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Is Nominal Public but *De Facto*
Private Land Ownership Appropriate?
A Comparative Study among
Cambodia, Laos, Vietnam;
Japan, Taiwan Province of China, South Korea;
China, Myanmar; and North Korea

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ECO No. 98/12

EUI WORKING PAPERS

WP
330
EUR



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EUROPEAN UNIVERSITY INSTITUTE, FLORENCE
ECONOMICS DEPARTMENT

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Printed in Italy in April 1998
European University Institute
Badia Fiesolana
I - 50016 San Domenico (FI)
Italy

Abstract

In the transition from the centrally planned economy to a market-oriented rural development, Cambodia, Laos and Vietnam established a nominal state - but de facto private - land ownership. As a result, both new landlessness and inefficient land-holding immediately appeared. How to prevent these problems while still achieving market-oriented rural development? The Chinese model - a third way between the centrally planned economy and free market system - provides a useful example, which may be relevant not only to these three countries as well as Myanmar and North Korea, but also to many other economies.¹

Key Words: Monsoon Asia Rice-Based Economies, Public and Private Land Ownership, Chinese and Japanese Models of Rural Development, Mixed Economy, Free Market Forces, Nominal State But De Facto Private Land Ownership, Low Wage Economy, New Landlessness, Rural Cooperatives, Village-Household Dual Level Land Operation, High Wage Economy, Inefficient Land-Holding, Part-Time Farmers and Absentees, Fragmented Small Farms, Land Consolidation and Expansion, Full-Time and Expert Farmers, Large-Scale Farming, Household Contract System, Equal Land System, Dual-Land System, Single Land System.

¹ 10 March 1998

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While taking responsibility for his views in this paper, the author sincerely thanks Prof. Stuart Holland, Prof. Domenico Mario Nuti, Prof. Christopher Howe, Prof. Michael Artis, Dr. Jim Riddell, Dr. Paolo Groppo, Dr. Peer Hijmans, Dr. Marcel Messier, Dr. Narciso Deomampo, Dr. Lawrence Christy and Dr. Ali Mekouar who have given valuable instruction, comments and help.

The Establishment of a Nominal State - But De-Facto Private - Land Ownership in Cambodia, Laos and Vietnam

Among the 19 rice-based economies in monsoon Asia, Cambodia, China (mainland), Laos, Myanmar, North Korea and Vietnam are under public (state or collective) land ownership¹. In the transition from the centrally planned economy to a market-oriented rural development, Cambodia (1981), Laos (1988) and Vietnam (1993) have founded a nominal state - but *de facto* private - land ownership.

In *Cambodia*, agricultural cooperatives under the rigid centrally planned economy were replaced in 1979 by *krom samaki* (solidarity groups), each composed of 10-15 households, with three different classes. In class 1, production was fully collectivized. Whether they were shirking or working hard, members could gain the produce according to the man-days they worked. In class 2, major means of production were collectively owned, but only limited work was conducted collectively. Land was divided into parcels allocated on a family basis corresponding to the number of family members, and managed by families. In class 3, land officially belonged to the state but all the other means of production were privately owned, and families were engaged wholly in individual production. While in 1981, 20 % of the *krom samaki* were in class 1, and 60 % in class 2, in 1989, almost 90 % were in class 3. In the same year, it also was decided to abandon the *krom samaki*. *Rural residential land* was turned to private ownership and could be sold and bought; *farmland* belonged to the state but possession was given to peasant households with tax to be paid for using it; if a farmland was not used for one year, the authorities could take it away; the possession of farmland was also salable and farmland could be converted into residential land, both subject to the approval of government offices. (Summers 1997: 187. Kusakabe; Wang & Kelkar 1995: 87-90)

Laos halted the new establishment of agricultural cooperatives in 1979, and abandoned them in 1986. In 1988, long-term usufructuary rights to land were granted to peasant households, inheritable and salable to natural and legal persons. This was confirmed in the 1991 new constitution which also made clear that all land belongs to the state. (Gainsborough 1997: 538-539. Kirk 1996: 108). Any land left idle could in theory be recovered by the village chief and reallocated, on a temporary basis, to another family. Since 1993, the state has required that villages pay land tax in cash, refusing the traditional payments in paddy. (Groppio; Mekouar; Damais & Phouangphet 1996: 14-15)

In *Vietnam*, before 1979, a workpoints system was carried out in agricultural cooperatives which resulted in equalitarianism rather than incentives. In that year, it was supplanted by a system of contracting output quotas to

