

REPORTS AND ENQUIRIES

Land Settlement in Chile¹

The need for a change in the trend of land settlement policy in Chile has been strongly felt since the war. The settlement methods of the last century, which consisted principally in handing over State lands to private persons, who were then left to develop them by settling families of agriculturists on them, resulted in most cases, even when the concession was granted on the express condition that the land should be populated, in the mere "legal occupation" of the territory. This, although perhaps a necessary stage in the process of opening up the country, was certainly not the ultimate purpose of the many settlement laws which enabled State domains to pass into the hands of private owners. Large areas remained uncultivated, while elsewhere the landowners contented themselves with cultivating their lands superficially by means of paid labour or under share-farming contracts of various kinds. It was only in a few regions, including in particular the province of Valdivia, that settlement in the true sense of the term made any real headway.

Although the existence of large estates and the scarcity of small and medium-sized holdings are not features peculiar to Chile, their economic consequences have been particularly marked in that country. In essentially agricultural countries, such as Argentina, for instance, these conditions have not retarded the development of the land, even with the somewhat precarious method of tenant farming or cultivation by paid labour. But in Chile, where the mining industry absorbed a large proportion of the available labour, agriculture seems to have remained definitely backward. This fact was realised with particular force when the mining industry, the chief source of the country's wealth, began to undergo the difficulties with which readers of this article are no doubt familiar. It has given rise to the situation, paradoxical for a country with as rich a soil as Chile, described in the most recent report of the Chilean Land Settlement Fund as follows :

¹ For other articles on problems of migration and settlement, cf. *International Labour Review*, Vol. XXX, No. 4, Oct. 1934 : "Openings for Settlers in Argentina", by Dr. Enrique SIEWERS ; Nos. 5 and 6, Nov. and Dec. 1934 : "Jewish Colonisation in Palestine", by M. BERENSTEIN ; Vol. XXXIII, No. 2, Feb. 1936 : "Land Settlement in Brazil", by Dr. R. PAULA LOPES ; No. 5, May 1936 : "The Levant States under French Mandate and Problems of Emigration and Immigration", by M. BERENSTEIN ; Vol. XXXIV, No. 1, July 1936 : "Migration and Settlement in Australia, New Zealand, and Canada", by D. Christie TARR.

"The average diet of the population is far from adequate. Chile depends on foreign countries for a number of agricultural products such as sugar, oil-yielding plants, textile fibres, which could easily be produced at home, while many other products which would supply a real want are not consumed because they are not cultivated, and this in spite of the comparative ease with which they could be distributed thanks to the configuration of the valleys and the length of the country's seaboard."

After the war various schemes and suggestions were put forward and discussed in the press, in Parliament, and in Government circles. Their object was to break up the rural estates in order to ensure, on the one hand, more intensive cultivation of the soil and, on the other, a more balanced social organisation by enabling individuals to acquire possession of a piece of land large enough to maintain themselves and their families.

These considerations, which were both economic and social in character, found expression in the political Constitution of 1925, which provides in section 10 that "the exercise of the right of property is subject to the restrictions and rules required by the needs of social progress, and the law may accordingly impose any obligations or charges of public utility which may be dictated by the interests of the community". It is also provided that "the State shall promote a suitable division of the land and the constitution of family holdings".

CONSTITUTION OF THE AGRICULTURAL SETTLEMENT FUND

The new Constitution thus gave a fresh and active trend to land settlement policy, which had hitherto depended too exclusively on private enterprise. The instrument necessary to implement this new policy was furnished by an Act (No. 4496 of 10 December 1928) setting up the Public Land Settlement Fund, an autonomous institution charged with the duty of "founding, guiding, and administering agricultural settlements with a view to organising and expanding production and promoting the breaking up of agricultural estates, having recourse for this purpose to both national and foreign agriculturists". Should the Fund be unable to acquire a sufficient area of land for its purposes on the open market, section 12 of the Act, which is a direct corollary of the social conception of property embodied in the Constitution, provides that "the Fund may request the President of the Republic to expropriate any land which it may need to establish or complete its settlements". The constitutional principle of protecting the family unit is reflected in section 33 of the Act, under which "the widow and children of a deceased settler may retain joint possession of the holding, subject to agreement among themselves; otherwise the holding shall be put up to auction, provided that if the bids are equal it shall preferably be assigned to the widow and minor children."

