

Foreign Aid and Counterinsurgency Policy

Lessons from Land Reform

Ethan Kapstein

Abstract

Recent years have seen the United States embroiled in major counterinsurgency campaigns in Afghanistan and Iraq. These campaigns, of course, are only the latest in a string of such conflicts that have erupted since the end of World War II. Sharply debated at home and abroad, they raise the fundamental question of what the United States can reasonably hope to achieve in violent settings, even when its uses an array of military, political and economic instruments.

Can the United States actually coerce or encourage violence-reducing changes?

Answering that question requires, at a minimum, a theory of what is causing the violence to begin with, along with a theory of how to end it. In this paper I explore these questions from an historical perspective. Following the Second World War, U.S. policy-makers came to believe that land inequality was a leading cause of the insurgencies in such countries as China, the Philippines, and Vietnam, as well as ongoing social conflict in several Latin American states. The Communists, it seemed to them, had successfully seized upon the grievances of rural peasants who worked as tenant farmers, and insurgents like Mao Tse-Tung and later the Viet Minh and Viet Cong had placed land reform at the very center of their revolutionary programs. Not to be outdone, U.S. Secretary of State Dean Acheson proclaimed in 1952 that “land reform is absolutely foremost in our whole international policy.”

But by the early 1960s, Harvard development economist J.P. Gittinger could write that American efforts at land reform had faltered, as efforts in places like the Philippines and South Vietnam were derailed by local elites. Why did land reform prove so difficult to pursue as a response to violent insurgencies? The argument presented in this paper is that when land is the major asset of the elites, they will fight hard to prevent its redistribution from taking place. This suggests the hypothesis that counterinsurgencies are less likely to succeed when distributive conflicts are at the core of the political dispute.

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Foreign Aid and Counterinsurgency Policy: Lessons from Land Reform

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Foreign aid and counterinsurgency policy: lessons from land reform

Recent years have seen the United States and its allies embroiled in major counterinsurgency campaigns in Afghanistan and Iraq, and lesser campaigns in such countries as Yemen and Somalia. These battles against local insurgencies are only the latest in a string of such conflicts that have erupted in nearly every developing region since the end of World War II. Sharply debated at home and abroad, they raise the fundamental question of what the counterinsurgents can reasonably hope to achieve in violent settings, even when it deploys an array of military, political and economic instruments. What levers can foreign powers pull in their efforts to coerce or encourage violence-reducing changes within domestic societies?

Answering that question requires, at a minimum, a theory of what is causing the violence to begin with, along with a theory of how to end it. In this paper I explore these questions from an historical perspective, focusing on the issue of land reform, which was central to many postwar insurgencies. Following the Second World War, U.S. policy-makers came to believe that land inequality was a leading cause of conflict in such countries as China, the Philippines, and Vietnam, as well as ongoing social turmoil in several Latin American states. The Communists, it seemed to them, had successfully seized upon the grievances of rural peasants who worked as tenant farmers, and insurgents like Mao Tse-Tung and later the Viet Minh and Viet Cong placed land reform at the very center of their revolutionary programs. Not to be outdone, President Harry S. Truman's Secretary of State, Dean Acheson, proclaimed in 1952 that "land reform is absolutely foremost in our whole international policy" (cited in *New York Times*, 3 December 1952).

If undoubtedly hyperbolic, there was still a grain of truth in Acheson's assertion, as the United States had not sat idly by while Communist movements exploited this issue. In both Japan and Formosa (Taiwan), American officials had pressured local regimes to put into place sweeping land reform programs; it would later do the same in South Korea (see U.S. Department of State 1952). Indeed, an inter-agency committee that had been formed by President Truman in 1951 was charged to determine the type of agricultural reforms that could "lessen the causes of agrarian unrest and political instability" around the world (Inter-Agency Committee, 1951).

The U.S. also mobilized the international community with respect to land reform. It promoted a United Nations General Assembly resolution on this topic in 1950, alongside studies and meetings by such U.N. organizations as the Economic and Social Council (EcoSoc) and the Food and Agricultural Organization; an Inter-American Conference on Agriculture on land reform was also convened in 1950. As

the U.S. Representative to EcoSoc put it in 1951, “We in the United States recognize that the attainment of peace and stability depends to a considerable degree on immediate and positive steps to correct systems of land tenure which exploit the workers...” (cited in U.S. Department of State 1952, 3).

