Kenya: A Question of Land

By Samuel Marete

Not too long ago, musician John Mũigai Njoroge was summoned by the National Cohesion and Integration Commission (NCIC) for uploading the song *Ĩno Mĩgũnda* to YouTube. *Ĩno Mĩgũnda* may be translated to mean “These Parcels of Land”, or, as translated in the song’s sub-titles, “This Land”. Increasingly, and amidst stifling economic stagnation at the citizen level, the spotlight is beginning to shine on the contentious matter of land. In this piece we to look at how economists have treated (or ignored) land, the economic dynamics of land in reality, the current status of our nation, and offer three possible solutions to the current state of affairs.

In one sense, land can be defined, as by Dr Josh Ryan-Collins et al in *Rethinking the Economics of Land and Housing*, as “space, and the occupation of that space over time”, and indeed this is the most common understanding of land as we have it. However, we would do well to include in the definition of land, as Henry George did in his seminal book *Progress and Poverty*, not merely the surface of the earth as distinguished from air and water, but also as, “. . . in short, all natural materials, forces and opportunities”. This definition would include mineral resources such as oil, natural gas and coal; water and related resources; the electromagnetic spectrum; etc. In fact, we can think of land loosely as “that naturally-occurring wealth that man cannot produce”.

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Definitions are very important and as we shall see, defining or mis-defining land can lead to economic theories/practices that are either unrealistic, unjust or (as is often the case) both.

Is land important economically speaking? The French physiocrats and the classical economists such as Adam Smith, David Ricardo and John Stuart Mill all recognised the importance of land in understanding economics. Building on their work, Henry George wrote *Progress and Poverty*, a book that was second in circulation only to the Bible in the 1890s.

(Although he was not the first to state it, Henry George wrote that the factors of production are land, labour and capital. He added that, this being the case, the returns from production must necessarily be shared between/among these three factors. It seems to me that on this simple premise one could base/found the whole realm of economic study or even economic history (together with vast swathes of history proper): what proportion, if any, of the returns from production should – rightly, justly, properly – accrue to each of the factors of production: to land, to labour, and/or to capital?

We shall examine Henry George's solution to the land problem later. At this point we shall merely state that so forceful was the power and the logic of George's writing that, according to the late Professor Mason Gaffney, it generated a scholastic reaction that grew into neo-classical economics. Neo-classical economics chose to base itself on principles of free choice, rational actors, and "free markets" that naturally self-equilibrate through the forces of supply and demand. This brand of economics came to dominate learning, and still does. Eventually, it succeeded in conflating land and capital as factors of production. In this way, the importance of land as a factor of production was lost to the academic world and to the realm of economic theory. The results of this disastrous omission reverberate all the way up to the global financial crisis (which perhaps should more accurately have been named the North Atlantic financial crisis), but we are not on that today.

The truth is that land and capital are radically different factors of production. Crucially, the supply of land is fixed; i.e. the stock of land cannot increase as a result of rising demand for it. Only its price can rise – and it does. The market in land, therefore, cannot (justly) self-equilibrate via the forces of supply and demand. As we consider this, we stumble upon the reality that the private ownership of land, and indeed of all natural-occurring resources, is at once freedom and theft; while it is freedom for the owner of the land/resource, it is also theft from the public, because of what economists call economic rent.

(Economic rent is defined as any payment to an owner or factor of production in excess of the costs needed to bring that factor into production. In lay terms, we may define economic rent more simply as "unearned income".)

As far as land is concerned, economic rent comprises: a) the capital gains that arise from the ownership of land and/or the private ownership of what Henry George called naturally-occurring "materials, forces and opportunities" and b) what the owner of that land can charge as rent simply because of the positioning of the land (or the value of the natural resource).

As Adam Smith stated, "As soon as the land of any country has all become private property, the landlords, like all other men, love to reap where they never sowed [i.e. become the recipients of unearned income], and demand a rent even for its natural produce".

The result of this is a well-known phenomenon in the Kenyan economy: one buys a piece of land and hopes that soon the government will build a road nearby. The government builds a road and the land increases in value, sometimes by several factors. This increase in the value of the land is unearned income. It is economic rent. Further, not only does the land gain in value, but the rent a landowner can charge also increases without the landowner applying an iota of effort. This too is unearned income.

In fact, as Henry George points out, no government improvements are necessary in order for the value of a parcel of land to rise. The mere settling of a community in and around a parcel of land can in and of itself raise that parcel's value – with not a stroke of work done by its "owner". City centre land (or land in Upper Hill or in Westlands), for example, takes this to extremes.