The Act endowed the Fund with a capital of 100 million pesos to be paid by the State in five annual instalments of 20 million pesos out of credits provided in the annual budget. Apart from this financial

contribution, the President of the Republic is also given power to transfer to the Fund free of charge any State lands suitable for settlement south of the river Bio-Bio and in the north beyond the province of Coquimbo. The Fund may acquire any other land necessary by public tender, by direct purchase, or, as already stated, by expropriation ordered by the President of the Republic at the Fund's request.

The Settlement Fund is not a profit-making institution. The Act provides that the holdings shall be resold to the settlers at cost price, which comprises the purchase price of the land, and the cost of demarcating the holdings and of any irrigation works or other improvements carried out with a view to making them fit for cultivation. The moneys of the Fund must be used strictly for the purposes for which the Fund was set up. These purposes are : (1) to purchase, break up into holdings, and prepare the land for settlement ; (2) to grant individual loans to settlers for the purchase of implements, machinery, seed, plants, livestock, and in general of all necessary equipment ; (3) to grant collective loans at a low rate of interest to settlers organised in co-operative societies in order to enable them to set up industrial plant for working up or transforming their products ; (4) to set up on its own account factories or plant for working up the raw materials produced in the settlements, shops, and experimental stations : to build schools ; and to organise communications and all other services necessary to the settlement ; (5) to meet the special expenditure entailed by promoting the settlement of foreign immigrants.

The settlements organised by the Fund are of three different types. "Type A" settlements are intended primarily to encourage the systematic development of production, which, as already stated, was one of the main purposes of the Act. These settlements are founded entirely by the efforts of the Fund, which recruits the settlers with special regard to their suitability for a particular kind of farming. The settlers are required to pay only a minimum deposit, of 5 or 10 per cent. according to the region, on the value of the land, the buildings, and the improvements carried out, the remainder being repayable in 33 annual instalments beginning two or four years after the settler takes possession of his holding, according to the kind of crops grown. The settlement of Peñaflor, fuller particulars of which are given below, belongs to this first type of settlement.

"Type B" settlements are set up at the request of groups of at least five would-be settlers. Their principal object is to facilitate the breaking up of the large estates, the second purpose of the Act. In this type of settlement the control exercised by the Fund is less strict, especially in regard to the choice of crops. The settlers must be able to pay a minimum deposit of 10 or 20 per cent. according to the region, and are also usually required to have a small working capital. The rôle of the Fund is mainly confined to buying the land and reselling it to the settlers on easy terms of repayment, in principle the same as those for settlers in Type A settlements.

The "training settlements" are reserved for Chilean workers and are intended to train, select, and specialise intending settlers prepara-

tory to placing them in one of the other two types of settlement. The training settlements are not divided into holdings, although each trainee may be granted a plot of land for cultivation on his own account during his spare time, in addition to participating in the collective work, which is compulsory. An example of this type is the settlement of El Sauce, founded on State land ceded to the Fund near the town of Los Andes. In this settlement the governing body of the Fund is training 34 families of future settlers in the various branches of farming, including vegetable and cereal crops, the use of pasture land and cultivation of fodder for sale, the breeding of dairy cattle, and a number of new experimental crops. The last balance sheet of this settlement showed a gross profit of 242,118 pesos. In accordance with the rules of the Fund, the interest on the invested capital and an allowance for depreciation of machinery and tools must be deducted from the gross profit, the remainder representing the net profit for distribution between the manager, the paid staff, and the trainees. Of the proportion due to the trainees, part is retained for distribution as bonuses to those who have shown the greatest keenness in looking after their houses and cultivating their private gardens. The rest is distributed among all the trainees in proportion to the number of days worked by each, half the amount being paid in cash and the rest placed to their account at the National Savings Bank with a view to building up a small capital which will enable them to pay the necessary deposit when taking up their holdings in an A or B type settlement.