Despite all this postwar activity, by the early 1960s, Harvard development economist J.P. Gittinger could write that American efforts at land reform had faltered. “Hindsight,” he said, “suggests that more vigorous support” for tenure reforms “would have been fruitful” in a number of countries (Gittinger 1961, 195). In Vietnam, for example, the U.S. would be slow to embrace the cause of land reform, despite admonitions from the World Bank among other organizations to support such a scheme dating back at least to the mid-1950s (Ladejinsky 1955). As National Security Council staffer Robert S. Sansom put it, “The Americans offered the peasant a constitution; the Viet Cong offered him his land and with it the right to survive” (Sansom 1970, 234). By the time Saigon proposed a major reform in 1970, it was too late; Americans had grown tired of the long war there and Washington was preparing to exit that country.

Why did land reform succeed in some places and falter in others? What lessons might we draw from that history for the use of economic instruments to combat contemporary insurgencies more generally? These are the questions that I examine in this paper. In brief, my argument is that land reform exemplifies the challenges that a great power like the U.S. faces as it seeks to influence much less alter the distributive politics of foreign nations. Even when faced with a violent insurgency, local elites will fight reforms that would deprive them of their rents (for an elaboration of this point in the context of the Philippines, see Karnow 1989). To the extent that foreign military power serves the interests of those elites, they may have even less incentive to adopt redistributive policies.

This point is of particular importance at the present time, as the counterinsurgency campaigns in such countries as Afghanistan and Iraq have been based in part on the premise that foreign economic assistance can play a significant role in stabilizing local governments and “winning the hearts and minds” of the civilian population, whose support is critical to military operations of this type (U.S. Senate 2011). Reflecting on these wars, then Secretary of Defense Robert Gates stated plainly in 2008 that “over the long term, we cannot kill or capture our way to victory” (Gates 2008) while counterinsurgency specialist David Kilcullen, in referring to this type of conflict, has asserted “development...by civilian agencies will ultimately win the war” (Kilcullen 2010, 32). But development that, again, favors the elite (for example by

enriching them through contracts) is unlikely to quell the insurgent campaign and instead may help to fuel it.

This paper draws on several historical cases from East Asia and Latin America to generate some hypotheses that be used as the basis for a more comprehensive examination of the use of economic instruments to quell insurgent violence. Cross-country econometric analysis, in particular, will have to await the creation of a suitable dataset that combines measures of land and other types of inequality, foreign aid, and violent incidents, among the pertinent variables. In particular, historical study raises the following hypothesis:

H1: *The more inequitable the distribution of land, and the higher the share of agriculture in the gross domestic product, the more likely the emergence of conflict.*

This hypothesis suggests that *where land is the major asset of the elite, they will fight hard to prevent its redistribution.* Where mobile capital is the major asset, in contrast, elites may be more likely to negotiate redistributive schemes, since they can move a large share of their holdings outside the country, effectively preventing confiscation (on this point see Acemoglu and Robinson 2006). In the language of game theory, fighting is more likely to be the dominant strategy of elites whose assets are in land than for those whose assets are in mobile capital.

That distinction between different types of assets—land vs. mobile capital—has potentially important implications for foreign aid and the leverage that the U.S. can hope to gain over domestic elites through its economic programs. In particular, it suggests the greater difficulty that may be encountered in influencing the political economy of agriculture-based societies. It should be emphasized that this hypothesis regarding land is similar to that advanced in the “natural resources curse” literature, which argues that oil-dependent nations in particular are likely to suffer violent conflict (Collier 2004). Again, when one (immobile) asset dominates the local economy, the question of who controls it—who earns the rents from its exploitation—will shape domestic politics. *A central question for the international community thus concerns its ability to influence distributive politics, and particularly those of resource-based economies.*

This paper is in five sections. Following this introduction I briefly discuss the role of economics in a counterinsurgency campaign. Next, I discuss the specific relationship between land tenure and conflict. This is followed by a discussion of some East Asian cases of efforts at land reform in the midst of insurgent campaigns. The final section concludes with thoughts for further research and lessons for U.S. foreign aid policy as it heads to war.

The economics of counterinsurgency

Since the end of the Cold War the international community has placed renewed attention on the grievances that generate localized conflicts, including civil wars, rebellions, and insurgencies. According to Blattman and Miguel, some 20 percent of the world's nations were involved in violent internal conflict at the turn on the millennium, and many of these conflicts had persisted for many years if not decades (Blattman and Miguel 2010, 4). Economists have taken a stronger interest in these conflicts not simply because of the severe damage inflicted on societies in the short-run due to lives, incomes, and assets lost during the fighting, but also owing to the possible long-run effects on a nation's growth trajectory as well (for a review of the relevant economics literature, see Blattman and Miguel 2010 and World Development Report 2011).

