement Section, Taipei, Taiwan, *Taiwanshū no Kosaku Jijō to Sono Kaizen Shisetsu Gaiyō* (Tenancy Conditions in Taipei Province and Outline of Measures to Improve Them), 1937, p. 23

Table 2. COMPOSITION OF LANDHOLDINGS IN COCHIN-CHINA (1930)

	Number of landholders (%)	Area (%)
~ 5 (hectares)	71.7	12.5
5~50	25.8	42.5
50 or over	2.5	45.0
Total	100.0	100.0

Source: Yves Henry, *Economie Agricole de l'Indochine*, (Hanoi: Gouvernement Générale de l'Indochine, 1932) p. 189-190.

many as 6,300 in fact. The percentage of large and medium landholders in Cochin-China, including those who held 5 to 50 hectares, reached as large a figure as 28 per cent of the total, while in Tonkin and Annam, the figures were only negligible, being 1.8 and 1.4 per cent respectively. Furthermore, large estates in Cochin-China were found mostly in newly developed areas of central and western districts. In these areas great-landlords in the above criterion constituted 2.5 per cent of the total landholders and possessed about 45 per cent of the total rice-growing farm land.

As in Taiwan, the husbandry of these large landholdings was predominantly operated by peasant family farming units, and the large holdings inevitably led to the extensive establishment of a tenancy system in this area. It is reported that, in Cochin-China, tenant land comprised as much as 60 per cent of the total cultivated area, and this was effected mainly by division and fragmentation of large and medium-sized holdings into tenancy farming units of 5 to 10 hectares. In consequence, the landowners were in most cases parasitic absentee landowners, their property being leased or managed by a sort of custodian or intermediary tenant. According to Y. Henry's report, there was a tendency, especially in the great domains of the West Cochin-China, for the proprietor to wish to be free from all cares. He leased his land to a dominant tenant at a rental rate lower than the direct rent current in the region; the dominant tenant in turn recruited tenants and installed them in a certain plot of land, and signed contracts with them to fix the land rent. His profit was the difference between the rent he collected from the tenants and the land rent he paid to the landowner. But, in addition, the dominant tenant acquired profits from the interest on advances which he granted to tenants in the course of cultivation. He made such advances with his own capital, or rather, with the funds he had borrowed from the proprietor at an interest lower than that which he exacted from tenants.¹

¹ Yves Henry, *Economie Agricole de l'Indochine*, (Hanoi: Gouvernement Général de l'Indochine, 1932) p. 55.

As for the terms of tenancy, fixed rent in kind was prevalently practised with crop-sharing being rather uncommon and rent in kind payable in cash exceptional. Furthermore, the landowner provided land and paid land tax, while the tenant took upon himself not only to offer his labour, dwelling, farming tools, barns, and cattle-sheds, but also to pay wages of supplementary labourers. At the time of harvest, the tenant was obliged to pay the landowner the rent in a prescribed amount of unhulled rice.

The rental rate was between 20 and 60 *gia*¹ varying with districts. For good land in the districts of medium crop, it was 30-40 *gia*. The rate was generally in proportion to the average annual yield of the land (40%). Tenancy agreements were predominantly in a written form. The present writer himself saw many specimens of such written contracts during his research tour of that country.

The following situation was reported in Henry's book in this connection: A land-lease contract was always made in a written form, and the amount of rent payable at the time of harvest was fixed in the contract. . . . The terms and conditions of contract were very severe. Such onerous conditions were sometimes lessened, but, in practice, the free disposal of surplus crop by the tenant was always subject to the consent of his landlord. As for the measures taken on the occasion of bad harvests, various modifications were made by the landlord on the ordinary contract. In this case, either the amount of farm rent was reduced or the amount due was carried forward to the next year's account. The latter solution was the most advantageous but at the same time the most dangerous for the landlord, because a tenant sometimes absconded without paying his due when he foresaw next year's crop would result in a deficit. Therefore, this type of solution was made only for those tenants whose obedience had been proved. As the tenant was not in a position to offer any surety, it would prove in vain for the landlord to take a legal action against him. If the tenant abandoned farming, the landlord would force him to continue working the land through the intermediary of the village or municipal authorities.²

It may be concluded from the above-mentioned facts that tenancy farming was operated under extremely miserable and harsh conditions in spite of the apparently modernized form of contract, and that accordingly this modernized form of contract was intended for securing the landlord's interests rather than securing tenant's right.

