

INVISIBLE GOLD

The Vulnerability of Russia's Indigenous People and Forests

NICHOLAS DENNYS, who is to participate in a Russian government study of land rights for the Cossacks, analyses the problems that undermine Indigenous Peoples of the Soviet North

"On July 22 at least 14 Yanomami [Indians] from the community of Haximu were brutally murdered by garimpeiros [poor goldminers from a group of some 600] working illegally on the borders of Brazil and Venezuela. Nine Yanomami children had been hacked to death with machetes. The women and children were surrounded as they collected peach palm fruit in their garden....

This atrocity highlights the authorities' total lack of political will to uphold the integrity of the Yanomami reserve..... Many local politicians and businessmen have interests in the minerals in the reserve."

Survival International, whose report³ of this atrocity is quoted above, have undoubtedly had some success in protecting tribes and their environments including the Yanomami. They pursue their work with vigour and integrity. Yet Survival reports that violence against the Yanomami is increasing, that the massacre took place in territory officially demarcated by the state as a Yanomami reserve, and after Survival had campaigned on their behalf for 22 years. The general picture is one of increasing retreat by indigenous peoples and their environments before the onslaught of commercial and demographic pressure.

Many believe that the destruction of life and hope that goes on in the world is a consequence of human wickedness. But the engine of destruction that compels many huge groups to spread chaos and aridity to whole regions of the earth, and to commit the genocide of entire peoples is not within the power of any individual. It lies in the anti-human structure of the organisation of states and communities. It is maintained here that the most damaging flaw, present in every country in the world, is the failure of the state to collect communally created land values,

while protecting the right of private institutions and individuals to do so. The demographic and economic effects of this failure render commonplace incidents of the kind reported by Survival.

Communally created value (land rent) is the value that land still has even when there is no development on it. That value is a measure of the demand for the land's advantages of location and its natural resources. The demand results from the development of the surrounding community. These benefits to the occupier are not created by him. Yet the landowner is given the right to exclude others from land and either to leave it idle or to charge others a rent for the use of it, and to sell the land to others who will expect thereby to acquire the same right. He is not required to add value, nor is he put under any obligation to the state that is protecting his right which is proportional to the privilege granted. Thus persons and institutions emerge, empowered to appropriate far more land than they use and thereby to accumulate wealth which is often used, particularly in economically undeveloped states, to dominate government, commercial relations with other countries, and

much else. A very sizeable minority of people also emerge who, confined to poor land or excluded altogether, are without hope of access to the primary natural resource on which a working life must be built.

As any land speculator or resource exploiter could tell you, these values are real, they are not merely an economic concept. They are an invisible gold strewn across the surface of the earth by the productive activity of communities of people. The failure to collect these values for the community, and properly account for them, causes an enormous waste of natural resources, labour, and capital. It enables the **private appropriation** of land values, the creation of a **land market** in them, **land speculation** which causes vast areas of good land to be held out of use and people to have no place to work or live, the **corruption** that plagues those, in both democratic and totalitarian societies responsible for granting permissions to individuals and institutions to exploit these improperly accounted resources. Above all it enables the phenomenon of **landlessness** which forces millions of people to move about the earth in desperate poverty bringing further devastation to peo-

ples, such as indigenous peoples, into whose areas they move.

Yet the correction of this flaw is within the power of the state both administratively, for it is simple, and politically, because it gives the state an interest, through the retention of rental value, in ending these problems which are too formidable and widespread for any other interest than government to combat. Although the interests exploiting this flaw are powerful the constituency of potential opposition includes other equally powerful interests. Furthermore, in Russia, because the state currently owns the land, the system is already in place, if unused, and all that is required is to begin collecting the rental value.