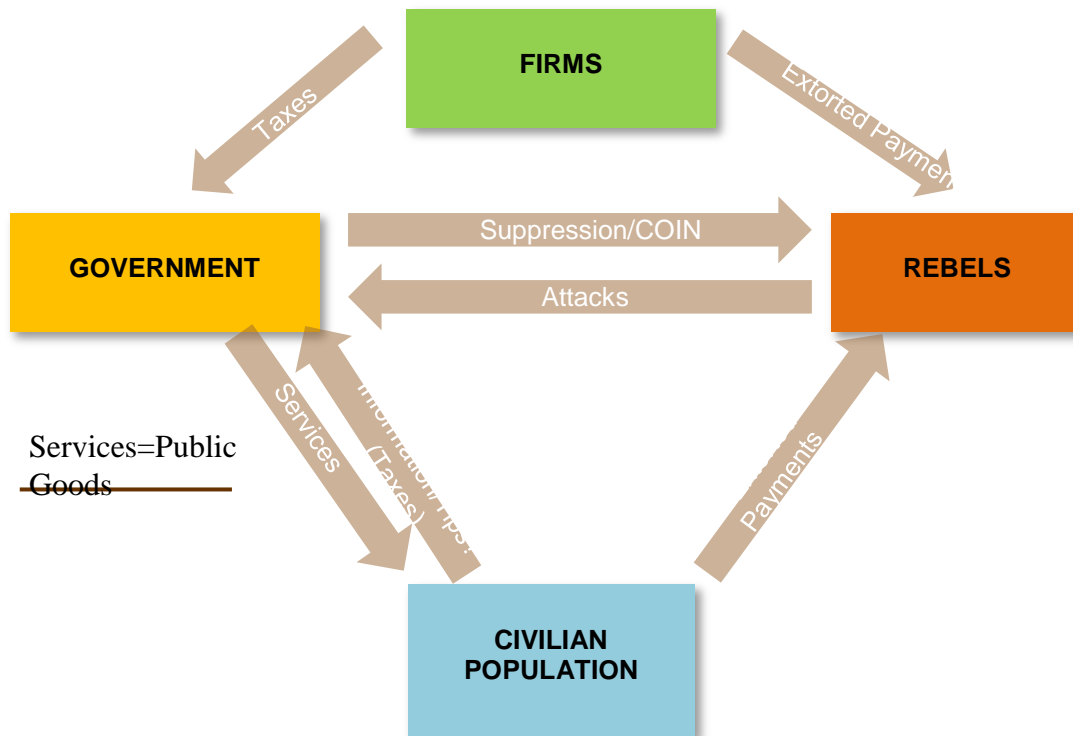
The academic literature to date has tested a wide variety of propositions which relate a country's economic and social structure to its propensity for civil war, including its levels of poverty, inequality, dependence on natural resources (especially oil) and ethnic fractionalization (for an early but still relevant review of the literature see Lichbach 1989). Practitioners have also offered hypotheses about these relationships based on their experiences on the ground. COL Robert W. Schaefer, for example, has argued that "Insurgent groups attempt to win the support of the population by promising a better life through a better distribution of...resources" suggesting that inequality is a prominent driver of internal conflict. As a consequence, he writes that "most successful counterinsurgencies have focused on meeting the economic and political needs of the populace in order to win back support for the government..."(Schaefer, n.d., 4).

For its part, the *Counterinsurgency Field Manual* of the U.S. armed forces asserts that the government must "eliminate as many causes of the insurgency as feasible"; of course, knowing what those causes are is not always a straightforward proposition. Since at least some of the causes or grievances may well be economic in nature, however, counterinsurgency campaigns have often relied on the use of economic instruments, among other tools of government policy, to succeed (US Army and Marine Corps 2007, 2). As Benjamin Schwartz, then at the RAND Corporation, wrote of U.S. counterinsurgency policy, "the key to defeating insurgents lies in winning popular support. The key to winning the population's support, in turn, lies in redressing its legitimate grievances by carrying out fundamental reforms" (Schwartz 1991, 5).

One way to think about a counterinsurgency is as a game between the government and the insurgents for the "hearts and minds" of the local population. The government and the insurgents each make "offers" to the population (which includes

some combination of carrots and sticks) to induce their cooperation. The government needs the population to tell them where the insurgents are living and operating; the insurgents need the population (and local enterprises or firms) in order to survive. To the extent that a counterinsurgency is thus “information-centric,” requiring the population to provide information about insurgent activities if it is to succeed (and firms to provide insurgents with predatory rents), economic instruments may play a significant role in this effort (Berman, Felter and Shapiro 2011; Berman, Felter, Kapstein and Troland 2013). On the one hand, information may be acquired by the government from civilians in exchange for money and goods (both public and private) over the short-run; on the other, as the counterinsurgency succeeds and economic growth returns, the opportunity cost of rebellion rises, since the chances of getting a job and earning a good income improve. Figure 1 provides a visual representation of these interactions.