It would be worth adding two facts. Among the great landowners there were not a small number of Frenchmen besides overseas Chinese

¹ One *gia* equals to 40 litres.

² Y. Henry, *op. cit.*, p. 53.

and Annamese and there existed in South Viet Nam communal farm lands (*côngdiên*) comprising about 3 per cent of the total acreage under cultivation—though this percentage was smaller than in Tonkin and Annam. By “Communal farm lands” are meant the commons of a village, the income from which accrued to the village communities. Such communal farm lands are offered for tenancy by a kind of bid. Y. Henry reports that the communal land (public farm land) was leased by auction every three years. Rent was paid in cash to be received as the income of the village communities. In practice, however, it was often the case that large holders held such public lands by lease, and sublet them to tenant farmers.¹

III. ACTUAL CONDITIONS OF LAND REFORM

Outlined above are prewar land tenure systems and land reform movements in Taiwan and Viet Nam. In the postwar period, land reform was carried out in these countries on an epoch-making scale and at an unprecedented tempo.

1. Taiwan

Land reform was introduced in Taiwan after Japan's defeat in the last war and the take-over of the island by the Nationalist Government of China, in the following three stages: (1) 25 per cent farm rent reduction, carried out in 1949. (2) Sale of public lands in 1951. (3) The land-to-the-tiller programme in 1952.²

First, the land rent reduction was a virtual continuation of the “25 per cent farm rent reduction programme,” which had been tried in Mainland China under the Kuomintang Government. It was intended partly as the occupation policy of the Government as in the case of Japan, and partly as the traditional land policy of the Nationalist Party (Kuomintang). The land rent reduction programme was aimed at reducing rent to 37.5 per cent of the total crop, at popularizing written land tenancy contracts, and at extending the period of tenancy to a minimum of six years. More precisely, (1) a tenancy agreement should in all cases be made in a written form, and any transaction of leasehold was required to be reported to the local registration office; (2) the period of tenancy should not be shorter than six years and the landlord was obliged to renew the contract at the request of his tenant, unless the landlord wanted

¹ Y. Henry, *op. cit.*, pp. 193-4.

² Hui-sun Tang, *Land Reform in Free China*, (Taipei: Chinese-American Joint Commission on Rural Reconstruction, 1954) p. 9.

to till the land himself, or his total income was insufficient to support his family. But in any case, the landlord was not permitted to take back the leased land from the tenant, when the latter had no other means of sustenance. Farm lease contracts should not be terminated before the expiration of the period of the contracts, unless the lessee died without leaving an heir, or the lessee waived his right of cultivation or the cumulative amount of farm rent the lessee had failed to pay was equivalent to the total of two years' rent. (3) The tenant should not sublet the leased land to another person. If he violated this provision, the landlord might evict his tenant from the land at will. All advance payments of farm rent was strictly forbidden. Upon the termination of his lease the tenant was entitled to a compensation for the cost of the part of the improvements which he had made and had not yet lost its utility. The tenant should have the right of pre-emption on the land he tilled, and if the land was offered for sale, the landlord should notify the tenant of the terms of sale. When the tenant did not exercise the right of pre-emption, the land could be sold to another person. In that case, the new landlord was obliged to renew the lease contract with the original tenant. (4) If the landlord violated any of the above-mentioned provisions, he was to be punished with imprisonment for a term of up to three years. Any dispute arising between the landlord and the tenant was to be settled by arbitration.

The result of the above programme was said to be successful in general. In 1949, it is reported, "A total of more than 370,000 new farm lease contracts on private tenanted land was signed, involving approximately 300,000 tenant families. The result was that there was a big increase in the tenant farmer's income, his right of cultivation was given full protection, and his social position and political consciousness were heightened thereby. On the other hand, the landlord's interest in acquiring more land greatly declined all of a sudden."¹

As a result, in 1949, land price fell in a course of one year by one-third on an average; 19.4 per cent for rice fields and 42.3 per cent for dry lands.