The reforms which the West is pressing on Russia are like a bright red apple with a worm in the centre. The shiny colourful promise of western free market democracy, which always looks brighter than it tastes, has some nourishing substance, but much of it is consumed before the consumer and the voter, in whose name the apple is grown, can set their teeth to it. It seems sometimes as if the bugs are running the orchard. It is not that in Russia communally created land values are collected, they are not. But in most of the rest of the world, both advanced and developing, this flaw has been set in concrete through property rights which protect the right of the few to own and the many to pay, whether capitalised in the form of premiums and mortgages, or annualised in the form of rent. This has not yet become the arrangement in Russia and until it does there exists a greater opportunity there than perhaps anywhere for a transition to the collection of communally created land values.

THE CONSEQUENCES OF

NOT COLLECTING LAND VALUES

If a market in land values is created in Russia, indigenous people and wildernesses will face problems which, though peculiar to their localities in some respects, will be

essentially similar to those in other countries. The driving force of these problems is the same throughout the world - the failure to collect the rent. So it will perhaps be useful to look at Russia's problems in a world context first.

Deforestation

The forests of Siberia, 6 million sq. km., are twice the size of the Amazon basin. The pressure to exploit them is increasing, as the recent case fought by the Udege people against the logging interests of the South Korean commercial giant Hyundai shows. Many multinationals are taking advantage of the chaos in Russia to sign ill-considered contracts to exploit resources.

It can be shown¹ that throughout the world there is no correlation between forest destruction and either levels of population or rates of increase of population. The constant factor is the attempt by governments, corporations, and individuals to extract value and power from the control of territory. This has been so throughout history. In Britain probably the greatest period of forest reduction was in Roman times, by commercial and military interests within the Empire, when, to Rome, Britain was a third world country. For the multinationals Siberia is an opportunity for resource extraction and the profit will accrue to the parent company. The halving of Central America's forest area between 1950 and 1990 was due to a concentration of land amongst a small number of ranchers and landowners clearing forest to raise bananas, cotton, coffee, and cattle. (In 18th and 19th century Scotland it was grouse and sheep for which Scottish landlords cleared the highlands of people.) The exclusive landownership system creates landless people who in turn cause as much and often more damage through desperate attempts to clear unsuitable forest land on which to scrape a living.

Tropical forest is being destroyed at a rate equivalent to the whole of the Siberian forest in about four years.

The principle use has been for agriculture. An even larger area has been degraded, principally by logging. These depredations are so large they are almost unbelievable. But they are real. In Central America only 18% of the original forest remains. The mention of 'agriculture' suggests something positive. However, the agriculture is mostly that of impoverished farmers forced off better land who have no choice but to clear unsuitable forest land which soon fails, forcing them to move on and clear more. (In the Amazon only 7% of forest soil is suitable for annual cultivation). Their principal route into the forests is along the roads built by the extractive companies and government. Myers¹ has calculated that for every cubic meter of harvested timber, approximately 1/5 hectare of forest is destroyed by farmers who come in along the roads.

Landlessness

The land market works by exclusion. Whatever the size of a population a small number of powerful or rich individuals and institutions obtain a disproportionate share of land thereby ensuring that a large number of people are made landless. In developed countries this problem is partially alleviated by the welfare state which hides the scar and makes a dependant class out of the landless.

In Brazil 170 million hectares of viable agricultural land is held out of use. Yet the landless people, many of whom are destroying the rainforest, can be numbered in millions.

Landlessness has caused the migration of hundreds of thousands of people across national borders. Large landowners perpetually expel small farmers and take over their land even when the latter have legal title. Some 300,000 displaced peasants in southern Brazil moved into Paraguay after the 1960s and cleared forest areas that are homelands to the Maya Indian. About half of these have had to move back again, excluded by Paraguayan absentee landlords who asserted land claims over the peasant's newly cleared holdings. These

people now face desperate conditions and worsening rural violence. In West Africa migration has been too massive for computation and has resulted in widespread deforestation and disruption of tribal areas. According to the Food and Agriculture Organisation of the United Nations, the total number of landless people and mini landholders will be 220 million by the year 2000. But this figure lies against a background of 1.2 billion people in 1990 who were living below the poverty line in developing countries. This is a figure which also expresses landlessness, for this impoverishment exists in economies where good land which could support productive employment is kept idle and represents the displacement of poor people to low quality land.