Figure 1: The political economy of insurgency



Source: Berman, Felter, Kapstein, and Troland (2013)

Economic instruments may therefore play a prominent role in various facets of a counterinsurgency effort. They can be used to address at least some grievances directly, by raising the incomes of the local population and by providing them with private and public goods (e.g. health care and education). At the same time, the provision of these economic benefits can undermine the ability of the rebels to maintain their recruitment efforts by making it more costly to acquire manpower (in essence, the acquisition of manpower takes the form of an auction between insurgent and counterinsurgent).

Yet the limitations of these instruments must also be emphasized. If Schaefer is right to focus on the distributional conflicts that fuel insurgencies, or the questions of who gets what share of the pie (rather than being about, say, absolute levels of poverty and deprivation), then the effectiveness of these economic tools may be blunted. This issue is indeed central to any analysis of the economics of counterinsurgency. Is the war at some level a distributional conflict? If so, to what extent can foreign assistance alter the distributional equation? The quest for land reform brings these questions into especially sharp relief.

Land and conflict

For rural societies, questions of land ownership and tenant rights are often fundamental to political stability (for a useful review see Prosterman, Reidinger and Temple 1981). Huntington put the relationship in the following terms: “Where the conditions of land-ownership are equitable and provide a viable living for the peasant, revolution is unlikely. Where they are inequitable and where the peasant lives in poverty and suffering, revolution is likely, if not inevitable. . . . (Huntington 1968, 375). According to land reform expert Roy Prosterman and colleagues, “landless peasants have provided the rank and file support for most of the great 20th century revolutions—those, in particular, of Mexico, Russia, China, and Vietnam” (Prosterman, Reidinger, and Temple 1981, 53). Scholars have also “linked land and land reform to rebellion in cases as diverse as El Salvador, Nepal, the Philippines...Zimbabwe and South Africa” (Albertus and Kaplan 2012, 3). A more complete listing of land inequality coupled with violent conflict is found in Table 1.

This table, it should be emphasized, also provides a partial list at best; it does not include, for example, Mao’s tenant uprising in China or the Cuban Revolution, which was also rural in its roots and where land inequality was certainly one of the prominent issues that bound together those who opposed the Batista regime. For its part, a recent USAID report states that issues over the distribution of land have “been part of the dynamic of violence in many places including Uganda, Angola,

Rwanda, Burundi, Tajikistan, Kyrgyzstan, Papua New Guinea, urban Peru, and the Amazon River regions in Brazil and Colombia” (USAID 2005, 3); again, data on land inequality are unavailable for many of these places. As I will emphasize in the conclusion, coming up with an exhaustive list of cases that could provide the basis for serious cross-country empirical analysis remains a major challenge facing scholars of land and conflict (see Russett 1964 for an early example of a model study).

Table 1: Land inequality of countries experiencing internal conflict since 1960

Name	LandGini
Algeria	0.65415
Argentina	0.83034
Bangladesh	0.418816
Co ́te d'Ivoire	0.422942
Chad	0.344966
Chile	0.918497
Colombia	0.788843
Congo	0.270801
Costa Rica	0.815654
Dominican Republic	0.798417
Egypt	0.584724
El Salvador	0.805133
Ethiopia	0.382135
Guatemala	0.84806
India	0.619087
Indonesia	0.464375
Nicaragua	0.792084
Pakistan	0.570168
Peru	0.864945
Rwanda	0.407886
Senegal	0.384546
Sierra Leone	0.477429
South Africa	0.648911
Sri Lanka	0.639763
Uganda	0.589619
United Republic of Tanzania	0.444011
AvgGini	0.607165

Sources: On land inequality,
Erickson 2004; on conflict, COWS
Intra-State Conflict dataset v. 4

Reflecting on the data collection issue from what might be called a sociological perspective, Yale professor Stathis Kalyvas has detected what he calls an “urban bias” in the study of civil war (Kalyvas 2004). Since it is much easier to collect both quantitative and qualitative data in urban settings, the concerns of city dwellers have been privileged in much of the research to date (on the data collection problem in the African context, see Jerven 2013). For his part, Ronald Herring earlier argued that the data problems concerning rural life in the developing world were so overwhelming that scholars had little choice but to pursue case study research (Herring 1983).

Because of this lack of data availability, large-N studies that examine the political and economic consequences of land inequality are lacking. Still, as two researchers from the OECD have noted, this rural gap in the conflict literature “is surprising, as land is not only an essential source of livelihood in rural areas characterized by a scarcity of productive assets — and thus potentially one of the assets worth fighting over — but more generally a central element in the varied and complex social relations of production...within which conflict between individuals and groups are bred” (OECD 2004, 24) Fortunately, there are signs that the gap is now closing (see the useful studies by Albertus and Kaplan 2012 and by DeLuca and Sekeris 2008).