Secondly, by the "sale of public land" is meant that of farm land formerly owned by the Japanese Government or Japanese landowners. The area of such farm lands, which were transferred to the Nationalist Government, totalled 181,490 *chia*, amounting to some 20 per cent of the total arable land in Taiwan. At first, this farm land was leased to tenant farmers at a rental rate of 25 per cent of the crop, but was later sold to cultivators at a price equivalent to two and a half years' crop, in ten annual installments under the policy of substituting an owner-farmer

¹ Hui-sun Tang, *op. cit.*, p. 15.

system for State tenancy. Up to the end of 1953, farm land, totalling about 63,000 *chia*, was purchased by 121,953 tenant farmers. This seems to indicate that this programme was carried out smoothly and successfully.

Thirdly, the land-to-the-tiller programme was formulated by law in 1952 after the completion of land investigation conducted in 1951 and 1952. The main purpose of the programme was to limit the ownership of land by the landlord to three *chia* and to liberate farm land in excess of this limit to cultivators at a price two and a half times the amount of total annual main crop yield. Compensation for the landlords was paid 70 per cent with land bonds in kind, and 30 per cent with government enterprise stocks. Land bonds in kind were redeemable in 20 equal installments spread over a period of 10 years, and the government enterprises included the Cement Corporation, the Paper and Pulp Corporation, the Agricultural and Forestry Development Corporation, the Industrial and Mining Corporation.

Table 3. THE NUMBER OF FARM LEASE CONTRACTS REVISED AND THE AREA OF FARM LAND AFFECTED UNDER THE RENT REDUCTION PROGRAMME IN TAIWAN

	1949	1950	1951	1952
Number of Farm Families Having Signed Farm Lease Contracts	296,043	296,964	298,143	302,277
Number of Farm Lease Contracts Signed	377,364	383,936	388,354	396,002
Number of Plots of Farm Land Affected	817,231	843,883	832,086	841,043
Area of Farm Land Affected (<i>chia</i>)	264,514	263,278	262,145	256,948

Source: Hui-sun Tang, *op. cit.*, p. 47.

As stated above, this private farm land release programme was initiated in February of 1953, and during that year 194,823 farming families purchased farm land from the government with the area released amounted to 143,568 *chia*.

Thus, during four years from 1949 (when the land rent reduction programme was enforced) to 1953 (the first year of the land-to-the-tiller programme) the following results were obtained. The area of newly created owner-cultivated land totalled 242,090 *chia*, a figure which was about 27 per cent of the average total area of farm land (900,628 *chia*) in Taiwan for the 1950-52 period. The number of owner-cultivators thus established, or more exactly, tenant farmers who purchased land from the Government, reached 383,104, accounting for 54 per cent of the average total number (704,569) of farming families for the 1950-52 period. As a result, the Chinese-American Joint Commission on Rural Reconstruction (JCRR) estimates the area of owner-cultivated land in 1953 at 75 per

cent, of the total farm land in Taiwan. This indicated a remarkable change in the distribution of landownership when compared with 53 per cent the prewar ratio of owner-cultivated land. (In 1938, the area of tenanted land accounted for 47 per cent of the total farm land.)

Table 4. THE AREAS OF OWNER-CULTIVATED AND NON-OWNER-CULTIVATED LAND IN TAIWAN

	Area (in <i>chia</i>)		Percentage	
	1949	1953	1949	1953
Owner-Cultivated Land	450,224	681,346	50.5	75.4
Tenant Cultivated Land	366,934	147,396	41.1	16.3
Land Cultivated by Public Enterprises, Government Offices, and Schools	74,531	74,531	8.4	8.3
Total	891,689	903,273	100.0	100.0

Source: Hui-sun Tang, *op. cit.*, p. 14, 18.

Thus, the land reform in Taiwan is generally regarded as having been carried out with success. But, while admitting the fact that the land reform has brought about a really epoch-making change in the land tenure system of Taiwan, we cannot overlook the fact that it was implemented in a way far more moderate than in the case of Japan's farm land reform and that it was mainly based on the demand of tenant farmers who were stimulated by the land reform carried out in Mainland China. As for the moderate and unradical nature of the land reform in this case, we may point out the following facts: The compensation for the landlord was paid partially with payments in kind with the result that the unexpected increase of landlord's burden or sacrifice due to price fluctuation was avoided. Being granted Government enterprises stocks, the landlords were given a chance to start anew as capital investors. Further, they were uniformly allowed to retain average three *chia* of land for themselves, no matter whether they were resident or non-resident landowners.