In addition to the loan on property, which is repayable in 33 years and usually covers, besides the value of the land, the cost of the buildings, irrigation work, roads, and certain planting, fencing, and other improvements, the Fund also makes loans to the settlers for working expenses and for certain permanent investments not included in the principal loan. These loans bear interest at 4 per cent. and may be either individual or collective. Individual loans for the purchase of seed and fertilisers are repayable in 2 years; those for the purchase of live stock and implements in 5 years; those for fencing, machines, fruit trees, plant, drainage, etc., in 10 years; those for permanent improvements carried out under the Fund's supervision in 15 years; and those for the building of a house, if not already included in the value of the holding, in 20 years.

As regards collective loans to groups of settlers for the execution of works of general utility, the term for repayment is fixed in each case by the governing body of the Fund in accordance with the nature of the work.

The internal organisation of the Settlement Fund necessarily includes a number of specialised services. Neither these nor the methods used to ensure the co-ordination of the different services, a feature of particular importance in an institution in which the activity of each department is complementary to that of all the others, need be described in detail here. But in order to give some idea of the complex operations involved in founding a settlement, it may be recalled that the Fund has first to make a general survey of the different regions of the country in order to determine the most suitable regions for

breaking up large estates, and then to examine the estates suitable for breaking up as regards their agricultural features and suitability for settlement, calculate their probable yield, determine the most suitable types of settlement, and purchase the estate after a careful verification of the title deeds. The next stage is to divide up the land into holdings with due regard to the best distribution of crops, assess the value of each holding, carry out the necessary irrigation work, build houses and other farm buildings, construct roads within the settlement and connect it with public highways, set up the industrial plant for the settlers' co-operative societies, build a school and premises for the welfare services, and lastly, make each holding ready for immediate cultivation by the settler and his family. But the constructive activities of the Fund do not end here. It still has to help the settler to run his farm, give him technical advice, organise and supervise the co-operative societies formed to work up and transform the products, make loans to the settlers for working expenses or any of the other purposes already mentioned, and supervise the repayment of all the loans so made. Finally, it has also to provide the social assistance on which the Act and the administrative regulations issued under it lay particular stress. It is not enough to provide the settlers with all the material means of success ; their initiative must also be stimulated if prosperity is to be achieved, and above all maintained. Not only the physical health but also the moral and mental development of the settlers are important factors in the financial success of the settlement schemes.

ACTIVITY OF THE SETTLEMENT FUND FROM 1929 TO 1934

Since the Fund began its activities in 1929 it has organised about thirty settlements. This comparatively slow rate of progress is due to the economic and financial depression through which Chile was passing during this period, and which required the utmost prudence to be exercised in planning the settlements in order to ensure that they should pay their way. A further difficulty was that at the time when the Fund began its operations the price of land had reached heights unprecedented in the annals of the country. But the Fund's chief handicap was the fact that the Government found it impossible to pay regularly the annual instalments of 20 million pesos which were to constitute its capital. By 1933, when the whole capital of 100 million pesos should have been paid up, the State had paid into the Fund only 29,930,000 pesos. Although this delay did not affect the financial soundness of the Fund, it nevertheless considerably restricted its powers of action. But in spite of the difficulties through which the public finances were passing at that time, the Government continued to take a lively interest in the activities of the Fund and tried to promote them in various ways. Under an Act of 9 January 1930 the Fund was authorised to issue mortgage bonds guaranteed by the State from which to make mortgage loans to the settlers up to 80 per cent. of the value of their holdings. The Fund issued only 655,000 pesos' worth of these bonds up to 1932, and the whole of this debt was paid

off by 1933. Another Act, of 23 February of the same year, gave the President of the Republic power to transfer State domains to the Fund not only in the north and south of the country as previously, but also in the central region. In pursuance of an Act of 18 April 1932 the Government placed a special credit of nearly 2 million pesos at the disposal of the Fund for the purpose of founding collective settlements, designed in the first place to relieve unemployment but destined to be transformed into training settlements later on. Towards the middle of 1932 the Central Bank of Chile was authorised to discount settlement bills up to a total of 20 million pesos at the specially favourable rate of 2 per cent. The Fund took advantage of this facility only up to a total of 12 million pesos and subsequently abandoned the scheme, since the Bank's short-term loans were incompatible with the very long-term loans which the Fund was obliged to make to the settlers. Lastly, another Act exempted from transfer duty the purchase of holdings by settlers and of estates by the Fund.