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Any society/economy that allows a select few to earn an unworked-for income – of any form – is an inherently unjust economy. To see this truth is to begin to recognise a grave injustice: unearned income is the bane of socio-economic equity. Further, an unjust economy will naturally result in an unjust society. This is what it was about George's writing that generated such a reaction in the halls of academe: it laid bare these inequities and proposed solutions to bring them to an end.

Without the equitable distribution of land, and without the extraction of unearned income from the hands of private interests into the hands of the public, inequalities in income – and very shortly thereafter inequalities in accumulated income, i.e. wealth – rapidly manifest themselves. Such a society very swiftly descends into that morass of wealth disparity characterised by vast differences in resources between the haves and the have-nots. There then arises that situation so succinctly described by Adam Smith, in which "Civil government, so far as it is instituted for the security of property, is in reality instituted for the defence of the rich against the poor, or of those who have some property against those who have none at all".

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If all this be true, then it ought to be the case – empirically, not in abstract formulaic or merely academic terms – that a more equitable distribution of land should lead to more widespread prosperity. This is indeed the case, although other factors must necessarily support such a redistribution. We shall revisit this in the proposed solutions to our current situation. Suffice it to say at this point that that which we know in our bones to be true; that which causes our Luo brothers to call their daughters Nyar-Ugenya, or their sons Ja-Kisumo; that which inspired Wahome Mũtahi, in his *Whispers* column, to call himself "Son of the Soil"; that indefinable intuition! certainly is true: that we are from here; that this land – all of it – is rightly, justly, and collectively ours; that each of us deserves some of it; that none of us deserves disproportionately more of it, and that very certainly nobody deserves most/all of it. This truth, try as the crashing waves of fraudulent social science might to repudiate it, stands firm, and it is corroborated by that social science of the more honest variety.

Does everybody need land?
A captious economist planned
to live without access to land.
He nearly succeeded,
but found that he needed
*food, water, and somewhere to stand.**

Having established in the foregoing section that the equitable distribution of land is critical for economic justice, we wish to more certainly determine: should everybody have land? The limerick above, in whimsical fashion, answers the question – showing that while land can be put to any one of a hundred uses, it is impossible to function as a human being – to *live* – without the use of *some* land. Therefore, everyone should have some land.

How much land is equitable?

In his important book *How Asia Works: Success and Failure in the World's Most Dynamic Region,* Joe Studwell found that "Output booms [in China, Japan, Korea and Taiwan] occurred in conditions in which farming was essentially a form of large-scale gardening. Families of five, six or seven people tended plots of not more than one hectare".

(Studwell does an excellent job of showing that large-scale, mechanised agriculture maximises merely profit, while small-scale, labour-intensive agriculture maximises output per acre, and thereby economic growth.)

Does Kenya currently have enough land?

While Kenya has an area of roughly 582,646 square kilometres (58,264,600 hectares), "only 20 percent of the land surface can support rain-fed agriculture (medium to high potential). About 75 percent of the country's population lives in these areas, with population densities as high as 2,000 per square kilometre in some parts". Further, even within this narrow arable area, the distribution of land is inequitable, for "more than half of the nation's arable land is in the hands of only 20 percent of the population." Such was the situation in 2006. By 2016, according to the World Bank, just 10 per cent of Kenya's land was arable.

From the 2019 census, Kenya has a population of 47.6 million. We have a median age of about 19 years. From these figures, we can assume that the number of non-dependents requiring land for basic economic activity such as smallholding agriculture is 23.8 million people or (in a utopian situation) about 12 million families. Going by the World Bank's statistic that 10 per cent of Kenya's land is arable, that would leave 5,826,460 hectares (14,397,496 acres) of arable land, or about 1.2 acres per family.

> While land can be put to any one of a hundred uses, it is impossible to function as a human being – to *live* – without the use of some land

Taking Studwell's one hectare (about 2.5 acres) as the family unit for land, we see that there are two problems: i) that there is not enough arable land (i.e. 1.2 acres vs 2.5 acres), and ii) that what arable land does exist is not equitably distributed.

(The fact that our median age is 19 demonstrates that our unemployment situation – already utterly tragic – will only deteriorate with time. It is the single most significant problem we need to solve. Land reform – as shown below – would go a long way towards solving it.)

Which solutions are available to us to resolve these problems?