¹ For a general analysis of monsoon Asia rice-based economies, including the arguable superiority of the Chinese model of rural development based on public land ownership to the Japanese model under private land ownership, see Zhou, Jian-Ming 1996.

households and linking the fulfillment with workpoints which were then linked to remuneration. In order to reach equality regarding land quality, quantity and distance, land given to households was fragmented (which was not necessarily consolidated in the later reforms). The tenure length was three to 15 years. By 1988, it was further replaced by a system of contracting output quotas to households, leaving the total residuals to them without the involvement of workpoints. In 1988-89, the compulsory state procurement quotas were displaced by a land tax of 10 % of normal output (average in the past) and land use rights were given for 15 years to households which agreed their own contracts for sale for whatever crops they chose to cultivate. (Demaine 1997: 1057. Hayami 1994: 1, 9-10, 13, 19). The 1993 Land Law declared that all land was formally owned by the state but households were given land use rights (Article 1) which were further exchangeable, transferable (salable), leasable (maximum three years normally - Article 78), inheritable, and mortgageable for loans (Article 3). The local administrations (such as the people's committee of communes and districts) were supposed to judge the need for land sellers or lessors to reduce their land holdings and also to assess the capacity of buyers or lessees to use the increased holdings efficiently (Hayami 1994: 14-15). The limit of agricultural land-holding for annual crops by each household was 3 ha (Article 44). The use period was 20 years for planting annual crops and aquaculture, 50 years for perennial crops and renewable if lawfully used (Article 20). If the land was not used for one year, it could be withdrawn by the state (Article 26). If the state needed to recover land for the public interests, compensation would be given to the households affected (Article 27). (LLV 1993: 40, 43, 45, 49, 56). In order to record and protect private land use rights, the government has been conducting a nationwide cadastral survey and land registration and begun to issue Land Use Right Certificates (LURC). But this would need 15 years to complete and is extremely costly. (Hayami 1994: 9, 12)

Because in these three countries, since the new land tenure reforms, the state-owned farmland could be used just as private land, there is no state compulsory procurement quota, the possession of land could be sold and bought like private property, and in Cambodia residential land became privately owned and salable, such land use rights have "*become little different from private land property rights* in modern market economies in their effects on resource allocations, even though 'state ownership of land' is maintained" (Hayami 1994: 9).

However, the designers and advocates of such a *nominal state - but de-facto private - land ownership* either did not expect or excluded the ensuing problems, especially the following two.

I. New Landlessness in the Low Wage Economy.

In monsoon Asia, when yields of rice and other grains are low, and rural

infrastructure, diversified cropping², non-crop agriculture³, and off-farm employment⁴ not yet developed, peasants can find few employment opportunities in non-grain production. Thus their income is very low. In such a low wage economy, their ability to cope with problems in production and living is also very weak. The permission to sell state-owned but individually possessed land opened up the *possibility* that peasants might be forced to sell land to deal with natural disasters, diseases, debts (including gambling losses) and other difficulties, or be induced to sell land to industrial and urban developers/dwellers in order to earn easy and high short-term profits, thus becoming newly landless.

Most rural areas of these three countries are still in the low wage economy. Moreover, when the agricultural cooperatives were abolished, so were their services and support to individual households, which led to single individual household operation that was weak when peasants were still poor. The difficulties they met in single operation strengthened the *necessity* for them to sell land, thus becoming newly landless.

For example, in *Cambodia*, agriculture remains the mainstay of the economy. Employment opportunities outside agriculture are extremely limited. Agriculture itself is dominated by rice subsistence farming. Production is vulnerable in adverse weather conditions. Irrigation systems remain largely inoperable. 38 % of households were below the poverty line in 1996. Cambodia is one of the poorest countries in Asia and the world. (FAO/WFP 1996: 2)

When *krom samaki* were abolished, land was distributed to member households according to their family size at that time and was to be registered at the district land office. Under the new system, privately owned residential land could be sold and bought with the permission of the district land office. State-owned but privately possessed farmland could also be sold and bought, and converted into residential land, with the permission of the provincial land

² Diversified cropping implies a shift from a monoculture or a few crops (mainly grains) to a larger assortment of crops (roots and tubers, pulses, oil crops, vegetables, fruits, berries, treenuts, etc.) (Oshima 1993: 125. FAO-YP 1993: iv).