To be sure, despite the ample number of assertions found in the relevant literature on rebellion, one must be open to the possibility that land inequality is *not* a major source of social grievances. Mason (1998), for example, cites El Salvador and Peru as cases where local insurgencies flared despite major land reform efforts. For Mason, the failure of land reform to quell conflict was due to the fact that the governments there (supported heavily by the United States, at least in El Salvador) deployed significant levels of violence which undermined political support for these regimes (as noted earlier, a counterinsurgency campaign may be viewed as a game in which the government and the insurgents vie for the “hearts and minds” of the local population; on this point see Berman, Felter and Shapiro 2011). It must also be noted that many countries with unequal distributions of land—including many in the industrial world today—are not experiencing violent conflict, suggesting that land inequality is unlikely to be the sole causal spark behind civil unrest.

In contrast to Mason, Albertus and Kaplan (2012) argue that it is not land reform *per se*, but rather land reform programs that were carried out only *partially*, that may heighten grievances between those population groups that did and did not receive the same “treatment.” In their view, it was not the absence of reform, or the (violent) manner in which the government carried out its military operations, that caused the failure to quell conflict in such Latin American states as Colombia. Instead, it was the

perceived unfairness of the reform, their partial nature that benefited some rather than others. This type of “unfairness grievance,” of course, plays a central role in many analyses of the roots of rebellion (for the classic account, see Gurr 1970). That finding, it should also be emphasized, has potentially broader implications for economic and social policy interventions across the board, which are now increasingly based on the gradual rollout of programs based on the accumulation of evidence gathered from randomized control trials.

While the academic battle over the deep sources that fuel counterinsurgency campaigns continues to rage, it is nonetheless apparent that policy-makers have, at various times, taken quite seriously the threat that land inequality poses for political stability, and as noted this concern has once again reared its head in policy circles in recent years, as exemplified by publications and workshops on “land and conflict” by such organizations as USAID, the OECD, and the U.S. Institute of Peace (USIP). For that reason alone it may be useful to explore some cases where land inequality appeared to be a central grievance of the tenant farmers and where that grievance helped fuel insurgencies against regimes whose stability was deemed to be vital to the national security of the United States.

Three cases in that set include the Philippines, South Vietnam, and El Salvador. In each of these countries, Washington initially pressed for “revolutionary” land reform measures as a way to quell the insurgency. As these conflicts dragged on, however, and as the United States became more closely intertwined with local elites as the lesser of the political evils, these demands were either watered down or abandoned.

Land reform as counterinsurgency policy

Following the Second World War, land reform played a central role in U.S. policy towards Japan and the major nations it had colonized before and after Pearl Harbor, including Taiwan, Korea, and later the Philippines. American officials believed that small-hold farmers provided both an economic and political base for democratic, capitalist societies (McCoy 1971). In Japan, “the military occupation helped shape...land reform ideas...and General [Douglas] MacArthur put the full power...of his administration behind this program” (Parsons 1957, 223). Land reform was popular in that country in part because the landlord class was associated with Japanese militarism, and the U.S. felt compelled to promote land reform quickly because it feared the growing power of “totalitarian communists” there, especially in light of Mao’s success in mobilizing tenant farmers in China. In other words, if the U.S. did not promote land reform, the Communists would.

Building on the political success of the land reform scheme in Japan, the United States also supported similar programs in Taiwan and Korea. Like Japan, these countries had the political- economic advantage that they were (re-)industrializing, meaning that landlords who were compensated for their land had the option of investing those funds in new, export-oriented firms. They were also motivated to do so by the fact that the United States provided generous amounts of foreign aid in support of local investment; in Taiwan, for example, U.S. foreign aid totaled “34% of gross capital investment,” and an American-assisted push to attract foreign direct investment provided yet further opportunities for the local elites in terms of employment and joint-ventures (McCoy 1971, 27).

Riding on the back of these impressive land reform programs, the United States next turned its attention to the Philippines, where “the first major application of land reform as a strategic weapon against an Asian revolutionary movement” took place (McCoy, 1971, 27). The Philippines had witnessed almost continuous insurgency campaigns since the arrival of the Spanish in the 16th century, but in the postwar era these insurgent groups have included Communists revolutionaries operating throughout the country, Muslim separatists in the southwestern provinces of Mindanao island seeking independence and, more recently, extremist groups with ties to international terrorists organizations who engage in kidnapping for ransom and other illicit activities in the southern Philippine islands of the Sulu Sea (for a brief review of this history see Berman, Felter, Kapstein and Troland 2013).