Be that as it may, the land reform carried out in Taiwan had something in common with land reforms in other countries, in that it was introduced there against the background of social unrest prevailed in the immediate postwar days. For the Nationalist Government, which had retreated from the Mainland to this island, it was imperative to enforce land reform before everything else so as to strengthen its position against the Communist regime by restoring public peace and order in its new realm and winning the hearts of the people.

Moreover, the landlord class that was to be demanded of making

concessions to tenant farmers on that occasion, lost its major components as a result of Japan's surrender in World War II and its subsequent evacuation from Taiwan. It can be said that the land reform in this country was initiated by the Nationalist forces, who marched into this province as 'liberators' at a time when the main pillar of the old ruling class had collapsed, as a measure of maintaining public peace and order centring on disposal of enemy properties.

2. *South Viet Nam*

The political situation in Viet Nam is now barely on the road to stabilization, after the conclusion of the above-mentioned Geneva Agreement. Consequently, the present South Vietnamese Government has just started giving serious thought to land reform as its policy, and it is still too early to discuss its results. If there is anything particularly worth mentioning about the land reform in South Viet Nam, it is the fact that during the 10-year civil war, foreigners holding large estates were ousted and landlords' influence weakened and that, in this sense, virtual "land reform" had been carried out prior to its enforcement by the Government.

Even before Japan's defeat in the last war, Viet Nam Doc-Lap-Dong-Minh Hoi (League for the Independence of Viet Nam) had published a political programme, which called for a sweeping agrarian reform including fair distribution of communal landed property, reduction in land rent, prohibition of profiteering, extension of loans to destitute farmers, etc.¹

Later, the Communist forces, led by Ho Chi Minh, extended their influence through the struggle with social unrest and food shortage, and threatened to undermine the traditional ruling system of the rural community. In the course of this social upheaval, farm lands held by French "colonists" and Vietnamese "traitors" were confiscated and redistributed to cultivating farmers, together with uncleared land: while landlords, living in Viet-Minh-held areas, were compelled to "donate" their estates to Ho's Government, which, in turn, distributed them to needy and destitute farmers. Large-scale agitation and propaganda activities, demanding the reduction of land rent to 25 per cent of the crop, were conducted extensively. As a result, the population of the Saigon and Cholon areas swelled three-fold, receiving displaced persons from North Viet Nam and refugees from the countryside. This appears to indicate that virtual land reform was

¹ Asian Bureau, Ministry of Foreign Affairs of Japan, *Futsu Kyōsan-shugi-sha yori Mita Indō Shina Sensō* (Indo-China War Viewed from French Communists), (Tokyo: 1953) p. 76. Cf. E. J. Hammer, *The Struggle for Indochina*, (California: Stanford University Press, 1954) p. 98.

carried out also in South Viet Nam to that extent with the Ho Chi Minh revolution in North Viet Nam as a momentum.

Consequently, the Land Reform Act, which was formulated in June of 1953 and revised in January of 1955, took on the nature of a confirmation of, and a compromise with, the established facts rather than it was a completely new policy.

It laid emphasis on measures to adjust and stabilize landlord-tenant relations such as: (1) To regularize written tenancy agreements, (2) to strengthen tenancy right, and (3) to control or reduce land rent. Release of land to cultivators to establish owner-farmers was considered to be premature. Or, rather, it would be more correct to say that the very question of transferring ownership of land at this period was meaningless, since there were not a small number of tenant farmers, who went through 10 years of civil disturbance, paying almost no rent, and being little aware of the existence of landowners. The only thing that needed to be considered under such circumstances was the confirmation of the landowner's title to land and, as the mildest measure to attain this object, the securing of their right to collect land rent. For this purpose, landlords were compelled to make the greatest possible concession to tenant farmers. At first (in 1953), it was stipulated by law that land rent could be lowered to 15 per cent of the crop. Later (in 1954), the Farm Land Commission, consisting of the representatives of cultivators, landlords and the Government, was set up, and the law was revised in favour of landlords so that adjustment might be made on rental rate within the range of 15-25 per cent of the crop, varying with the land's fertility. Thus, emphasis in the land reform law was laid not on safeguarding the right of tenant farmers but on securing landlords' title to land even at the expense of the greatest possible concession to cultivators. Nevertheless, the tenant's right of cultivation was remarkably strengthened compared with the former practices with the main points of the land reform law being as follows.¹ (1) The land lease contract was required to cover a minimum period of five years and was automatically renewed. The tenant farmer was permitted to cancel the contract at six months' notice, but the landlord might do so or refuse to renew the contract only in case the tenant violated a provision of the contract, or in case the landlord desired to cultivate the land himself or to have it cultivated by his eldest son. (2) The tenant farmer was not allowed to sublet the land to another farmer without the consent of the landlord. Further, when the landlord desired to sell the land, the tenant farmer would have the first priority of purchase. The tenancy contract was not annulled by the death of either of the two