³ Agriculture in a broad sense includes cropping (farming), animal husbandry, fishery, forestry and hunting (Oshima 1993: 152), and in a narrow sense only refers to cropping (farming). Thus non-crop agriculture means animal husbandry, fishery, forestry and hunting (the importance of hunting has been declining due to environmental protection).

⁴ Off-farm employment of farm families denotes their employment in nonagricultural sectors, i.e., industry and services. Industry includes mining, manufacturing, construction, public utilities, transportation and communication. Services comprise banking, real estate, public services which require the highest level of education and retail trade, restaurants, domestic and other personal services which only need minimal education. (Oshima 1993: 138, 152)

office. But the management of land by the authorities was not serious. Some people tried to record more land than they had and when the officers came to check, they borrowed others' land temporarily. Many peasants got farmland without registering it with the district land office at all so as not to pay the registration fee. Even so, they could still sell their possessed land with the signatures of the local authority. In one case, a poor woman's farmland was partially occupied by her neighbors, but she could not win justice from the village committee because she could not afford to invite the officers for meals and drinks. Hence the superficial and arguably chaotic land management in the young Cambodian market economy after the abolition of the cooperatives. (Kusakabe; Wang & Kelkar 1995: 88-91)

Abolished with the *krom samaki* was also their support to individual households. Owing to the loss of men in the wars, women make up 54 % of the adult population over 15, head 20 % of rural households and hold possession title to substantial paddy land. Peasants in general do not want to sell land, as a group of women cried: "If I sell land, where shall I live?" (Summers 1997: 189. Kusakabe; Wang & Kelkar 1995: 89-91)

But due to difficulties from weak individual land operation, poverty, illness, and even gambling losses, quite a few peasant families, especially those headed by widows, had to sell their possession of farmland. A widow sold land because her family could not afford to keep the land after three years' bad rice yield and their income from fishing was not sufficient. Although sale of land formally requires all the relevant people's signatures, this regulation seemed unimportant in practice. Owing to gambling losses, a man sold the possession of his family's farmland even without informing his wife, although it had been registered under both of their names. There were also women who, due to marriage, separated from their parents but found that the latter refused to give them farmland owing to family unhappiness, so that they had to work as wage laborers in other farms. They all became newly poor landless. (Kusakabe; Wang & Kelkar 1995: 89-91)

On the other hand, there were people who sold residential land and possession of farmland along the roads at high prices to earn more money, and thus also joined the newly landless. They could not easily survive if they have spent the easy money while still having not found secure jobs in non-agricultural production which as yet is underdeveloped in the poor rural areas. A widow sold land and bought weaving machines to weave silk skirts to be sent to Phnom Penh for sale. But it was unclear how she and her family could live if market demand fell. (Kusakabe; Wang & Kelkar 1995: 89-91)

Similarly, in *Laos*, the agricultural sector is continuously vulnerable to adverse weather and pests. The country is land-locked, with a poorly developed infrastructure and serious shortage of skilled labor. Economic disparities between

the more developed areas, especially the Vientiane Plain and the southern Mekong towns on one hand, and the rest of the country on the other, have increased since the reform of the late 1980s. Laos is also one of the poorest countries in Asia and the world. (Gainsborough 1997: 539)

Cultivable land is scarce, while population pressure is increasing. The early settlers and their heirs have occupied more land, leaving less or no land for the villages to distribute to the new families. Inheritance also made land more fragmented. (Groppo; Mekouar; Damais & Phouangphet 1996: 11, 17, 31). Because salability of land requires the individually possessed public land to be fixed to the possessors, officials have no means to take a part of land from those households possessing more public land and allocate it to those households holding less or no land below the subsistence level, or to consolidate fragmented parcels.

With the salability of the state-owned but individually possessed land, from 1993-94 on, property transactions near Vientiane mainly involved the sale of agricultural land, mostly along or near roads, to urban dwellers. Peasants with large land area (5 to 10 ha) have been able to sell at high prices, thus rapidly increasing their capital investment potential while still retaining sufficient agricultural land. In contrast, families with little land (1 to 2 ha) have been unable to sell any land and were having problems meeting their basic requirements on the farm as they were below the sustainability threshold. The social gap has been widening. In the present context of greater market integration and gradual economic opening up, they will probably find it difficult to avoid proletarianization or poverty. (Groppo; Mekouar; Damais & Phouangphet 1996: 16-18)

Land sale to urban dwellers was for high prices reflecting future industrial profits rather than agricultural earnings, thus those farmers who really needed land for survival could not afford to buy it at all. While few villages still have land to allocate to new population, the property market has absorbed a large land area. For example, in one village with 15 landless families and no land to allocate because there was not any left, no less than 75 ha have been sold in barely two years. (Groppo; Mekouar; Damais & Phouangphet 1996: 17). Meanwhile, the obligation to sell land due to difficulties in the weak single household operation, natural disasters, diseases, debts, gambling losses, etc. has occurred.

