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Chairman: Sir Douglas COPLAND (Australia).

*In the absence of the Chairman, Mr. Umari (Iraq),
 Vice-Chairman, took the Chair.*

AGENDA ITEM 25

Economic development of under-developed countries (A/2686, A/2702) (continued)

(d) Land reform (continued)

1. Mr. HSIA (China) said that since 1949 the Chinese Government had carried out extensive programmes of rural land reform in the province of Taiwan with the object of reducing agricultural rents, assuring security of tenure to the peasants and enabling farmers to own the land they tilled. Having completed those programmes, the Government had initiated an urban land reform programme in August 1954.

2. The living conditions of the Chinese peasant had never been as good as they now were in Taiwan, and rural land reform had played an important part in that improvement. The programme had been accomplished in two stages. The first stage, from 1949 to 1953, had been concerned with the reduction of rural land rents and the second stage with the implementation of a "land-to-the-tillers" programme. The reduction of rural rents, although moderate, involving a decline from a formerly prevailing average of 54 per cent to a new maximum of 37 per cent of the farmer's output, had resulted in an increase of 16.5 per cent in the gross income of tenant farmers. The increase would amount to 55 to 65 per cent if the income is reckoned net of the necessary expenses. Such an increase could not but have a profound effect on the peasant's standard of living and on his willingness to produce. Its effect had been enhanced by the other benefits the programme had brought to the tenants, among the most important of which had been security of tenure.

3. A year after the launching of the programme, a Cabinet investigation team appointed to make an on-the-spot survey of its results had reported a 30 per cent increase in rice output immediately after rents had been reduced, an increase which had been maintained since. By giving a larger share of the crop to the tenants, rent reduction was in itself an incentive to increased production. Security of tenure had also helped to increase output, since peasants were more willing to make

long-term capital investments in the land. However, the most important factor in the raising of output had been the fact that the rent for each piece of land was fixed, except during bad harvests, when it could be reduced. Consequently, all increases in output accrued to the peasants and were an incentive to further exertions.

4. The reduction of rents and the increase in output had continued to increase the peasants' income with a consequent improvement in the living conditions of the rural population. The farmers' housing, clothing and diet had improved. Standards of rural health had also been raised; in one village the death rate had been reduced from 13.2 per cent to 10.4 per cent over a two-year period. Rural education had also benefited and more children were attending school.

5. The beneficial results of the rent reduction programme had been confirmed by a second survey carried out in 1953 by the Joint Commission on Rural Reconstruction in China. The main benefits reported had been the increase of livestock production, the increase of agricultural production, and improvements in the dwellings and the general condition of the tenants.

6. The rent reduction programme had also had political effects, as the consequent improvement in living standards provided an effective barrier to the spread of Communism. The confessions of arrested Communist agents showed that the rent reduction programme had been successful and that its disruption was an objective of Communist policy. The arrested Communist agents had also admitted that they had found it difficult to win the farmers over, although they had tried all possible means.

7. Rent reduction had had the further effect of depressing land prices, thus facilitating the peasant ownership carried out in 1953. Under that programme, landlords were allowed to retain three hectares of medium-grade land or their equivalent for their subsistence. All land in excess of that limit was to be purchased by the Government, payment being made in stocks and bonds to avoid inflation, and sold at cost to the farmers.

8. Peasants receiving land under the programme paid for it in instalments over a ten-year period. As they were also responsible for the taxes formerly paid by the landowners, the law provided that their total payments were not to exceed the amount they had paid as tenants.

9. After land reform, the next most urgent rural problems were the provision of more agricultural credit and the expansion of output through the application of scientific knowledge. Unlike land reform, the provision of credit might entail heavy Government expenditure and international financial assistance was therefore necessary. His delegation accordingly endorsed operative paragraph 2 of Economic and Social Council resolution 512 C I (XVII). Much was being done to improve agricultural techniques by the experimental stations and

the Joint Commission on Rural Reconstruction in China.