¹ United Nations, *Progress in Land Reform*, (New York: 1954) p. 9 and pp. 131-132.

parties but was passed on to their successors. When the landlord agreed in writing on the improvement of the land, the tenant was entitled to compensation by the landlord for such improvements. (3) In case a dispute arose between the landlord and the tenant, either of the two parties might apply to a local arbitration committee for mediation. If either of the two parties did not want to accept the mediation terms, he might bring the case to the law court. In 1957, a special land court was established in each province for this purpose.¹

Summing up the results of the land reform, the South Vietnamese Government announced that 675,075 land lease contracts, involving as many as two-thirds of all the tenant farmers in Free Viet Nam, had been concluded in written forms by the end of 1957.² Of the 1,700,000 hectares of land covered by these written contracts, about 400,000 hectares had been abandoned land, the recultivation of which was considered to have directly contributed to increased production.³ It was natural that this land reform was conducted mainly in the huge estates region in the southern delta areas, where the influence of landlord class sharply receded and was greatly weakened during Ho Chi Minh's temporary rule. In some provinces in this region as many as four-fifths of the tenant farmers were reported to have concluded such contracts.⁴

It was not until October 1956 that land reform was taken up as a policy in South Viet Nam in the sense that the government interfered in the redistribution of ownership of farm land. However, this was proof of the fact that the prestige of the landownership had recovered to that extent. At the same time, the secure position of the Ngo regime and the revival of the landlord forces backed by this regime combined to make the land reform extremely moderate in character. The object of the land reform was two-fold:⁵ to increase agricultural production through the establishment of owner-farmers and to reorient large landowners from agricultural to industrial activities, the latter being patterned exactly after the measure employed in Taiwan. Further, this land reform programme was limited to rice fields, and large plantations of rubber trees, sugar canes, coffee, coconuts, fruits, and other "industrial crops" remained intact. Even in case of rice fields, compulsory transfer of ownership was enforced only on those landlords who held more than 100 hectares of rice fields, for the portion exceeding this limit. The details of the land reform thus

1 R.W. Lindholm, ed., *Viet Nam: The First Five Years*, (Chicago: Michigan State University Press, 1959.) p. 203.

2 *ibid.*, pp. 202-204.

3 *ibid.*, p. 203.

4 *ibid.*, p. 203.

5 *ibid.*, p. 204.

carried out are as follows;¹ (1) Those who held more than 100 hectares of rice fields, had to sell the excess to the Government, which in turn sold it to cultivators. However, in addition to the 100-hectare limit, owners might retain up to 15 hectares of land for the worship of ancestors. (2) The landowners would be paid 10 per cent of the purchase price in cash and the balance in Government bonds which bore 3 per cent interest per annum and were redeemable over period of 12 years. The landowners might gradually exchange their Government bonds for Government-owned stocks of paper, glass, textile, and other manufacturing industries. (3) The price of the land thus released was fixed by the local assessment committee, according to its productivity, ranging from \$7 per hectare for remote abandoned land and \$428 per hectare for double-crop land in the Saigon region. The liberated land was sold to cultivators at the same price as the purchase price of the Government. In the case of abandoned rice-fields, they were distributed under the same conditions to agricultural labourers and refugees from North Viet Nam. (4) Tenant farmers who purchased liberated land, should pay for it in six equal annual installments with no interest. (5) As regards the rice fields owned by Frenchmen, they were all purchased by the French Government and offered without compensation to the South Vietnamese Government as a form of economic assistance in accordance with the agreement concluded between the French and South Vietnamese Governments in September of 1958. These rice fields were sold to tenants, agricultural labourers and refugees from the north under the same conditions as rice fields purchased by the Government from Vietnamese landlords. (6) The area of private land liberated under the land reform totalled 699,000 hectares, comprising 437,000 hectares owned by Vietnamese landlords (of which 90,000 hectares had been abandoned) and 262,000 hectares owned by Frenchmen (of which 131,000 hectares had been abandoned). The number of "liberated" farmers was estimated at 312,000. (7) The administration costs of the land transfer programme, totalling \$2,200,000, was to be covered partly by an allocation out of the national budget and partly by the U.S. aid funds.