Land redistribution (land reform)

The Merriam Webster dictionary defines land reform as "measures designed to effect a more equitable distribution of agricultural land especially by governmental action". In order to more meaningfully convey the object of land reform, this article uses the term land redistribution.

What problems would land redistribution solve? At present, the ownership of land is highly concentrated. This concentration of land ownership has a direct impact on the minimum wage. If land were more equitably distributed, so that each family unit had about 2.5 acres for agricultural use, then the minimum wage would not need to be set by government. The minimum wage would instead default to the return available to the average farmer for working their 2.5 acres of land. Any industrialist would have to offer better than that to attract workers from rural Kenya to the city. The absence of a fair distribution of land leads directly to the current "city dwellers" situation, in which we have masses of workers who walk daily from Kangemi to Nairobi city centre and back (or from Kibera to Industrial Area and back) to do back-breaking work – all for a pittance.

Joe Studwell traces the origins of the economic take-offs of Japan, South Korea, and Taiwan to the redistribution of land among citizens, noting that "In Japan, South Korea and Taiwan, household-based land redistribution programmes were implemented peacefully, and sustained. It was this that led to prolonged rural booms that catalysed overall economic transformation".

Which leads us to: how did they do it? Japan, in particular, implemented land redistribution by imposing a maximum 3-hectare limit for farms in almost all areas of the country. This was implemented by creating land committees on which local tenants and owner-farmers outnumbered landlords. The local aspect of these committees was of critical importance – more centralised, authoritarian redistributions, such as those that took place in Korea seemed less effective. In addition, the composition of these committees was critical for ensuring that fair redistributions took place. A situation where land is redistributed to different, already-wealthy new owners (such as members of county assemblies), or one in which the wealthy generate proxies to "redistribute" their land to, is not difficult to imagine in Kenya. Ensuring that currently landless locals (or those locals with too little land) benefit from redistribution by placing local individuals of individual integrity and probity on the land redistribution committees would be critical to ensuring that land redistribution lasts.

> In Japan, South Korea and Taiwan, household-based land redistribution programmes were implemented peacefully, and sustained

It is important to note that land redistribution, while monumental, cannot work on its own. It must in turn be supported by: i) strict restrictions on the future sale of land; ii) Investment in rural infrastructure (for example irrigation infrastructure, grain-drying facilities, roads to food-basket areas, etc); iii) the provision of agricultural extension services (it was once noted that Kakamega was twice as poor as Nyeri mainly because Nyeri farmers used certified seed); iv) the provision of low-interest credit; and v) marketing support (of a vastly different nature to that hitherto provided by Kenya Planters Cooperative Union, for example) – or liberalisation of marketing.

Lastly, within a society, the ownership of wealth naturally becomes concentrated over time. One-off land redistribution would not solve this perennial problem. Land redistribution must be done periodically – every 50 years being the prescriptive interval.

Land taxation

The taxation of land is Henry George's elegant solution to the conundrum of allowing the private ownership of land while at the same time preventing the private individual from keeping to himself/herself the public benefits of this private ownership. To recap, George's central premise is that people own the earth and its resources in common, and that returns to land (itself a metaphor for the earth and all its resources) should therefore be realised in common. This would appear to negate the concept of private ownership of land or property; Mr George's elegant solution to allowing the private ownership of land while causing the returns to land to be commonly realised was a land-value tax – i.e. the taxation of privately-owned land based on the market value of the land alone (excluding any improvements and buildings upon it). This solution, he wrote, would take the enjoyment of unearned income arising from landownership (i.e. economic rent) away from private hands and place it in the hands of the public.

It might be worthwhile to think, for a moment, about just a few of the implications of this simple "remedy", as he calls it. First**,** implementing a land-value tax would immediately make owning idle land unprofitable. Living, as we do, in a country where vast tracts of land are "owned" without being put to optimum use – indeed, to any use at all – taxing the ownership of such land would in short order cause the sale, or the lease, or the use of that land; anything to enable the payment of the land-value tax. All of these outcomes would be nationally, economically beneficial.

> Placing local individuals of individual integrity and probity on the land redistribution committees would be critical to ensuring that land redistribution lasts

Second, if only land ownership were taxed, it would imply that labour and capital would not be taxed. Mr George states that to tax anything is to discourage it. This is one of the reasons why taxing land values would discourage private land ownership (unless the landowner was doing something with that land that would enable them to pay the land-value tax). Applying this principle of taxation to the other factors of production, to tax human endeavour (labour) is to discourage it, and therefore such endeavour should not be taxed. Imagine the effect on any economy of allowing people to realise the full benefit of their labour. Would this not be just?