Indeed, the Communist movement had been active during the Pacific War, as the “People’s Army Against Japan”—the Hukbalahap (or Huks)—took the lead in Philippine resistance against the occupiers. During the war many Philippine landlords had “collaborated with the Japanese occupation,” but they were spared harsh treatment by the US authorities at the end of the conflict. One among them, Manuel Roxas, became the first President of the Philippine Republic in 1946, and it was his inauguration that launched the postwar Huk insurgency against his administration (Joes 2008, 48-49).

Initially, the Huks rebellion was not primarily a peasant movement; most of its strength came from disaffected urban elites. But after Mao’s victory in 1949, the Huks paid greater attention to the conditions of tenant farmers and saw that the opportunity to exploit their plight. Recognizing the need for an inclusive set of economic reforms to help counter the Huk movement, the United States dispatched a team of experts to the country in 1950, under the leadership of Professor Daniel Bell of Columbia.

The Bell report emphasized the poor conditions of Philippine tenants, writing “the Philippine farmer is between two grindstones. On top is the landlord, who often extracts an unjust share of the crop...Beneath is the deplorably low productivity of the land he works. The farmer cannot see any avenue of escape (US Economic Survey Mission to the Philippines 1950, 55). Following the Bell Report, another U.S. study called for a widespread land reform program, modeled on the one carried out in Japan. This program, however, would never gain political traction in Manila, which defended the existing system of land-holding. Unwilling to confront a stubborn ally that was in the midst of a fierce insurgency campaign, the U.S. backed down, calling instead for tenant settlement on virgin lands (McCoy 1971, 29). By the late 1950s, as the Huk rebellion was defeated, the U.S. abandoned its land reform objectives in the Philippines.

A similar story in many respects was repeated in Vietnam. American advisers arrived in Vietnam in the 1950s and 1960s with an acute sensitivity to local demands for land reform. Many of these same advisers had already worked on land reform in Japan, Taiwan, South Korea, and the Philippines, and with the exception of the Philippines, these reforms were generally viewed by foreign observers as successful in their redistributive objectives (see, for example, Greenhalgh 1989; Dorner 1990). As already noted, in carrying out these reform measures, the United States undoubtedly benefited from the fact that in many East Asian countries after the Second World War large concentrations of land holdings were associated with the Japanese colonists and occupiers; stripping these holdings was thus widely popular.¹

As with many other developing countries, contemporary western observers of Vietnam shared a view that land inequality was a major source of that country’s internecine tensions (Sansom 1970; Nighswonger 1966; Prosterman 1972). While precise data about land distribution circa 1960 do not seem to exist at the national level (although earlier estimates made by the French are available, which are probably reasonably accurate), surveys made in several of the most important rice growing regions of the country (e.g. the Mekong Delta) estimated that upwards of *90 percent* of the land was farmed by tenants (Ladejinsky 1955, 246; Sansom 1970) As World Bank economist Wolf Ladejinsky wrote in one report, “When we speak of farmers in South Vietnam, we refer to tenants” (Ladejinsky 1955, 245).

The available evidence suggests that plight of these tenant farmers was, in general, quite dismal. Those who had the resources might rent one hectare of land from a landlord’s middleman at the price of 35% of the crop and a fee of 300 piastres, equal

¹ I thank Lawrence MacDonald for highlighting this point.

to about 15 days wages. Since a typical hectare might produce 1400-1600 pounds of rice, this would leave the tenant with somewhere above 1000 pounds or around three pounds per day (Ladejinsky 1955). Given a typical family size of 5.5 members, and the fact that a pound of rice provides about 1500 calories, this would equate to something like 820 calories per person per day. Since rice provided the tenant farmer's largest share of caloric intake, and that agricultural workers need at least 2000 -2500 calories per day in order to be productive, it had to be supplemented by root vegetables like manioc and sweet potatoes if starvation was to be avoided. As a consequence, the life of the South Vietnamese tenant farmer was brutal and nasty if disease (e.g. malaria) or the violence around him did not also conspire to make it short; according to the most recent study based on Vietnamese mortality data, an estimated 798,000 Vietnamese civilians were killed during the so-called "American War" from 1965-1975 (Hirshman et.al. 1995).

Agriculture was by far the most important sector in South Vietnam's economy: it comprised approximately 30% of GDP throughout the 1960s. And of agricultural production, rice was by far the most important crop. Nearly all the country's workers were found in the agricultural sector; out of some 6.3 million workers only 600,000 found employment beyond the farm gate during the years 1960-1963 (Dacy 1986, 48). Of the 5.7 million who farmed, the vast majority, as noted earlier, were tenants.