The first formal transfer of land to former tenants was conducted at a ceremony held on the outskirts of Saigon in December of 1958, in the presence of president Ngo Dinh Diem. But, since then, the land transfer has been progressing at a snail's pace. One year after that, or by December 1959, no more than 86,000 hectares or so had been purchased by the Government and only some 55,000 hectares had been actually sold and transferred to cultivators. Officials in charge of the land reform programme estimated that by consolidating and strengthening

¹ R. W. Lindholm, ed., *op. cit.*, pp. 204-208

administrative machinery the Government was expected to complete the whole process of purchase and resale by the end of 1961.¹ Many difficulties, however, lay in the way of fulfillment of the reform, including technical problems due to the lack of adequate cadastral records. Among them was the struggle against the Communists. As mentioned above, this land reform implied in its nature something of a compromise with the land policy of the Communists, so that the communists had consistently been opposing to it. Not only did they obstruct liberated farmers in taking part in the above-mentioned ownership transfer ceremony, but also did they categorically oppose the reform programme from the standpoint that the purchase of liberated land by tenant farmers would mean the reconfirmation of landlords' title to the land, which they asserted to have already been virtually liberated under Ho Chi Minh's regime. Vietnamese Government officials admitted that the attitude of cultivators toward this question would be made clear in the spring of 1960 when the first payment for the land they purchased was to be made. They also feared that if a crisis of the land reform should come, it would come at that time.² Sad to say, we have as yet no reliable information on the recent developments of this problem. As for the remodelling of landlords as industrial investors, it is reported that the exchange of Government bonds for industrial stocks is not progressing satisfactorily.³

Whatever the case may be, the land reform, though its scale was limited, has wrought an epochal change in the socio-economic structure of South Viet Nam where large landholdings were dominant. As one of the factors underlying this change, we have to point to a major shifting of political forces in that country, brought about in the wake of World War II—a change wrought by the replacement of France by the United States, emergence of the forces of native inhabitants as against those of the colonists, and infiltration of Communist influence. In this sense, the land reform in South Viet Nam can be characterized as being an effort to restrict the landlords' rights in the framework of a private ownership system. The fact that the land reform took on the nature of an anti-Communist measure and that its significance as such has been stressed repeatedly,⁴ may be taken as a proof of this. In addition, the disposal of communal property as privately owned land and the sale of uncleared public land to refugees for their settlement, were also carried out as links in the whole chain of the land reform in this country, but further discussions about them will not be made in this article.

1 Nguyễn-Lâu, ed., *The Times of Viet Nam Magazine* (Saigon: July 9, 1960).

2 *ibid.*, p. 17.

3 *ibid.*, p. 4.

4 *ibid.*, p. 17.

IV. SOCIO-ECONOMIC SIGNIFICANCE OF LAND REFORM

In the above we have examined the actual conditions of the enforcement of land reforms in Taiwan and South Viet Nam. Now the question arises: What is the motive power of land reform?