As a result, landless families as a *new* category of inhabitants - agricultural proletariat - began to emerge in many villages. Around Vientiane, it accounted for about 10 % - 15 % of the total rural families. In one village, 71.6 % of the households were landless. In another village, five families held no land but lived with their parents-in-law, who possessed a fair amount of land. The possibilities for these families to possess land are virtually nil. There is

insufficient agricultural land for rent to alleviate the lack of appropriate land. Those who could not rent land had to rely exclusively on wage labor in the village or in Vientiane. (Grosso; Mekouar; Damais & Phouangphet 1996: 11, 23, 42)

In Vietnam, in 1994, 6.8 million or 17 % of labor force were either unemployed or underemployed. There are sharp contrasts in development between different regions, especially lowlands and uplands. Infrastructure is still backward. (Demaine 1997: 1056-1057, 1063). More than half the 75 million people still living under the poverty line, although major cities have become much richer (Economist 1997: 66). However, during 1988-94, over 2,950 agricultural cooperatives (17.4 % of the total) had been dissolved. By the end of 1994, a total of 16,243 agricultural cooperatives still existed, covering about 64 % of all farm households. But there were great differences in their operational performance. An estimated 15.5 % of them that had recorded good performance in the past ("*good*" cooperatives) were still able to provide necessary services to member households. "*Middle*" performing cooperatives accounted for 40.4 % of them and were mainly engaged in providing irrigation facilities and services. They did not have sufficient capital and funds to cover increased expenses, and many members have quit. Thus lots of them have become dormant and nominal. Non-operational ("*bad*") cooperatives accounted for 43.3 % of the total. Although the leadership of these cooperatives remained in place, they neither carried out economic activities nor provided any services to members. The management costs were mainly paid out of debt recovered from the members. In many regions, however, members refused to provide any additional funds. As a result, the number of "*bad*" cooperatives has been increasing. In the South, cooperatives have largely disappeared. The farm tasks that require group actions, such as irrigation management, have had to rely on voluntarily formed production teams, which appeared in both the North and South. (Harms 1996: 1-3. Hayami 1994: 11). Therefore, the majority of farm households are carrying out single household operation of land which is weak.

Under such circumstances, following the permission to sell the individually possessed state-owned land in 1993, newly landless has appeared too. In early 1997, the government raised its concern about this issue during a meeting of provincial leaders in the Mekong Delta. No official data relating to this situation is yet available, but a survey on the new landlessness in the Mekong Delta is being carried out. (Messier 1997). As a result, even Tran Duc Luong, President of Vietnam, has conceded that economic reforms have produced only limited benefits for rural Vietnamese (Tran Duc Luong 1998).

Hayami, however, has excluded the possibility of new landlessness and related trend of polarization, stating: "The highly polarized agrarian structure and oppressive landlordism observed in some developing countries have emerged

mainly as the result of colonial exploitation policies, including exclusive land allocations to colonial elites. This situation is diametrically different from that of Vietnam today. Therefore, it is not necessary to be overly concerned about such an inequitable agrarian structure emerging in this country". (Hayami 1994:15). But Hayami may not know that "the highly polarized agrarian structure and oppressive landlordism observed in some developing countries" in monsoon Asia had emerged *well before* the colonial era [e.g., before the late 1940s they existed in Japan which was never colonized, in China for about 2000 years which incorporated Vietnam in 112 BC for 1000 years (Smith 1997: 1046), in Cambodia no later than the sixth century (Summers 1997: 176) and in Laos the eighth century (Stuart-Fox 1997: 532)]. The incorrectness of Hayami's statement is also shown by the immediate appearance of the new landlessness after the setting-up of the nominal state - but *de facto* private - land ownership in these three countries although they are currently not colonized.