THE REORGANISATION OF THE FUND IN 1935

In 1935 the governing body of the Fund was instructed to draft a Bill to replace the basic Act of 1928. The object in view was to bring the provisions of the old Act into harmony with the various additional measures adopted during the depression, to incorporate the lessons of experience, and to broaden the financial basis of the Fund by increasing the State contribution and placing at its disposal certain long-term credits provided for under the subsequent legislation on the organisation of credit.

Under the terms of the new Act (No. 5604 of 15 February 1935), the State is to pay a total sum of 100 million pesos in four annual instalments of 25 million pesos to the Fund, which will also retain the previous payments made under the 1928 Act. Should there be any delay in the payment of these four instalments, which are to be provided for in the annual national budget, section 71 of the Act empowers the President of the Republic to issue a domestic loan under State guarantee, to be taken up preferably by the social insurance funds and the National Savings Bank, and to be issued in instalments, the amount of which will be fixed by the Land Settlement Fund itself, subject to an annual limit of 50 million pesos. It is also provided that the State contribution to the insurance fund shall be paid in the form of settlement bonds.

Apart from these financial resources, the payment of which is thus practically assured, the new Act also provides for the transfer to the Fund on a larger scale than before of State lands suitable for settlement in any part of the country. Upon a favourable report by the Fund, the President of the Republic is empowered to accept private land in payment of debts on account of irrigation work and to place it at the disposal of the Fund. He may also order a general review of the concessions granted to private persons in the southern part of the country and hand over to the Fund any land found to be held without proper title. Lastly, the governing body of the Fund may also propose that

the President of the Republic should cancel concessions or leases of State lands if the holders have not carried out the undertakings specified in the concessions or leases. Under section 39 of the Act the Fund may sell any land ceded to it under this provision that it considers unsuitable for settlement, a provision representing an additional source of income.

GENERAL OBSERVATIONS

The statutory provisions outlined above show that the Chilean Government has been anxious to give the widest possible scope to the activities of the Fund, which, according to section 3 of the Act, is "the sole official body responsible for founding, directing, and administering the agricultural settlements". To quote the most recent official report of the Fund, "the capital and other resources now at the disposal of the Fund are certainly not too large for the accomplishment of the immense task which it has to perform, and which takes on ever larger dimensions as the possibilities of land settlement in the different parts of the country are progressively explored." In surveying the history of land settlement policy in the State of Chile, the report distinguishes three periods. The first extends from the earliest settlement laws to the Constitution of 1925, which proclaims the social function of land ownership, and on to the Act of 1928 which translated this constitutional principle into practice. The second comprises the seven years during which this Act was applied, though still only on a modest, cautious, and somewhat experimental scale. The third began with the new Land Settlement Act of 1935 and is destined to see the accomplishment of the vast task of organising agricultural production and populating the national territory on an intensive scale.

In this task of economic and social progress foreign immigration would still to have an important part to play. This is defined in the report of the Fund in the following terms: "The Land Settlement Act aims at a closer settlement of the country and appeals to both national and foreign settlers for the fulfilment of this purpose. The only type of settlement which is more especially reserved for Chilean workers is the training settlement, and even this exception does not apply to aliens who have been in the country for ten years. . . . The Land Settlement Fund will help to populate the country by encouraging the immigration of selected agricultural workers. . . . Foreign immigration has obvious advantages. No one can deny that to meet the needs of its rural areas and to enable the land settlement schemes to be developed to the full, Chile needs a fresh influx of active foreign labour. The Fund will therefore try to organise the immigration of selected foreign settlers, in the conviction that their abilities will make a definite contribution to progress." This point of view is again emphasised in the conclusion of the report, which states that "the necessity for developing the activities of the Fund on the one hand and for speeding up the process of populating the country on the other calls for an influx of selected agricultural immigrants whom the Fund will instal methodically on the land."

In pursuance of these principles, the Land Settlement Fund did in fact draw up detailed schemes for settlement by foreign immigrants from the very outset. The first of these schemes resulted in the founding of the settlement of Peñaflor. A second scheme, planned in 1930 and providing for the entry into the country of a number of skilled dairy farmers, had to be abandoned owing to the obstacles of all kinds, due to the depression, which made recruiting in Europe difficult and which has already hampered the execution of the first scheme to some extent. Most of the holdings in this second settlement were ultimately assigned to Chileans.