It seems that land reform constitutes the measures for the democratization of a society which is carried out under conditions of social unrest caused by war or other national mishaps as a momentum, and that it can hardly be implemented merely as an economic policy. Defeat in war brings down economic activities to an extremely low level in a low-income country, particularly in a less-developed agricultural country. Under conditions of extremely reduced economic activity, public peace and order may be maintained only through redistribution of national income thereby redressing an imbalance in income. Redistribution of national income necessarily takes the form of redistribution of the ownership of land and redistribution of the rental income based thereon, where most of the national income is derived from farming. To be more precise, economic rent as defined by the classic school is of such a nature that taxation thereon cannot be shifted elsewhere, but land-tax can be imposed without detriment to farming so far as it is within the limit of such portion of the revenue from land, so that, under the circumstances where national income standard has been cut severely, the redistribution of income from rent can be enforced and is required for supporting lives of the lowest income class and thereby maintaining peace and order in the society. Thus, it may be said that land reform is generally enforced under extremely difficult social conditions such as food shortage and lowered income caused by unsuccessful military ventures. This is true at least with most of the land reforms carried out since the early part of the 20th century. Such was the case with land reforms instituted in East European countries in the post-World War I period. Land reforms carried out in the above-mentioned Asian countries after World War II can be considered to be of essentially the same character. However, in the case of Southeast Asian countries land reforms are characterized by the fact that being carried out as part of the far-reaching national liberation movement, in most cases, they took on the nature of national liberation in the shape of land liberation and that they were combined various political and social reforms. Consequently, they were not necessarily identical in character, varying greatly in both scope and degree according to the economic and agricultural structures that had previously existed in the respective countries. Generally speaking, the sharper the distinction between colonial rulers and peoples, and the more rapid the tempo of

social change, the more radical the land reform and the greater it was in scale. It is to be noted in this connection that these land reforms in different countries had a tendency in common to be carried out at the most rapid tempo in the immediate postwar period when economic disorder and hardships prevailed and gradually to slacken their paces as economic conditions are stabilized until there is no motive power left to promote land reform.

It follows from this that land reform presupposes a change, in some degree and form or other, of political power. The above-mentioned U. N. report throws light on the other side of this question when it says: "As to the benefits which land reform policies, and in particular measures for redistribution of ownership, can confer, the experience of Asian countries suggests that much depends on the terms of the purchase price of the holding. Where the tenants are not able to pay the purchase price, they experience no immediate and tangible benefits from the transfer of ownership from the owner to the State; and the financial burden imposed on the State by the payment of compensation is considerable. It would appear, therefore, that over-populated countries which introduce measures of this kind need to give particular attention to this aspect."¹ In other words, land reform, in the sense of redistribution of land, does not merely mean the transfer of landownership from the landowner to the tenant but is essentially a redistribution of the title of property.

Now, let us turn briefly to the economic significance of land reform. Of course, it differs greatly, depending on whether land reform is aimed principally at the redistribution of landownership or at securing tenancy right. Consequently, we can not derive a sweeping conclusion on this matter based on the understanding of the actual conditions of land reform, but from a theoretical standpoint, we may make the following remarks.

First of all, redistribution of landownership, if it is really worthy of the name, will lead to a tendency toward the equalization of rental income which is a type of property income and, in consequence, the equalization of agricultural income. Leaving aside the possibilities of land confiscation and land liberation without compensation, even the liberation of land with compensation will result in the virtual increase of the property of farmers concerned, as long as annual installment payments for the land they purchased are lower than the level of land rent they formerly paid, and, in consequence, will strengthen to that extent the tendency toward equalization of rental income for the society as a whole. Other things being equal, the income level of the farmers concerned will be raised to that extent, which in turn will raise the rate of consumption

¹ United Nations, *Progress in Land Reform*, (New York: 1959) p. 289.

of the society as a whole and lower the rate of saving. For marginal propensity to consume of liberated farmers will make the rate of their consumption higher than that of landlords for the same amount of income. The redistribution of land is no other than the attempt to transfer income from the landlord to cultivators along the very line above stated. This phenomenon tends to manifest itself most remarkably in the consumption of foodstuffs.

As pointed out above, land reform is characteristically carried out in areas where and at times when, the level of consumption, particularly that of the consumption of food by farmers, is extremely low. Therefore, if the transfer of income in the form of the redistribution of land is enforced for the sake of farmers, it will in the first instance, result in the increase of food consumption, which in turn will directly lead to a decrease in the amount of surplus foodstuff for sale, by stimulating liberated farmers to put aside a larger portion of the foodstuffs they produce for their own consumption. On the other hand, if a decrease in the amount of foodstuffs consumed by landlords is not large enough to offset an increase in its consumption by cultivators, the demand for foodstuff will show an absolute rise and its relative price level will be raised. Other things being equal, a rise in the relative price of foodstuffs will lead to transferring resources out of other sectors of production into food production, and this will more or less involve the transfer of resources out of investment sector of the economy.