The struggle for land reform was a near constant theme in post-Geneva Vietnam. Shortly after the Accords were signed, President Diem began a land reform program in 1956, urged on by the United States, "that was...modest in scope" (Nighswonger 1966, 52). Diem's reform allowed landlords to keep up to 100 hectares of their property, with the rest being sold by the government in Saigon to tenant farmers, who in turn would pay the government over a six year period; in this way the landlord would be compensated. Rents were decreased to a maximum of 25 per cent. During the life of this program, which was effectively halted in 1961, approximately 300,000 hectares were sold to 121,123 tenants, representing a minute percentage of the tenant farmer population in Vietnam (for a description of this program see Nighswonger 1966).

Even Diem's modest reforms were generally ineffective. An American observer in the early 1960s found that "rent controls have not been enforced. Landlords have been able to make arrangements on the side of higher rents in some areas, and the Viet-Cong have forced rents below the specified levels elsewhere" (Nighswonger 1966, 52). Indeed, the promise of land and low rents was one of the major enticements that the Viet Minh and later the Viet Cong held out to the tenant

farmers (on Viet Cong land reform policy see Sansom 1970). In essence, the Diem reform was “partial” at best.

As the war intensified, the land reform effort actually came to a halt. This puzzled some close observers of the conflict, one of whom wondered “why the United States, in the 1960s, did not make land reform a centerpiece of its Vietnam policy” (Sansom 1970, 228). One explanation is that the U.S., in reviewing the experience of the failed Diem reforms, simply decided that changing the structure of land tenure in Vietnam was too hard given local elite objections to that policy, as had been the case in the Philippines. The following passage about the absence of land reform, written by an American conducting field work in rural Vietnam during the 1960s, merits a lengthy quotation:

It is rather striking that throughout...the Kennedy and...Johnson Administrations, no support whatsoever, either financial or in terms of advisory assistance, was given to the Government of Vietnam to help carry through this most fundamental of social measures. This was undoubtedly related to the political weakness of Diem...Yet it must also reflect a lack of awareness of the meaning of the struggle...Throughout the period 1965 through 1968 there seemed to be sharp divisions of opinion within the GVN, the US Mission to Vietnam, AID in Washington, the State Department and the White House over what importance to place on the land reform issue...On the US side, for the most part, the forces who preferred the status quo tended to be in the ascendancy.... any real progress in completing the land redistribution already enacted would entail losing the political support of the landlords and their affiliates and sympathizers, the high level government officials in Saigon and the countryside, and the army officers who came largely from the landed class. It was assumed that alienation of their support would cause the Saigon Government to fall, and that the struggle against communist penetration and control in South Vietnam would fail. The Government of Vietnam and the US Mission to Vietnam never seemed to appreciate fully the contribution that could be made to ending the rebellion and its support from North Vietnam by a full scale and sweeping land redistribution program...(Bredo 1970, 744).

No less interesting is the Americans’ delusion that other (half) measures aimed at raising farm incomes would suffice. Thus, rather than seek to alter the pattern of land ownership, the U.S. sought to develop what would nowadays be called, at least by management consultants, a “win-win” strategy in which both farmers and landlords might find common cause. As Bredo put it, “the hypothesis was, apparently, that the hearts and minds of the peasants could be won by increasing the supply of fertilizer and pesticides, by introducing IR8 rice...and by providing the farmer with more technical information. Introduction of improved technology rather than reform was to be the answer to revolt.” But this author again emphasized that such half-measures would not suffice: “The farmer suffered a deep feeling of social injustice. He wanted nothing more than to own the land that he farmed...” (Bredo 1970, 744). In short, the crucial issue in rural Vietnam was the *distribution* of land and not its productivity.

By 1970, however, America was preparing its exit from Vietnam, leaving the Government in Saigon to ponder how it might still win over the tenants in the time remaining. Accordingly, a new, sweeping land reform measure would be launched by President Thieu. Unlike the Diem-era reforms, this program would be heavily financed by the United States. Observers believed it might still change the course of the war, bringing the peasants over to the government's side (Prosterman 1970).

Yet the Thieu regime, which had debated a new land reform measure for several years (urged upon Saigon by *The New York Times* editorial page if not the U.S. Government; see Prosterman 1970) came too late. The military situation on the ground would change irrevocably as President Richard Nixon's program of "Vietnamization" meant the end of American troop involvement. By 1975, the war would be lost, with thousands of Vietnam's elite trying to flee their lost country; henceforth, land reform would take place under Hanoi's aegis.

The United States, however, would seek to apply some key lessons from the Vietnam experience in its next major counterinsurgency test in El Salvador; indeed, according to RAND Corporation analyst Benjamin Schwartz, US officials called that country the "ideal testing ground" for what they had learned in Indochina about low-intensity conflict (Schwartz 1991, v). In particular, the US urged the government to act upon the grievances that were fueling that country's uprising, which included military brutality and human rights abuses, land inequality, and the lack of political representation. Accordingly, US policy took a three-pronged approach that emphasized military reform, land redistribution, and democratization.