A few particulars may be given of the settlement of Peñaflor, which is particularly interesting as being the first scheme carried out by the Fund with the aid of foreign workers. The settlement was founded on an estate situated only 26 kilometres from the city of Santiago, with which it is connected by a railway and a good road. The 463 hectares of which this estate consisted, and which were suitable for all kinds of crops but more especially for fruit growing, were divided into 43 holdings of an average size of 10 hectares. A system of irrigation was installed and each holding was provided with a comfortable dwelling-house, a cow-shed, a pig-sty, and a poultry-house. The price of each holding, including the buildings and the share of the holding in the cost of the general improvements, varied between 73,189 and 92,833 Chilean pesos. Eight holdings were assigned to Chileans and 35 to German settlers recruited in Bavaria, Württemberg, and the Rhineland, with the help of the Chilean Consul in Berlin. As at the last moment several of the immigrants were unable to find the necessary deposit, or even to pay for their passages, not having been able to realise their property in Germany in time, the Consul advanced the necessary sums, which the settlers undertook to repay in five annual instalments. The cost of the passage from Munich to Valparaíso was £24 10s. for adults, children between 6 and 12 years of age paying half fare, those under 6 years quarter fare, and those under 2 years travelling free. As a special concession, the shipping company allowed each family free transport of one ton of personal and other belongings. On arrival in Valparaíso and pending installation on their holdings, the settlers were provided with accommodation by the Fund. The first holdings were handed over to the settlers in February 1930, together with the necessary seed, tools, and live and dead stock.

The settlers had bought the holdings by deeds signed before the Chilean Consul in Munich, providing for the payment of 5 per cent. of the purchase price on account, the remainder to be paid by instalments over a period of 33 years. Those who had been unable to realise their property, and could therefore not pay this deposit, were accepted on condition that they undertook to pay the necessary sum later on out of the proceeds of the sale of the property they had left in Germany. Fulfilment of this undertaking was subsequently hindered by the restrictions imposed on the export of capital.

Moreover, as the settlers reached Chile when the depression was at its worst, they were unable during the first few years to fulfil their obligations to the Fund, which was further obliged to make them

maintenance loans varying with the number of persons in the family. But in spite of these difficulties the settlement quickly prospered, and its future prospects are now most promising. At the present time it contains about 300 persons (43 families), and the settlers' children, 80 in number, receive free education in a State school. The land is suitable for a large variety of crops, but the economic side of the scheme was based principally on fruit growing, and the plantations necessarily took a few years to reach their full yield. For the past two years, however, the fruit crop has not only reached considerable proportions, but has also been marketed without any difficulty. In 1934 the settlers' co-operative society managed to sell the whole of its fruit harvest to one firm. The Fund has set up a large factory in the settlement for drying any fruit not sold for fresh consumption; this is later to be taken over by the Federation of Co-operative Societies of the settlements in the Santiago area. The firm concerned has also declared its readiness to set up a canning factory near the settlement, so that the settlers will be able to place on the market, in the most presentable form, an output which in 1935 has already risen to a million kilograms for peaches alone.

Workers' Nutrition in Africa

In the report on "Workers' Nutrition and Social Policy" recently published by the International Labour Office, some reference is made to the nutrition problems of Native labour and to the legislative measures which have been taken in some territories to regulate the scales of rations supplied by employers to Native workers.¹

Almost simultaneously with the issue of this report, there was published in the April 1936 issue of *Africa*, the journal of the International Institute of African Languages and Cultures, an extremely valuable series of studies of the problems of African Native diet.² The following notes on the nutrition problems of African labour are mainly based on the information given in these studies, supplemented occasionally by other information in the possession of the Office.

The importance of the scientific study of the nutrition problems of African peoples generally, and of African labour in particular, is well brought out in a foreword to the April number of *Africa*, contributed by Sir John Boyd Orr, and in a note on the general situation.

The former points out that "in advanced countries much improve-

¹ INTERNATIONAL LABOUR OFFICE: *Workers' Nutrition and Social Policy*, pp. 79 and 138. Studies and Reports, Series B (Economic and Social Conditions), No. 23. Geneva, 1936.

² *Africa* (Journal of the International Institute of African Languages and Cultures), Vol. IX, No. 2, April 1936. Oxford University Press and Humphrey Milford, London.