

Pinochet & the torture trade

Straws in the Wind

THE most sensitive political issue that Home Secretary Jack Straw has had to face was whether to back the House of Lords and keep former Chilean dictator Pinochet in Britain, so that he could be extradited to Spain to face charges of murder.

Straw's dilemma had its origins in 1966, when the young idealist flew to Chile as a student leader to help build a youth community centre in a country torn with poverty. The one thing apparently going for Chile – according to postwar theories of economic development – was the aid received from the US. America was more generous to Chile than any other country outside South East Asia.

On his return to Britain he wrote an article for the left wing *Tribune* (Oct. 21, 1966) in which he revealed that the US Government used fake foundations as slush funds for money to support the Christian Democrat government of Eduardo Frei, who was the bulwark against the Communist-Socialist coalition (FRAP).

Salvador Allende, a Marxist, was to eventually win power through the ballot box. But he was killed in the coup when Pinochet, backed by the CIA, seized power in 1973. Why had US generosity failed to shore up a democratic Chile? Back in 1966, Jack saw the straws in the wind...

THE US paid close attention to Chile to protect the copper mines against the threat of nationalisation. But there was a gap in US geo-political philosophy, which Jack Straw spotted. He warned that Frei's reign would continue only for so long as he delivered reforms, the most urgent of which was land reform.

In the 1964 election, land reform had been the controversial issue. Noted Mr. Straw: "With 2% of the population owning 95% of the land, absentee landlords and a succession of complacent Governments, agriculture in Chile



■ Jack Straw MP

has not been hailed as one of its growth industries". In fact, although potentially self-sufficient in food, Chile imported over \$150 million worth of food every year.

Frei's government passed legislation to expropriate all farms that were either abandoned, under-worked or just too large. The plan was to subdivide them into 80 hectare (200 acre) holdings for landless labourers. Compensation would be in cash and in 25-year 3% "Land Reform Bonds".

Jack Straw, the socialist student leader, was not impressed. He did not think the government could muster the money to buy out the idle land. And anyway, he insisted, redistributing land would not raise production and productivity levels. Peasants, he wrote, would be driven to "small-scale semi-subsistence farming" when – according to the economic nostrums popular at the time – what Chile needed was "large-scale intensive farming".

He warned that, "if by the 1970 Presidential election the electorate decides that Christian Democracy has not been successful in providing reform the next Government in Chile will, without doubt, be a FRAP one".

STRAW'S THEORY was wrong. Large-scale farming, especially with a socialist spin – as the Soviet model demonstrated – does not deliver higher productivity. But emancipating the peasants – by giving them land to cultivate – has proved to be the economically sound strategy for nurturing higher incomes and human dignity. It has also long been known as the certain way to build democracy on the back of independent yeoman farmers.

Frei failed. Allende won the battle of the ballot box. Pinochet won the war: social reformers "disappeared", which is how the general has come to languish in a luxury home in a leafy English suburb.

Thirty-three years later, after Premier Blair appointed Jack Straw as his Home Secretary, the erstwhile socialist student found himself revisiting his connections with Chile. Pinochet's lawyers tried to disqualify him from sitting in judgment on their client, on the grounds that he had compromised himself with his visit to Chile. Mr Straw rejected the claim, and did make the ultimate decision on whether Pinochet could be extradited.

The general is now waiting for the Spaniards to haul him to Madrid, where they will allege that he murdered, tortured and kidnapped to retain the power that was needed to compress Chile into the social mould that was acceptable to its foreign patrons. His next hearing will be on September 27, when a Bow Street magistrate will begin the hearing on the extradition. When the legal process is exhausted, the final decision on extradition will again be made by Mr. Straw.

Meanwhile, Pinochet lives under armed police guard at a rented mansion in Surrey. Back in Chile, millions of peasants are still landless, living on the margins of existence while their masters argue over doctrines of economic development, the fashion being known as "the Washington consensus".

Washington DC □ Tax Reform

WHEN a tax reform measure starts to get all-party support in a legislature, its chances of success must increase, writes Tony Vickers. When it is also endorsed by bankers, trade unions, builders, mayors and chambers of commerce, you can start to expect its implementation.

That is the situation in New Jersey, according to the Republican Chair of the State's Local Government Committee, Representative Mike Arnone.

Speaking at a Tax Reform Summit in July, organised on Capitol Hill by the Centre for Incentive Taxation at the request of the Washington Regional

Network for Livable Communities, Arnone said: "Only two groups profit from the present tax system in New Jersey: the land owners and the ruling caucus in state and city governments who can play 'pork-pie politics' with grants, concessions – and each other".

Democrats rule in most of New Jersey. But where they are not 'the caucus', as in Virginia,

they are the ones pushing for 'smart taxes'. The Tax Reform Summit road-show moved a few miles from Washington to Fairfax VA to hear Cllr Tony Coughlan of Fairfax (pictured) explain why he was pushing fellow councillors to support enabling legislation for the split-rate tax.

First elected in May 1996, he only heard about the fiscal reforms promoted by American economist Henry George by accident. He is now a trustee of the Center for the Study of Economics, which undertakes studies into the impact of tax reform.

The politics of this policy were emphasised by Coughlan, who claims that campaigning on the split-rate tax helped him move up the poll in '98. The reason for electoral popularity of the measure is not hard to find. Dr. Nic

Tideman, professor of economics at a Virginia university, speaking at the Washington meeting, explained how studies had shown that every 1% difference in tax rates on land as compared to that on buildings produced a 16% increase in construction activity. That meant jobs, prosperity, less urban dereliction and a more healthy and content electorate.

