

LAND and LIBERTY

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Wicked system

ARGUMENTS in the rich countries about the so-called problem of hunger are obscene.

The leaders of European and North American countries have it in their power to wipe out man-made hunger.

They will not do so, however, because vested interests reap rich rewards from an economic system that institutionalises poverty.

The foundation of that wicked system is the distortion of the free market, poignantly illustrated in the agricultural sector.

The farming lobby will stoop as low as it has to, to defend "the farmer".

LIES are converted into apparent logic. Consumers are assured that their best interests are served by a system that guarantees the farmer an income (guarantees that are not available to any other sector of the economy).

SHAME is converted into virtue. Mountains of surplus food are explained as an honourable necessity towards the goal of national self-sufficiency.

The results are all around us. Take, for example, the EEC's Common Agricultural Policy. In Britain alone, it milks the consumer to the tune of an estimated £4bn per annum.

The government, rather than face the electoral consequences of raising this money by taxation (the sum is equivalent to between 3% and 4% of the total of explicit taxation), chooses the dishonest method of artificially raising prices above competitive levels.

Then, to get rid of the surplus food, the rich countries subsidise their exports. In 1984, expensive European produce was sold on the world markets with the aid of export refunds that totalled 36% of the budget.

In the U.S., an estimated \$6bn out of the \$19bn that went on direct farm subsidies can be attributed to export encouragement.

Massive food dumping by the West then depresses the world food markets, which undermine the foreign exchange-earning agricultural sectors of Third World countries.

And while Brussels and Washington threaten each other with lawsuits, each accusing the other of unfairly dislocating their traditional food markets, the poor farmers of the world get poorer.

The decline in revenue to the Third World then accelerates the process of impoverishment, leading to demands for food aid.

Free trade in the food markets would not reduce the incomes of working farmers or labourers: they can't get much lower.

But it would result in a drop in rents and the price of land. Already, the imposition of milk quotas in the EEC has had a revealing effect on the British land market:

- Land prices in the West Country – the prime milk-producing area – have dropped by 20% in the past year. Hill grazing land in the North has dropped in price by 25%.

- Experts estimate that, if the EEC's plans to reduce food surpluses were implemented, anything between 4m and 10m acres of land would fall out of use producing striking effects for ecological conservation.

And there we have it: power exercised by the landowners enables them to capitalise implicit taxes on consumers (the income generated by artificially high food prices) into higher land prices.

The landowners ultimately dictate the direction of agricultural policy in the rich countries. It pays them to create and sustain a food-producing system that dislocates the international markets.

That this beggars the rural peoples of the world does not appear to disturb their sleep.