

American poppycock

THE LANDLESS peasants of Bolivia are grateful to Western countries which are funding the construction of a new road between Santa Cruz and Cochabamba.

The road is wending its way along the edge of the Andes under the pick and shovels of the workers who toil beneath the sun. It will open up valleys that were previously inaccessible to the unemployed tin miners.

No-one claims proprietary rights over that land. So the peasants will be able to plant the fast-growing coca bushes.

While the streets of Paris and Amsterdam are littered by an increasing number of addicts; while Washington demands tougher action against the *narcos* who fly into Florida, or conceal their yachts along the Key West coastline, with their lethal cargoes of cocaine; while the world's banking system is used to launder the billion-dollar profits...the peasants will heave sighs of relief as they start to make a living.

The *narcos* effectively run countries like Colombia, where the

INSITE explains why the West has no answer to the drugs menace that is claiming an increasing number of victims.

Medellin Cartel is determined to prevent any of their number being extradited to the U.S. for trial.

Corrupt policemen and judges ensure that the coke barons are beyond the reach of the U.S. Drug Enforcement Agency. When Attorney General Carlos Mauro Hoyos tried to collaborate with the U.S. earlier this year, he was gunned down.

The United States has lost the war. The peddlers have swamped the market with so much cocaine that prices have tumbled. Prices were at their height two years ago, when a kilo of refined cocaine would fetch \$2,800 in Bolivia; on the wholesale market in New York it was worth \$40,000. Cut and adulterated, it sold to Manhattan consumers for more than \$2m.

The Reagan Administration found that, try as it may, the imports could not be stopped at

the borders. So in the early 1980s a new policy was adopted: money was offered to the peasants to grow food crops. The same offer was made to the poppy growers in The Golden Triangle, in South-East Asia.

It did not work: the money was not as much as the peasant could get for his coca crop.

In Bolivia, the peasants can receive the equivalent of \$1,000 for each hectare (2.47 acres) they dig up. Less than 1,400 hectares have been dug up since 1985. This compares with a total under coca cultivation of 104,000 hectares, according to the Bolivian Congress; local observers put the figure at around 200,000.

PEASANTS are the willing tools of the *narcos* because they have no alternative lifestyle to which they can look forward.

In considering the failure of U.S. policy, it is critically important to remember that the landless people who eke out a living in the urban slums are rootless rural families. Their loyalty can be bought by the drugs barons.

PASSIVE PENALISERS

OXFORD economist Nicholas Kaldor succinctly identified the problems with under-developed countries in terms of the maldistribution of income which, he says, arose from a failure to tax the value of natural resources.

"A large share, the surplus, is extracted from (farmers) by landlords who are passive and who monetize their income, but this monetized income does not serve any very useful social purpose. In fact, it was the accepted view in the 19th century, following the theories of Ricardo, that the income accruing as rent to the landlords is a passive element which is spent in an unproductive manner.

"Because land is a safe and permanent source of income (actually of a growing income, since land values and land rents are always rising), landowners need not save at all. It is

the entrepreneurs, the businessmen, the profit earners who use their incomes productively in investment; the landlords spend their incomes on consumption.

"From what I know of a country like Chile, the very large landowners do not even live in Chile. They mostly live in Paris and spend their incomes from Chilean land, which not only means unproductive expenditure but also contributes to the balance-of-payments problem."

Professor Kaldor recommends a tax on the annual rental value of land as the solution.

* David T. Geithman, *Fiscal Policy for Industrialization and Development in Latin America*. Gainesville: Univ. Presses of Florida, 1974, p. 167.

whose unimaginable wealth enables them to be generous.

In the city of Medellin, for example, Pablo Escobar Gaviria - who, with his fellow gangsters, has declared war on the state of Colombia - enjoys the confidence of the slum-dwellers. Why? Because he pulled them out of the shanty towns and gave them new houses.

These barons have access to a vast reservoir of workless peasants who are willing to accept the coca plants and grow the crops required to generate the profits. They receive between \$20 to \$40 for a 100-lb bag of leaves.

The coca bush provides five harvests a year, requires little attention and will flourish for 20 years.

Not surprisingly, therefore, the urban unemployed are willingly collaborating with the peddlers. They are flocking to the inaccessible regions of South America, where - beyond the reach of government agencies or the claim-jumping property owners - they can make a living.

THE ROOT of the problem is to be found in the way the land-grabbing European colonists displaced the Indian populations.

This process wrecked indigenous cultures, leaving the Indians in a no-man's land, on the periphery of an Hispanic culture which refused to assimilate the natives on equal terms.

The Indians were driven out of the fertile territories, forced to tease a living out of marginal lands on the slopes of the Andes or the edges of the Amazon jungle.

By wrecking the ancient cultures, the landed elites nurtured the seeds which, in time, would create the narcotics industry.

To the Indians, the production

BOLIVIA

AREA: 424,000 sq mi. Pop. 6 million. Income per capita: \$410.

Land reform: Attempt to quell agrarian unrest in 1953, when land was distributed to the landless. Within two to three years about half of rural families became farm operators. "free of burdensome obligations to hacendados, and presumptive landowners," notes a World Bank report (1).

Major problems: Not everyone benefited. Twenty-five years after the distribution, fewer than 30% of all peasant families had received title to land.

Migration to virgin territories on the eastern frontier led to creation of large-scale ranges, some exceed the 50,000 hectares allowed by law.

"This, together with the widely varying impact of land redistribution, which left livestock estate relatively unaffected in some mountainous parts of Bolivia, has meant that nearly two-thirds of the nation's farm land is still in holdings over 1,000 hectares," notes the World Bank report.

(1) *Land Reform in Latin America: Bolivia, Chile, Mexico, Peru and Venezuela*. Washington, DC: World Bank Staff Working Paper No. 275, 1978, pp. 22-23.

of the coca leaf is not, in itself, a heinous crime. The leaf has been chewed for comfort for thousands of years by the Inca peoples, who lived in the cold lands at up to 15,000 feet in the Andes. Coca growing was rooted in religious tradition.

But the peasants would not have turned the leaf into a commercial crop if their economies had developed in a rational way. Development, however, did not occur: the *conquistadores* transformed the Indians into dependant labourers toiling on the *latifundia*, and an authoritarian feudalism was created on South American soil which still forms the basis of power in the region.

So when the rich or the rootless of North America and Europe turned to narcotics as a means of escaping the tedium of their lives, there was a ready supply of unemployed workers willing to

produce the coca leaves for the black market.

Reforms occurred in those South American countries where land concentration finally became intolerable.

Maldistribution of land is the principal cause of revolution. Not surprisingly, the model for "reform" that is traditionally tolerated by the elites - a partial of the land is distributed to a few of the landless workers - has not been effective.

This partial solution is reluctantly accepted by existing landlords because there are no qualitative changes to the system.

- A vast reservoir of unemployed workers are still left to search for food on the urban rubbish dumps, which ensures that wages do not rise.

- A society's resources are still not fully channelled into the productive investments that would create jobs; political power remains with the rentier class.

- The conditions for social justice that would guarantee the economic rights of the next generation are absent, which is another way of saying that proprietary rights are exclusively inherited by the children of those who own the natural resources today.

The comprehensive solution is a land values tax, which would have a dramatic impact on the distribution and level of incomes, and the pace and direction of economic development.

This is the economic reality that will have to be learnt by the policy-makers in Washington, if they really want to attack the problem at the root. For without a radical solution to Third World economics, the cultivation of the coca leaf and the poppy will continue to flourish, and there is little that customs officers can do to stem the import of the white powder of death.