II. Inefficient Land-Holding in the High Wage Economy.

In monsoon Asia, once yields of rice and other grains are raised, and rural infrastructure, diversified cropping, non-crop agriculture, and off-farm employment developed, peasants can find sufficient employment in non-grain agriculture and off-farm lines. Their income is greatly increased and there is no need for them to rely on rice production. If land were fixed to the possessors, then, in such a high wage economy, there would be a tendency for the possessors to become *part-time farmers* and *absentees* and keep the land just as an asset without tilling it efficiently, nor selling and leasing it to the full-time farmers who wish to concentrate on rice production. Even in those rural areas which still remain in the low wage economy, many peasants may go to cities or other rural areas which have entered the high wage economy to earn more income, while still holding their land without efficient use and even leaving the land desolated. The newly rich peasants may change farmland into residential land for more housing. Urban developers, who have bought agricultural land when its prices were relatively low in comparison with its future prices, may leave the land idle for years without making construction, or repeatedly sell the land between speculators in expectation of continually higher prices.

For example, in *Japan*, the land reform during 1946-50 established a private land ownership with fragmented small farms: on average, the farm size was 0.8-1 ha, number of parcels per farm 10-20, and parcel size 0.06 ha, the total one way distance to parcels about 4 km. Land sale and lease, although allowed, were seriously restricted by a 3 ha ceiling on land holding, protection of tenants from eviction, and control of land rent at a very low level. The national rural cooperatives socialistically collectivized forward and backward services and financing for the individual farming units which could only control the direct production process. Thus, newly landless did not appear in the low

wage economy. Peasants gained huge incentives for production. Through construction of rural infrastructure, higher yields and multiple cropping of rice and other grains, diversified cropping and non-crop agriculture, off-farm employment, peasant migration to cities and work in towns, full employment was realized and wages rose, which was followed by agricultural mechanization with small machinery. In 1960, rice self-sufficiency was achieved, the first transition (agriculture to industry) completed, labor shortages appeared, and the second transition (industry to services) started. In the high wage economy, the fragmented small farms should have been consolidated and expanded, so that large machinery could be used, labor saved, costs reduced and increasing returns to scale (up to an optimal size) gained. However, much land was held by part-time farmers and absentees with inefficient use, while the remaining full-time farmers could not get larger land to till and were thus difficult to survive.

Therefore, in the 1960s, the land holding ceiling was relaxed and *land sale* encouraged. From 1970 on, land rent control was removed, tenancy protection lifted and *land lease* promoted. But neither succeeded and the fragmented small farms structure remains. In 1995, of all farm households, *full-time* households accounted for only 15.3 %, *part-time 1* (mainly farming) took 18.3 %, and *part-time 2* (mainly on other jobs) 66.5 % (JSY 1997: 226). Utilization rate of cultivated land decreased from 133.9 % in 1960 to 99.3 % in 1994 (JSY 1986: 159. JSY 1997: 235). The self-sufficiency rate of rice has been maintained by huge subsidies, but those of most other agricultural products have declined to below 100 % since the 1960s and all were so in 1994 (JSY 1993/94: 272. JSY 1997: 276).

Taiwan Province of China and *South Korea* have simply repeated the Japanese model of rural development. (For a more detailed analysis on Japan, *Taiwan Province of China* and *South Korea*, and a new proposal for land consolidation and expansion under private land ownership, see Zhou, Jian-Ming 1997.)

If the state-owned agricultural land were fixed to the individual possessors under weakly enforced regulations in Cambodia, Laos and Vietnam, then, once their rural areas have entered the high wage economy, inefficient land-holding would also happen. Actually, at least in *Laos*, this phenomenon has already appeared near cities where wages are much higher. It has been mentioned in the above that around Vientiane from 1993-94 on, following the salability of the state-owned but individually possessed land, much agricultural land, mostly along or near roads, was sold mainly to the rich urban dwellers. But much purchased land was just left idle. Although in theory unused land is to be withdrawn by the village, the mechanism to prevent inefficient land-holding and land desolation is neither sufficient, nor effective. (Groppo; Mekouar; Damais & Phouangphet 1996: 17, 44)

Hayami criticizes the 1993 Land Law of Vietnam for putting private land transactions under several regulations (such as the maximum ceiling on land holding, justification by local officials of the need for land sellers or lessors to reduce their land holdings and the capacity of buyers or lessees to use the increased holdings efficiently), on the grounds that in his judgement of the experiences of other countries, such regulations, once strongly enforced, became a source of extremely large inefficiency (e.g., in Japan) (Hayami 1994: 14-15).

However, Hayami does not note a dilemma: certain strongly enforced regulations or conditions in the land transaction market in the low wage economy may become a source of inefficient land-holding in the high wage economy; but without them, newly landless would appear in the low wage economy.