10. In August 1954, legislation initiating an urban land reform programme had been enacted. It was designed to prevent the diversion of surplus funds from rural areas to the cities for purposes of land speculation, to make land available at a reasonable price for industrial and residential construction, and to ensure that the unearned increments represented by increases in urban land values, due to the growing concentration of the population in the urban areas since the Second World War, went to the general public, to whom they rightly belonged. The principal means of achieving those purposes were the land value tax, the land increment tax and the statutory limitation of the size of individual holdings to one hectare. The land value tax ranged from 0.15 per cent on all land for industrial use to 13 per cent on land under absentee ownership. The land increment tax was assessable on any unearned increase in the value of land and was payable on its transfer for reasons other than succession. The rates were progressive and the proceeds were used exclusively for social and welfare purposes. Owners were required to sell urban land in excess of one hectare within two years; if they failed to do so, their surplus land might be requisitioned by the Government for resale to people who would use it.

11. Mr. AHMAD (Pakistan) said that the Secretary-General's valuable report entitled *Progress in Land Reform* (E/2526) contained information of profound interest to countries where land reform was an important item in economic development programmes. It gave an instructive account of what had been achieved and revealed the extent to which the problem was still unsolved. He trusted that the studies initiated in the report would be continued so that Governments could benefit from one another's experience in land reform. He also hoped that the General Assembly would keep the problem under constant review.

12. The report dealt with the improvement of farming methods as well as with the reform of systems of land tenure. While the emphasis on improving the standard of agriculture was particularly strong in countries where the agrarian structure was not considered to be in need of reform, measures to increase productivity, to improve the financial conditions of the agricultural community, to modernize marketing facilities and to facilitate rural credit were urgently needed in all countries. A very substantial portion of Pakistan's national resources and of the aid it received from international sources was set aside for programmes of general agricultural development.

13. The report also showed that the common purpose of all land reform measures in countries like Pakistan was to replace large land holdings, farmed by tenants, by smaller farm units, owned by those who tilled them. The general tendency was to work for the reduction and final elimination of absentee ownership. In Pakistan the problem of large estates was most acute in East Pakis-

tan, where the Government had already introduced legislation to eliminate absentee ownership, but at heavy cost to the treasury. In the North-West Frontier Province and the Punjab, similar action was being taken in respect of the larger holdings. The concentration of large areas of land in the hands of a few individuals had repercussions on the social and political stability of any country. The urge of a tiller of the soil to cultivate and own his piece of land was fundamental. Those facts had strongly influenced his Government's agricultural policy.

14. The failure to achieve speedy results was not due to any lack of zeal but to the almost insuperable administrative and financial difficulties. As a partial remedy Pakistan had resorted to legislation designed to confer security of tenure upon tenant farmers and to regulate their share of produce and their rights and obligations in respect of land. He strongly urged that the United Nations consider the provision of international financial assistance to enable the under-developed countries to meet the heavy cost of land reform.

15. On the other hand, his Government was well aware that individual peasant ownership had many disadvantages. The financial burden that resulted from fair compensation to those deprived of property was heavy, particularly in the under-developed countries. Pakistan would support any resolution which would enable the under-developed countries to obtain adequate financial assistance to meet the obligations inherent in their land reform programmes.

16. Another difficulty in the system of small independent units was the weak economic position in which the peasants were left to face a highly competitive outside world. They were also liable to be adversely affected by the vagaries of the seasons, price fluctuations and natural calamities. He strongly urged the United Nations and its specialized agencies to make a careful study of the problems of agricultural credit and to consider the possibility of international assistance to rural credit institutions in the predominantly agricultural countries.

17. A further evil associated with peasant ownership of land was the fragmentation of holdings due to legislation and customs relating to inheritance. The multiplication of uneconomic holdings was detrimental to the well-being of the peasants and involved tremendous waste of human and material resources. Some progress had been achieved in consolidating smaller holdings, but custom and tradition were serious impediments. General economic development and industrial expansion would be of considerable assistance.

18. He would greatly appreciate the United Nations continued interest in the subject. Further studies on land reform and related aspects, such as mechanized farming and determination of what constituted an economic holding in an ever-changing economic environment, would be welcome.

The meeting rose at 4.15 p.m.