Speculation is a major cause of the twin phenomenon of landlessness with good land held idle. In Brazil most of the land owned by the large landowners (0.8% own 43%) is held unused and traded like stocks and shares. Its capital value is swollen in relation to its productive yield. Antonio Cabrera, Agriculture Minister of Brazil, owns 200,000 hectares but keeps only 41,000 head of cattle on it. Small landholders are frequently evicted from land, to which they have legal right, at gun point.

George Monbiot¹ charts the numbers of people, hectares, and murders involved in land conflicts in Brazil and notes a decline since 1985. Then there were 636 land conflicts involving 9.5 million hectares, 405,000 people, and 139 rural assassinations. Things are roughly half as bad now. Monbiot notes, however, that "killings now seldom take place at the behest of a single landlord: gunmen are commissioned jointly by the local members of the UDR (the Ranchers' Union). As UDR members include mayors and judges, this pooled responsibility serves to institutionalize the crime."

RUSSIA

In Russia the Indigenous Peoples of

the Soviet North have a long history that is not dissimilar. The command economy has been as terrible a persecutor as any. But today Russia is in a new situation, a moment of choice. It is clear too that there is some support for indigenous peoples at the highest levels. It is unusual to find the President and his prime minister attending an indigenous peoples conference as President Gorbachev and Prime Minister Ryshkov did in 1990. The Udege people's recent struggle for their land received wide support including from President Yeltsin, but not from their local administration!

The destructive feature most peculiar to Russia is pollution. The land of the Khanty in the Khanty-Mansiisk district has become widely fouled by large scale clumsy oil extraction. There has also been an influx of people into their traditional areas following the development of the oil industry - an expansion from 100,000 to 1.5 million people since 1961. 25 years ago they made up 25% of the population and now only 1.8%. Until the 1930s the Khanty were more or less an autonomous people. During Stalin's period their reindeer herds, pasture land, and hunting rights were taken over by the state, their nomadic ways of life forbidden, shamans murdered or thrown into concentration camps, and children removed to boarding schools. As Survival International describes it²,

"Pipelines carve through most of their territory, the forests are cut down and burnt, the lichen on which the reindeer feed is destroyed by the fires and oil and gas leaks from poorly made pipes, leaving a landscape scarred by black lakes and poisoned trees. The pipelines block the migration routes of the elk and reindeer and leakages destroy the fish and water plants. Oil and gas wells are dotted all over the taiga; day and night each well is crowned by a continual fire burning off excess gas. The flames and their smoky streamers can be seen from miles away, and

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their smell pervades the air. There is a very high rate of illness, especially lung diseases caused by pollution. The birth rate is falling very fast and life expectancy (45 years for men, 55 for women) is 18 years below the average for the rest of Russia."

A Khanty tribesman summed up their dilemma at a conference organised by Surgutneftegas, the principal oil company of the region (in part to give themselves a public relations opportunity).

"I was born here, and I hope that my children can go on living here. We used to have many reindeer, but now we have few left. When the petrol workers arrived, they promised us that we would be happy, but we know now that it was not true, and we have lost our reindeer. The taiga is empty now, and we don't have enough animals, fish or birds. How are we to survive?"

It is a picture of obliteration.

The Need for Local

Control of Land Use

At the 1990 conference of Indigenous Peoples of the Soviet North reports of pollution were frequent, indicating that the state has a history of disinterest in sustainable land management. Tuberculosis is now one of the most common sicknesses. The Nenets of the Arctic Sea complain of increased sickness due to radiation from the nuclear testing carried out in the fifties and sixties at Novaya Zemlya. Throughout the north reindeer are decreasing, as are fish in the large river systems of Siberia, and uncontrolled traffic in the summers is destroying the fragile plants of the permafrost which can take decades to recover from being trodden down. As the report of the conference states, "The global significance of this northern ecology is presumably unknown, but if the industrial process continues unchanged, most of these indigenous cultures will disappear." Interestingly, the indigenous people do not ask for the extractive indus-

tries to cease, only that they should extract in a manner that does not destroy the land, or the culture, or the people. This requirement is one common to any society including the most developed. People using land in a locality are able to appreciate the significance of proposed developments. It is clear that the state has been unable to do so.