To such a dilemma, Hayami's solution is that "The proper policy design should limit application of the regulations on land market to the cases in which significant externalities or social costs, such as water pollution, are involved. Land transactions involving no such costs to society should be approved *automatically*." (Hayami 1994: 2). In short, public land should first be solidly possessed by individuals, and then land transactions among individuals should not be restricted.

Hayami, however, does not realize that a free market system may not be able to resolve such a dilemma. As Gordillo de Anda argues, markets do not function by themselves. It is naive to assume that the removal of government interventions will result in reasonable approximations of perfect markets. It does not follow that social welfare will rise as a consequence of the removal of some or all government interventions. On the contrary, the impact of structural reform and liberalization has negatively affected the poorest. The virtues of the market are exaggerated in line with the vices of the state. Markets must be managed and market failures compensated for. For development to work, people have to feel that they directly benefit; and for that to work, there has to be a *mix* of market, civic society (such as farmers' cooperatives or associations) and government. Each of these three parts needs the other parts. Such a mix could release something far more powerful than the energy of each: the synergy of "collective imagination and action" that results in sustainable development. (Gordillo de Anda 1997: 1-3, 7-8). Riddell further points out that "There exists a wide range of examples of public sector and private sector cooperation. The challenge that all nations are facing is to identify and implement solutions that respond to their own situation." (Riddell 1997: 2)

In fact, it was correct for Cambodia, Laos and Vietnam to abandon the centrally planned economy, but *incorrect* to turn to the opposite extreme - largely relying on free market forces and paying little (at least insufficient) attention to the role of the other two parts - intervention by governments, and

management and support by villages and cooperatives. Their experiences are important to Myanmar and North Korea since they have also adopted market-oriented rural development measures, although to distinctly different degrees.

The Constitution of Sep. 24, 1947 of Myanmar which gained independence on Jan. 4, 1948 established a state land ownership with the right of tilling land given to the actual tillers. They include mainly private individuals, but also state economic enterprises, cooperatives, domestic-foreign joint ventures and other organizations. Upon application by peasant households, village people's councils allocated parcels of land to farmers with a maximum duration of 30 years, but renewable for lifetime, and decided who should till the land after their death. Thus small land-holders have been dominant. (Steinberg 1981: 125. Silverstein 1997: 634-635. Steinberg 1987: 273. Kyi Win 1997)

During 1962-86, there was a compulsory state rice procurement quota system. In principle, the state had a *monopoly* of all major commercial sales of rice, inter-township paddy shipment, and exports. Quotas were set for procurement from individual farms. The farms could retain fixed amounts for home consumption plus a small amount for seeds and ceremonial activities, were required to sell most of the surplus up to the quotas to the state agency, and could then sell the residual to any individual consumer within the township (in specified rice surplus townships, also beyond the township). The state procurement prices, although raised several times, were generally lower than the market prices, hence a Two Track Price System for rice. During 1987-88, the state liberalized the marketing of rice, first by allowing cooperatives to operate alongside the state agency, and then, in September 1987, by opening trade to private agents. Their introduction, however, coincided with a decline in paddy production and a period of rapidly rising rice prices which contributed to growing unrest in urban areas in 1988. Thus, since 1989, the compulsory state rice procurement quota system has been reintroduced. In 1990-91, the state purchased about 15 % of total paddy output, cooperatives bought around 7 %, and the rest was open to private agents. Although the quota prices were lower than the market prices, the state provided fertilizer and credit at subsidized prices to farmers. (Steinberg 1981: 133. Steinberg 1987: 274. Vokes 1997: 646)

Rice still dominates the economy, and is the main source of employment and principal export earner. Production is dependent on the weather. As a result, Myanmar remains one of the poorer countries in Asia. (Vokes 1997: 645-646). Its land tenure system (which is quite similar to the initial stage of the Chinese model, see below) has avoided new landlessness in the low wage economy, could control inefficient land-holding in the high wage economy, and has guaranteed a basic food security via the state compulsory procurement quota system. But it also is currently under revision in order to realize a more market-oriented rural development (Kyi Win 1997).