According to Schwartz, the land reform effort was "designed by American experts, financed by American economic aid, and largely implemented by American organizers and technicians." This substantial investment reflected the belief that land inequality went to "the heart of... the conditions that motivate the insurgency." In the early 1980s, when the American involvement in El Salvador deepened, "over 70 percent of the land was owned by 1 percent of the population, while over 40 percent of the rural population owned no land at all..." If rural peasants were "given a stake in the system," it was believed by US officials that they "would be far less inclined to join a revolutionary movement" (Schwartz 1991, 44; see also Prosterman, Reidinger and Temple 1981 for the early history).

The program was to be carried out in three stages, with the largest farms the first target for redistribution, to be followed by medium sized properties; in the third stage, tenants who had worked land on a customary basis would receive title to it. While some land reform did in fact occur during the 1980s, the project was "far less successful than originally hoped" (Schwartz 1991, 45). Tragically, the military had not

yet been tamed and violence against tenant farmers, including assassinations, caused thousands of them to abandon the land they had claimed. As late as 1991, Schwartz could claim that this violence was continuing, even if it had been reduced. The consequence of the regime's undermining of land reform meant that ultimately only a relatively small share of the rural population, less than 20 percent, took advantage of these programs.

Further, not only did the US seem incapable of managing this process, but the gaps in its own foreign aid programs that were aimed at supporting land reform undermined the limited effectiveness it might have had for those tenants who managed to avoid intimidation. Farmers who received land had limited access to technical expertise, credit, and inputs. As a consequence, they could not increase the productivity of the land or, in turn, their incomes. Land redistribution, therefore, made only a negligible dent on income inequality.

In short, the land reform efforts in the Philippines, Vietnam, and El Salvador failed to live up to the hopes that American officials had initially set for them. Unlike Japan, Taiwan, and Korea, where American occupation forces confronted a political-economic constellation that favored land redistribution on the one hand and industrialization on the other, this was not the case elsewhere. Facing active insurgencies, the US first tried to use land reform as a way to quell the violence; but when local elites proved intransigent, Washington backed down, which placed increased weight on finding a military solution. All three cases point to the limits of economic instruments in counterinsurgency campaigns, particularly when the objective of those instruments is to redistribute existing patterns of wealth and power.

Lessons and conclusions

At the end of World War II, as it faced the spread of Communism on the Eurasian land mass and later in South America as well, American policy-makers embraced the cause of land reform. They backed major reform schemes in Japan, Taiwan, and Korea, and put the issue on the agenda of the international community by sponsoring resolutions, studies, and meetings by such institutions as the United Nations and the Food and Agriculture Organization. For American officials, land inequality was a central grievance that the Communists could easily exploit, and they were not prepared to let them capture the high ground on that issue.

But despite an initial presumption in Washington that land reform was indeed crucial if its counterinsurgency campaigns in such nations as the Philippines, Vietnam, and

later El Salvador were to succeed, ultimately the US confronted the limits of that program. Why was that case?

In this paper I have hypothesized that where land inequality is high, where land is the most important asset of the elite, and where agriculture is the leading sector of the economy, elites will fight hard against tenure reform. More generally, this finding suggests that where redistribution is at the core of a counterinsurgency campaign, foreign powers will find it difficult to win local elites to that cause, especially when their assets are in the form of fixed rather than mobile capital. This hypothesis is similar to that associated with the literature on the natural resources curse.

A study of land reform thus suggests, paradoxically, both the opportunities for and limits of economic instruments in settings where distributive conflicts are central to the insurgents' appeal. These limits are important to understand, and all-the-more-so as aid has once become a major tool in the counterinsurgents' toolbox. In both Iraq and Afghanistan, for example, foreign assistance has been spent in order to build schools, hospitals, and other public goods, and while these efforts have undoubtedly produced tremendous benefits for local populations in terms of better health care, education and access to markets, they have also enriched local elites who have won the bulk of the associated contracts.

Naturally, more empirical analysis of the economics of counterinsurgency campaigns, making use of cross-country and time-series data, is a priority for those members of the social science community that seek to inform how foreign aid is most effectively used in fragile and conflict states (for some research along these lines in the Philippines, see Berman, Felter, Kapstein and Troland 2012). This type of research, of course, requires access to the relevant data; data which are often tightly controlled for many years by government agencies. In the meantime, analysts can exploit the historical record, where both archival and secondary sources may illuminate the political economy of past conflicts. As this study has shown, economic instruments have long been used by foreign powers in their counterinsurgency operations, with greater or lesser effect.

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