Local control of land use has an efficiency that derives from the knowledge of costs and advantages being proximate to the sites proposed for use. If the rent is also partly retained by the local community it will not only empower them financially to manage their own affairs but will create a context for choice which will integrate them with the wider community. The people in control will be those who experience the costs of development by outside commercial forces, but they will also be those who will benefit from an increase in rental returns through managing development. This will create for indigenous people a basis for chosen, as opposed to forced, integration. It will also help to manage the severe problem of the influx of outsiders. In the 1920s and 30s when the 26 Peoples, as the indigenous peoples are known, were allotted their autonomous areas they were all a majority within them. Now all are minorities, fewer and fewer speak their mother tongue, and the influx of outsiders has caused their dispersal across wide areas. As Professor Chuner Taksami², a spokesman, put it at the Conference,

"This is how one way of life, one world-view, and one system of values is crushed by other ones. When a people loses its feeling of being master in its own house, it also loses its feeling of worth and dignity, and this loss is irreparable."

Russia has two laws in place which promise to be of great help. In the case of the Udege People against Hyundai Corporation, the Russian Supreme Court ruled that Hyundai's plan, supported by the

local administration but few others, to clearcut 300,000 hectares of Siberian forest for logging was illegal for two reasons. It did not have the consent of local people and it had not received environmental clearance. But the commercial interests gearing up to sign contracts for resource extraction in Russia are truly formidable. They will also have the capacity to influence government at the highest levels and, as everywhere, will seek to encourage a politics that favours their interests. The law will not be sufficient, and will not deal with the myriad tiny incursions that landless people and other causes can make. A people cannot go to law all the time.

Russia, if it privatises the rent of land, will begin to experience the kind of problems faced by other countries. Large numbers of people will be made landless. The opportunities for the private appropriation of land value will bring with it the other ills - exploitative resource extraction, corruption, social conflict, and poverty.

The Need to Collect Rent

The pattern and intensity of factors affecting land exploitation depends on local conditions in each country, including such peculiarities as the nature of government incentives and regulations, and techniques used by landlords to avoid agrarian reform. In Russia the pattern will be different again. But in every country the failure to collect the rental value of land provides the occasion for the operation of these factors.

Susan Hecht³ usefully identifies three basic ways value can be extracted from land.

- 1) Extraction, which is of two kinds - renewable and irrevocable.
- 2) Production, involving the application of labour and capital. She writes, "Production implies far more complex and organized forms of intervention in the natural world than simple extraction, and incorporates the idea that energy and resources are applied to land to generate something of value not inher-

ent in the land resource itself."

3) Speculation. Ownership of land provides an opportunity to "capture fiscal resources, such as capital gains, institutional rents, such as credits and subsidies, and as a means for claiming other assets. In this case the value of the resource or land has little to do with its actual characteristics or the labour and resources applied to it. Or what has been called 'directly unproductive profit seeking activities'".

It is useful to consider the effect of the state retaining the rental value of land in terms of these three forms of value extraction.

1. Extraction always takes place in a context of choice. The area from which extraction is to take place has costs attached to it. Areas territorially outside the developed economy are seen as relatively cost free. There are no rents to be paid for access and government subsidies are often available. Officials can often be bribed to grant permits at a cost much less than the payment of a rent. (Corruption is possible because the briber and the bribed share the uncollected rent). Were rental values of these areas to be annually assessed and charged to the users it would ensure firstly, that areas within the already industrialised territory would appear more suitable - again because the cost difference would no longer be so great - and secondly, it would give the state or local authority a vested interest in sound land management. Long term sustainable forms of extraction and a commitment to land value husbandry would be politically arguable because they would protect revenues. Pollution would be costed through its effect on the land value of neighbouring areas, downriver sites, and so on. Where the full rent was collected and land values publicly assessed corruption would be reduced and where a proper local democratic control - including indigenous peoples and their areas - was in place, discussion and evaluation of land use choices could be made in a manageable and costed way.