In North Korea, agricultural land is either collectively owned (more than 90 %) or state-owned. A centrally planned economy is still in place. In 1995-96, a new stress was made on transformation of collective farms to state ownership. Since 1991, output has declined and serious food shortages occurred, especially since 1993 due to flood damage (FEA 1995: 466. FEA 1997: 488). Rice was an important export commodity until the mid-1980s, but has to be imported, together with wheat, in the 1990s. A few signs of market-oriented reform have, however, also appeared. In 1994-96, emphasis was switched from heavy industry to agriculture, light industry and foreign trade. (Chung 1997: 481-483). In 1996, the state allowed 30 pyong (0.0099 ha; 1 pyong equals 3.3 square meters) for private backyard cultivation by each civilian household and 100 pyong (0.033 ha) by a soldier's family (Shim Jae Hoon 1996: 30). It was reported that massive collective farms have been reduced in size and some farmers permitted to plant crops twice a year (double-cropping) - a practice long forbidden. Peasants in the hard-hit northern provinces have been told to fend for themselves, allowing them to trade privately with China. With help from the UN Development Program, there have been a few scattered experiments, providing credit to individual households to buy chickens or goats and allowing them to sell eggs or milk on the open market. (Richburg 1997: 4)

Should Myanmar and North Korea follow Cambodia, Laos and Vietnam in establishing a nominal public - but *de facto* private - land ownership for a more market-oriented rural development?

In this regard, the China example may be relevant and significant. In the following analysis, four questions deserve attention, i.e., for a market-oriented rural development under public land ownership, whether (1) private land sale and mortgage, (2) strongly enforced conditions for land-holding for efficient use, (3) cadastral certification for a *de facto* private land ownership and (4) state compulsory procurement of quotas of grain, are necessary or not.

The Chinese Model

Similar to Cambodia, Laos and Vietnam, China started market-oriented rural development in 1978, still keeps public land ownership (although at village collective level) and allows peasant households to use the land. But China has pursued a third way between the centrally planned economy and free market system, implemented a mixed economy of governments, village and households, and consequently succeeded in solving the above-mentioned dilemma by both preventing new landlessness in the low wage economy and controlling inefficient land-holding in the high wage economy.

In China, rural land can be sold only with the state's permission to public (usually urban) administration, which can then render or lease it for use by public or private domestic and foreign developers. Those peasants who have lost living conditions after the land sale would be given help for employment. Thus

no landlessness has appeared. For using collective agricultural land, households are required to sell certain major products in quota to the state and can dispose the surplus in the market (the Household Contract System). The market prices are usually higher than the quota prices, but after a very good harvest, may fluctuate toward lower than the pre-determined quota prices (hence a Two-Track Price System). The first round of contracts lasted for 15 years (1978-93), and the second 30 years (1994-2024), renewable. The village has the duty to fulfil the general management of the contract system and provision of services, thus a village-household dual level operation of land with the household as the basic level. The village also is responsible for managing social welfare, infrastructure construction, natural disaster control, overall rural development, etc.

Initially, under the *Equal Land System*, land was distributed on a per capita basis equally according to the quality, quantity and distance, resulting in numerous fragmented small farms. As population increased, parcels had to be readjusted to families, leading to increasingly fragmented smallness of farms and parcel insecurity. As the economy moved into the high wage stage following the increase of yields, development of rural infrastructure, diversified cropping, non-crop agriculture and off-farm activities around 1984, part-time farmers and absentees appeared. They either only produced grain in quota, or simply bought grain in the market or paid cash for fulfilling the state procurement tasks, hence creating false output. They held land for inefficient use without the willingness to officially transfer or personally lease it to the remaining full-time farmers, although *no land holding ceiling* has been stipulated. The fragmented small farms could not be consolidated and expanded. In order to solve these problems, the Dual Land System and Single Land System, among other experiments in *appropriate large-scale farming* for more efficient land use, have been carried out, which are presented below, briefly due to the length limit of the paper.

Under the *Dual Land System*, land was divided into self-sufficiency land and responsibility land. *Self-sufficiency land* (grain-rations land) was equally contracted in compact form to households on a per capita basis for planting mainly grain for self-consumption. The use of the self-sufficiency land was almost free of charge as a basic social welfare. In general, the higher the degree of development of the village's non-grain agriculture and off-farm production, the less the payment required for using the self-sufficiency land.

Responsibility land was contracted also in compact form on the conditions of fulfilling output quotas of the state, paying agricultural tax to the state and collective fees⁵. The contractors could dispose of the surplus products on the

⁵ According to a national sample survey on the state compulsory purchase system, grain sold at the quota prices, depending on places, took 13.5 % - 21.6 % of the total grain output in 155 sample villages in 1988. (RCRD 1989). The averaged state agricultural tax was 3.7

market. In general, the higher the degree of development of the village's non-grain agriculture and off-farm lines, the more competitive the distribution of the responsibility land. There were four basic categories.

