

LAND and LIBERTY

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LATIN AMERICA

A survey by James Busey

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True priority

CRASS ignorance pervades all debates about the \$700 billion world debt crisis.

This is well illustrated in Latin America, five of whose countries are prominent in the list of top 10 debtor nations (see facing page).

THE DEBTORS blame the West: they complain of high and rising interest rates, which threaten to make repayment impossible, and are said to be generating uncontrollable social tensions.

A debt default is on the cards, because Western governments and the International Monetary Fund are building their rescue operations on sandy foundations.

Yet debtor governments refuse to face up to their responsibilities. Their countries are under-performing because they will not make available the rich resources of their continent to the energies and ambitions of the people.

Result: institutionalised poverty. The citizens of Latin America are prevented from producing the surplus wealth which would liberate them – and their countries – from penury.

Dependence, then, is the order of the day until some cataclysm – like a debt default – has the cathartic effect of putting everything back at the starting point.

THE CREDITORS are not blameless. The vast loans were necessary because the 1973 recession undermined the economies of the non-oil producing Third World.

That recession was primarily due to the speculative binge of the early 1970s, which pushed up rents and the price of land to insupportable levels.

This crushed enterprise and reduced the real value of wages, and induced a contraction in leading sectors – such as construction – which resulted in unemployment.

These were self-inflicted wounds, but millions of innocent peasants in remote places are paying the price.

Neither debtor nor creditor knows how to get out of the present mess, but a good starting point would be a recognition of the facts.

Take the case of north-east Brazil. A report by Catholic bishops, recently submitted to their annual conference in Sao Paulo, appealed to the government for action to relieve the suffering of 22m people who are affected by the six-year drought.

Drought?

Yes, a natural calamity had cursed this corner of Brazil. But it is not until you read the end of the bishop's moving report that you find the conclusion that the problem was *not* drought.

Rather, the problems stemmed from the concentration of land ownership in a few hands, which consequently depressed wages and left working people vulnerable to the weather.

There is no debate in Brazil about the need for effective land reform – a concept that is branded "communism" by the elites who have yet to learn the truth: their resistance to land reform is the cause of communism and terrorism on their continent.

But this is where the Western creditors can exercise influence. Why not offer to write off debts in return for reforms?

This may sound glib. *Land and Liberty* does not pretend to have a package of ready-made solutions (how, for example, do you persuade those who abuse their political power to accept the rule of justice?).

We do know that, without substantial social and economic reforms, suffering will be unmitigated.

That is why we hope this special issue on Latin America will help to identify the underlying problems and focus attention on the policies that are priorities for action.

If we must continue to make the wrong decisions, at least let us not do so in the darkness of ignorance.