2. Production. The effect of avoiding the creation of a land market and relying instead on the collection of rent would greatly assist production. As the large purchase price of land, known confusingly as the capitalised price, derives from the purchase of several years right to the annual value, the charge of a full rent in proportion to the annual value removes the capital price. The costs of beginning productive work on a site would be reduced to the costs of initial capital plus merely a rent paid to the community. A community thus financed would be in a position to reduce taxes on capital and labour which would further reduce the costs of new work. This would greatly increase within already developed areas the proportion of people able to demand and deploy capital and labour, and the number able to live off their own. It would also mostly eliminate the large number of landless people who are forced to try to develop marginal land, thereby disrupting the lives and cultures of indigenous peoples.

3. The most crucial effect of all for indigenous people and millions of landless people would be the end of land speculation. The large areas of unused and underused land which exist throughout the world - and will do so in Russia if it privatises land rent - would be forced out of the hands of those who hoard it. They could no longer justify holding out of use something on which they had to pay a charge because there would be no capital sale value on which to speculate. The landless person would find himself in a world where all he needed to begin work in his local economy would be his own hands and brain. Land would be for the user, and the great migration to the lands of indigenous people would reduce to the point where it was controllable. In such circumstances the possibility of locally created demand backed by local production would reduce the disastrous combination of cash crops and landlessness. It would end too the ridiculous but frequent anomaly where government subsidies for development do not go

into production by the user but are siphoned off by the landowner/land speculator in increased rents and capital gains.

Common Needs

Indigenous people suffer not so much from commercial progress as from the failure to collect land value for communal purposes. They need not look far for allies. There are few people in any country of the world who are not also affected detrimentally in some way and many whose survival is threatened. Land is needed for everything we do, and so the conditions of access to it affect everything we do. There are good grounds for associating the cyclical booms and slumps of the developed economies with the surge of credit (equity extraction) that accompanies a rising land market⁴. The pattern of millions being unemployed and homeless, while a matching acreage of land and housing is idle, is everywhere. The high access costs of land can make the acquisition of a home or place of work a lifetime's burden, even for those considered well off, or put it outside the reach of many, and can make escape from disadvantage or dependency impossible.

The renewal of life and work that can be achieved by changes of place is vital if people are to escape poor working or residential conditions, family violence, punitive sectarian practices, racism, and many other forms of abuse. Thus we share common ground with indigenous people throughout the world and no one has expressed better than they the importance of land to human beings or the importance that our respect for it has to land. It is the ground on which we all stand.

Whether we live in the city or in the country we must have land on which to work and play. Unless we have somewhere to lie down, we cannot sleep. We cannot read a book without space to put our chair, nor hear even a joke without somewhere to laugh. We need place to be angry and place to love. We even say we need grounds for belief. And for the

environment of our planet to have no endless prospect of health destroys our sense that the Earth sustains us.

We live in a world in which not one of us can be confident of all these foundational rights and beliefs and there are millions of people who have them only with constant harassment. If the rules which govern our access and use of ground are ill formed they bind our whole lives into a knot from which many of us can never escape, if they do not kill us.

The devastation that is caused to people who are made landless, and to indigenous people whose environments are invaded and destroyed by the extractive companies and the landless millions, is a devastation common to all our histories for hundreds of years. The hundreds of thousands who moved into the Victorian cities of Britain were driven by the land speculation of the enclosures. Because of the continued existence of the land market and rent seeking practices by institutions, and individuals it is a potential devastation for us all. The invisible gold of rental value is left lying on the ground. Until it is collected by the state it will remain there, a source of discord and poverty.

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