In other words, the direct effect of the redistribution of land is a rise in the income and consumption levels of liberated farmers, which, accelerated by extremely low level of consumption in the past, will inevitably lead to a decline in the rate of capital accumulation in the society as a whole, mainly through a sharp increase in the consumption of food. From a short-range viewpoint, this situation will give rise to the so-called "food inflation" or what Professor Schultz calls a "food problem".¹ Namely, it comes to this, that not the exodus of resources from agricultural into non-agricultural industries but, on the contrary, the influx of resources from non-agricultural activities into agriculture will be positively called for. Accordingly, in this sense, land reform, if viewed alone, carries the implication of encouraging the development of agriculture, rather than that of industry. In many cases, it seems that land reform is taken up as a link in the chain of an economic development programme in which emphasis is placed on industrial development. But, land reform will have a retrogressive effect on industrial development, at least in a short-range

¹ T. W. Schultz, *Economic Organization of Agriculture*, (New York: McGraw-Hill, 1952) pp. 319-320.

viewpoint. The higher the income of the low income class is raised by land reform, the more distinctively the emphasis will have to be laid on agriculture with respect to distribution of resources. If this tendency is to be prevented, there is no alternative but to curb increase in the consumption of food in one way or other. Controls on foodstuffs, particularly systems of compulsory rice delivery and food rationing, which were enforced in Japan in the postwar period, were partially aimed at achieving this sort of purpose. For, the rice delivery system served to prevent farmers from consuming more food than they had heretofore, whereas price controls played the role of curbing the increased consumption of not only food but also other consumer goods. How the food consumption by the farmers was increased in postwar Japan can be made clear by comparing the two statistical figures before and after the land reform. A similar tendency is observed in both Taiwan and Viet Nam.¹ In Taiwan, it is said that those tenants who had lived on sweet potatoes and millet, switched to rice for their diet, with the result that the average per capita consumption of rice has been raised, while in Viet Nam the land reform seems to have resulted more plainly in larger per capita calorie intake and subsequent increase in the average per capita consumption of rice, so low were the food consumption levels of farmers in these countries before the land reforms.

It does not follow from this, however, that the increased part of the income of liberated farmers are exhausted in consumption. A part of the increased income will remain as consumption surplus, and will fall into the hands of liberated farmers as investment capacity, or capital which is controllable and available at their own will. Therefore, if this surplus is invested in the land newly belonged to the farmers for its improvement under the incentive of ownership which will "turn sand into gold", it will contribute to the so much needed increase in agricultural productivity. Thus, even if land reform entails a decline in the investment rate of the society as a whole, it will increase those of the farming enterprises concerned, creating a situation which may contribute to economic development. Furthermore, the establishment of landownership itself may lead to agricultural development and advancement of agricultural productivity, by enabling farmers to acquire credit easily. According to the theory of perfect competition capital is to move freely, seeking the equalization of marginal productivity, but in reality this does not always apply because investment is made at the risk of an individual concern and usually through the intermediary of credit. For

¹ The Research Team for Rice in Taiwan and Viet Nam, *Taiwan-Betonamu Beikoku Chōsa Hōkoku* (The Report on the Research of Rice in Taiwan and Viet Nam), (Tokyo: Sept., 1955) pp. 21-22.

those farmers, who are the owners of the land and are capable of offering a surety, it is comparatively easy to obtain credit, but for the farmers who lack this qualification, it is not necessarily so, and consequently, it frequently happens that no investment can be made even where it is really worth-while. Therefore, the redistribution of land will help those farmers, especially tenant farmers or farmers without property, whose fund-raising capacity is extremely limited, to gain the access to an adequate source of investment.

Lastly, let us refer to the impact of land reform in the form of securing and strengthening tenure. In this regard, suffice it to say that, so far as the tenant cultivators are concerned, its effect is theoretically the same as in the case of the establishment of owner-farmers and redistribution of land, but controls on land rent, which is intended for universal stabilization of the tenant right, may sometimes produce reverse-effects by damaging the liquidity of land use.

It may be said from what we have examined above that the problems in land reform will boil down to the possibility of subsequent investment in agriculture. Consequently, we should say that, apart from its political significance, land reform will not mean the end of all the economic problems in agriculture, but will rather raise the problems after its completion.