Third, that the benefits from ownership of naturally occurring wealth, for example, should be publicly realised is another implication of Mr George's remedy. Implementing this would mean that there would be no more private fortunes in oil, or gold, or diamonds, or the electromagnetic spectrum…

Fourth, implementing a tax based on the value of land, insofar as the value of land was determined accurately, would mean that landowners – including the owners of the most prime real estate in New York, or Nairobi, or London – would realise from their ownership of land only such benefit as accrues from their *improvement* of that land (e.g. by building upon it); they would not be able to benefit merely from "owning" it.

Fifth, Apple and Amazon and Google and Microsoft would not be able to evade federal taxes any longer by pretending to be operating out of Ireland, so long as they had offices (campuses!) in the United States. In other words, a land-value tax is not as easily evadable as many of the forms of taxation we have today.

Land value taxation as a single tax has not been implemented anywhere in the world, for political reasons. In as far as a land-value tax captures the economic rent arising from the private ownership of land, however, an example of the efficacy of this can be seen in Singapore, where the government owns the majority of the land and uses land-based taxes (leases and development uplift) to fund the development of that nation's infrastructure.

Increase of arable land

Before we began to review our solutions, we noted that we have two main problems: a shortage of arable land, and an unequal distribution of what arable land we do have. The first two solutions we have looked at would redistribute what arable land we do have more equitably. We now look at how we can increase the quantum of our arable land.

Bishop Dr Titus Masika, father of the well-known gospel singer Mercy Masika, and founder of Christian Impact Mission, has done some work in this area that is at once illustrious and illustrative. Bishop Dr Masika launched what he called Operation *Mwolyo* Out (OMO) in the Yatta sub-county of Machakos County (*mwolyo* is Kamba for relief food). Yatta, home to about 150,000 people, is classified among the arid and semi-arid areas of the country. OMO saw families encouraged to excavate 20ft-deep water pan to harvest rainwater, and then use the water collected during the rainy season to farm year-round. As a result of these interventions, a community that once had food deficits now generates food surpluses.

Bishop Dr Masika's OMO initiative demonstrates that we do not need to accept the World Bank's "10 per cent arable land" as just another nail in our nation's economic coffin. Amidst much injustice and inequality, we can start with what we have right now. Bishop Dr Masika emphasises the importance of changing a people's mindset before you can change their outcomes . He states that a change in mindset is the most important step in bringing about permanent change. A radical change of mindset is as necessary in the way we think about economics, land and poverty as it was for the people of Yatta before OMO became a success. For water harvesting, while important, would not have been enough.

The late, great Prime Minister of Singapore, Lee Kuan Yew, once stated that the first job of government is to equalise opportunity. An economically undeveloped society with an inequality of opportunities is a society that is ripe for land reform. An economy/society that allows the accumulation – for a select few – of an unearned income arising from the private ownership of land is an unjust economy/society. Indeed, even where unearned incomes such as capital gains are shared quite broadly across the economy (as has happened through the democratisation of home ownership in the UK, for example), as this situation is allowed to persist, wealth concentrates among those who first had the opportunity to privately own land. Eventually this leads to inter-generational differences, where the young experience a "failure to launch" into their own homes because home ownership/tenancy becomes too expensive for young people working their first jobs.

> A society that allows the accumulation of an unearned income arising from the private ownership of land is an unjust society

Typically, however, it takes moments of immense political upheaval in order for land reforms to be implemented. In Japan, land redistribution was carried out under General MacArthur's reconstruction programme (on the advice of the great Wolf Ladejinsky) during the US occupation of Japan immediately after the Second World War. In South Korea, the US's favoured political stooge, Syngman Rhee, enacted redistribution laws, but dragged his heels in implementing them. Matters came to a head during the 1950-53 Korean civil war; after the war, land redistribution was implemented.

In Taiwan, the Kuomintang, fleeing from mainland China, realised they would have to deal with economic inequality by implementing land reform, or perish politically. Songs like *Ĩno Mĩgũnda*, coupled with our current unemployment metrics (5.3 million of our young people i.e. 39% of our youth, are unemployed), and the fact that our median age is 19, are indicators that our own nation is moving inexorably in the direction of significant political upheaval.

It is incumbent upon us to implement these reforms before economic injustice is obliterated in excruciating fashion as the forces of economic inequality now acting upon our nation's youthful population give birth to a long-delayed backlash.

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