

BREAKDOWN OF CAPITAL IN COLOMBIA

R. J. Sandilands

"... politicians are required to change radically their diagnoses and their social attitudes"

IN 1961, Professor Lauchlin Currie, the former advisor to President Roosevelt and now a naturalised Colombian citizen, drew up a controversial action programme known as "Operation Colombia," designed to transfer up to 200,000 workers per year from the countryside into the medium-sized urban centres and to settle them into non-agricultural occupations. Essentially its aim was to accelerate the natural forces of the market, which in the case of all developed countries have dictated a more or less rapid shift in the labour force from the agricultural sector into urban work: in construction, industry and the service sectors. At the same time its aim was to ensure that the potentially great benefits of imported modern technology are not dissipated and made harmful by market imperfections and immobilities.

Meanwhile, successive Colombian governments, with the backing of the International Lending Agencies, have been attempting to stop the flow of rural-urban migrants and even to reverse the flow. To this end, enormous quantities of scarce national resources have been poured into agriculture through various colonisation, irrigation and technification programmes launched with great fanfare.

After nearly ten years of so-called Agrarian Reform, a few thousand rural families have been resettled, at huge cost per family, in areas far from where there are markets for any crops they are able to produce, and generally these families have been unable to repay their loans from the government. Nearer the major markets, a few more favoured farmers have been receiving subsidised credit and technical assistance to introduce fertilisers, pesticides, improved seed varieties and tractors, all of which have helped to increase individual farmers' yields enormously and have improved their competitive position.

Unfortunately these relatively few well-publicised "reform" projects have been distracting attention from their impact upon the other 90 per cent of Colombia's 1.5 million farm families which the government has not, for lack of funds, been able to help. Clearly the attempt to keep everyone in agriculture—half the total labour force—on the land by pouring more resources into agriculture is destined to fail. The productivity-increasing potential of modern techniques is far greater than the sluggish rates of growth of demand for food and raw materials. This means that there is a constant tendency for agricultural prices and incomes to fall so that only the favoured few who have managed to reduce their costs can survive—at the expense of the less favoured majority who are forced into subsistence farming or to migrate to the cities.

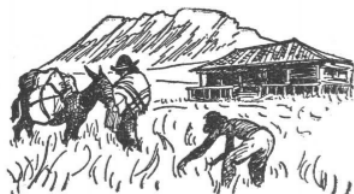
In short, Colombia, in common with most other Latin American countries who listen to the advice of the F.A.O. and other international agencies, is trying to replicate the technological conditions of Europe and North America while at the same time trying to reverse the advanced countries' experience of a drastic fall in the proportion of the labour force in agriculture. (In Britain

only 4 per cent of the labour force is in agriculture, and even an agricultural export economy like that of New Zealand only keeps 20 per cent in agriculture and uses the rest in other sectors that can use the labour more productively). The consequences of the Latin American policy for the growth of incomes and its distribution are disastrous. The main objection raised by the Colombians to rural-urban migration is that there are already too many city slums and that it is better for the peasants to stay on the land where they can feed themselves. But the fact is that bad as conditions are in the cities, the conditions are even worse in the countryside. More and more peasants are themselves choosing the cities as the lesser of the two evils despite the preferences of those who govern, who try to keep the poor people in the countryside where they are less noticeable.

Paradoxically, the better fed people are the urban people too, since the main constraint upon decent nutritional standards is the size of incomes which are usually higher in the cities, and not the size of the plot of land one lives on, especially when someone else owns the land and captures all the economic rent. Currie once said that people have a right not to land but to a decent standard of living. This implies that the fruits of land's natural productiveness must filter down to the people as a whole but not that everyone (including the state) must become landowners as such.

In Colombia the ownership of land can be a hazardous business since the Government is entitled to expropriate lands that are not being cultivated even when the costs of cultivation and transportation are greater than the product price, as is often the case with marginal lands. If technology can increase yields substantially (*i.e.* increase the intensity of cultivation at the internal margin), what is the point of wasting scarce resources to bring more land under cultivation at the extensive margin?