Category 1: In areas where non-grain agriculture and off-farm employment were *little* developed and peasants almost completely relied on grain production for living, responsibility land was equally contracted to households on a *per capita* basis.

Under the Equal Land System, the increase of population was actually encouraged and led to frequent land redistributions. Under the Dual Land System, the contracted land of each household was divided into two. The increase of population of a household would lead to the deduction of its responsibility land but an increment of its self-sufficiency land (children born beyond the family planning limit were not taken into account). The decrease would lead to the increment of its responsibility land but deduction of its self-sufficiency land. Thus, as the family size changed, the area and location of the household's land kept the same, only the proportion of the two kinds of land was changed on the account. This was called *the Dual Land on Account System*. Households were thus encouraged to produce less children in order to get more responsibility land within their total contracted land so that they could produce more to sell in the market. The economies of scale of land would at least not be lowered due to further smallness and fragmentation and may even be raised. (Wang & Ma 1990: 34)

Category 2: In areas where non-grain agriculture and off-farm employment were *modestly* developed, responsibility land was equally contracted to every *labor force*. Here, some laborers already worked in non-grain agriculture and off-farm lines. But jobs there were not secure, so that they were not yet willing to transfer their responsibility land. Such areas were richer than those in Category 1, thus non-laborers (the old, children, etc.) were only entitled to self-sufficiency land but not to responsibility land so as to make the use of the latter more efficient. As the responsibility land was distributed among less people, each laborer could equally get more land so that the economies of scale were raised. (Wang & Ma 1990: 34)

Some villages set up a reserve land for both overall rural development and newly increased population. To those households without laborers, if the population grew and their self-sufficiency land was not enough, a part of the reserve land could be given to the new population. (Zhang; Liu & Zhang 1989: 34-36). To those households with laborers, the "Dual Land on Account System"

yuan per mu (0.0667 ha) in 1988, as up to about 4 % of the net income per mu (SYC 1989: 174, 663. RCRD 1989). The collective fees should not exceed 5 % of last year's per capita net income of peasants of the village and township in question (SC 1991: 12-13).

was also applied.

Category 3: In areas where non-grain agriculture and off-farm employment were *fairly* developed, responsibility land was equally contracted to every *agricultural* labor force (for grain production). That means those laborers having left grain agriculture but still holding their permanent residence in the village were no more entitled to responsibility land, although still to self-sufficiency land. (Those who had got permanent city residence were obviously not entitled to either self-sufficiency land or responsibility land.) Because only the remaining agricultural labor force could equally contract more land, the economies of scale and land use efficiency were further raised. (Wang & Ma 1990: 34)

Here, for adjusting the ratio of self-sufficiency land to responsibility land of the households of agricultural labor force, the Dual Land on Account System could still be applied. To the households of non-grain agriculture and off-farm laborers, if their self-sufficiency land was not enough due to population growth a part of the reserve land could be given.

Category 4: In areas where non-grain agriculture and off-farm employment were *highly* developed, responsibility land was contracted to agricultural labor (for grain production) by *competition* of bidding. Here, because many peasants would like to concentrate on non-grain agriculture and off-farm activities to earn more income, it was possible for villages to contract the responsibility land to *expert* farmers. Only those who bid higher output could win the contract. The division of land was according to its suitability to a specific product (rice, cotton, etc.). Expert farmers, who could also be non-villagers, were given land according to their relevant expertise and ability. Economies of scale of land and efficiency in land use were highly raised.

As the villages became rich, they could provide the newly increased population with food at quota prices, rather than giving them self-sufficiency land.

This was regarded as the optimal standard Dual Land System, for the self-sufficiency land was distributed equally as a back-up basic social welfare, but responsibility land was contracted through competition of bidding (Wang & Ma 1990: 33-34).

The village may also *lease* land (usually reserve land) in compact form to expert farmers via bidding for higher monetary rent, rather than output. However, a certain type and amount of products (e.g., grain) were still required. The land under leasing was also a kind of responsibility land, hence a special form under the Dual Land System.

In order to implement the Dual Land System, it was necessary to actively educate villagers so as to obtain their majority agreement, and to oblige the few recalcitrant part-time farmers and absentees to transfer their inefficiently-used

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