Very recently, a new Colombian Government has introduced an urban reform programme that makes some advance on earlier thinking, and is channelling some extra funds into the building societies. But unfortunately it is being accompanied by an even more vigorous regionalisation and colonisation programme that was recommended by a recent International Labour Organisation (I.L.O.) Commission which was horrified



to find that most Colombians live in or near a city! The policy they recommend would be analogous to encouraging the population of London to live on Rannoch Moor and grow potatoes.

The urban reform programme envisages site-value taxation of 8-15 per cent upon lots greater than 800 square metres which are judged to be "under-utilized" or badly utilised" in a social sense. It also allows for expropriations where the social interest dictates, plus a 5 per cent super-tax on luxury housing. All this is very piecemeal and unsatisfactory, but may grudgingly be regarded as an advance over earlier inactivity. At the same time, however, the Government has accepted a plan for the growth of Colombia's largest city, Bogota, that will soon use up any extra revenues they receive. Instead of encouraging higher densities with greatly reduced overhead capital requirements of roads and drainage, for example, they have opted for the luxury of North American style urban sprawl that is eating into the

best agricultural lands of the Sabana de Bogota. This will mean eventually that new, more distant and less fertile lands will have to be brought under cultivation at correspondingly greater cost. Present policies will then be vindicated, but no advance along the road to development will have been made.

In the face of growing frustration among the masses, the growth of revolutionary nationalism is in evidence in all parts of Latin America today. It is quite possible that the Marxists will have the last word since those entrusted with the task of making the free enterprise system work for the benefit of all evidently have no real understanding or only understand that part of it that benefits themselves. In Colombia, one more step on the road to their overthrow by the rising tide of discontent, was taken in November 1970 when the House of Representatives voted themselves a rise in salary from £3,600 to £6,000 per annum while some of those whom they are supposed to be representing hardly see that much money during a whole life-time of toil. If they dislike the prospect of the collapse of free institutions and want to avoid the paths that other Latin American countries such as Cuba, Chile and Peru are taking, then the Colombian politicians are required to change radically both their economic diagnoses and their social attitudes. Many fear that this reappraisal will come too late, and that events will confirm the Marxists in their mechanistic beliefs in the inevitability of class warfare as an (inauspicious) prelude to a moral transformation of the world.

Legislative Erosion of Liberty

ROY DOUGLAS

THERE ARE certain basic "rights of the subject" about which every student of civics or constitutional law learns. Obvious examples are freedom from arrest or detention except for lawful cause; freedom of speech subject to a few acknowledged exceptions and, broadly, the right to do anything one chooses unless that thing is expressly forbidden.

John Macdonald in his booklet* argues that these and many other basic liberties are in danger of being whittled away—not so much through the malice of opponents of liberty as by sheer legislative accident—the thing which happens when an Act of Parliament produces an effect which none of its drafters intended. He also

argues that there are certain rights which ought to be affirmed, but which do not appear in the textbooks, such as the right to privacy, and the right to join (or not to join) a Trade Union. Mr. Macdonald considers that a useful device for protecting and extending fundamental rights would be a Bill of Rights which would be enacted by Parliament and would set down these liberties; and that this Bill of Rights should include a clause to the effect that subsequent Acts of Parliament should only qualify its provisions if they expressly so stated. There are some of us (including your reviewer) who are a little suspicious of those "constitutionalists" who seem to believe that the way to preserve or extend liberty is to pass Acts of Parliament or to enact formal constitutions. The way to preserve or

extend liberty is to have a vigilant public opinion which regards liberty as a good thing. If such a public opinion exists, then liberty will be preserved, while if it does not exist then liberty will be whittled away. Nevertheless, there is a real and continuing danger of the erosion of liberty by accident. More and more legislation, both statutory and delegated, is produced year by year—and there have been plenty of modern examples of slapdash draftsmanship by people who have left to the Courts the job of interpreting ambiguous laws. Your reviewer does not believe that Mr. Macdonald's Bill of Rights would set the Thames, or the Torch of Liberty, on fire; but it would provide a useful security for us all. At worst it can do no harm; at best it could do a great deal of good.

**Bill of Rights* Liberal Research Dept., 2s.