

## INTERNATIONAL MONETARY FUND POLICIES DO MUCH MORE HARM THAN GOOD

In a 140 page critique of its own performance, the secretive and all powerful global investor admitted that it "misjudged" the Asian crisis. The IMF put the blame for the failure of most of its projects on the local governments. The IMF's policies have been blamed for prolonging unemployment, recessions, and even provoking violence by drying up credit and imposing other draconian measures. An estimated 50 million Asians have been forced into poverty in the last 18 months, with the IMF pointed to as the prime culprit in global economic catastrophes.

The IMF policies of forcing interest rates higher, drying up credit, and increasing sales taxes have done the world a lot more harm than its dribble of real assistance has helped.

A dramatic example of this was portrayed on our TV screens when we saw riots involving the death of hundreds of citizens in Indonesia when fuel prices were doubled upon demand of the IMF.

Even IMF's partner in destructive loans, the World Bank, criticized IMF policies on the grounds that they protected financial speculators at the expense of ordinary workers. Jack Boorman, Director of the IMF's policy department recently stated that: "If we were doing this over again, with the wisdom of hind sight, I think we would

have been more insistant on more aggressive tightening of monetary policy and raising of interest rates."

It is a sorry thing to have to report that the IMF, as well as the World Bank Agency for International Development, the Lincoln Foundation, and dozens of other agencies, all of which purport to have the cash and wisdom to bring the third world into the first world, have not the slightest knowledge of the damage inflicted worldwide by lack of land reform or even have any actual interest in the subject.

### BRAZIL TO GET \$46.5 BILLION FROM INTERNATIONAL MONETARY FUND—FOR WHAT?

The media are describing in detail the valiant efforts of Brazil to stop its runaway inflation and pay for their huge, corrupt, and wasteful bureaucracy. We wonder why Brazil should be paid one penny and why IMF should be reimbursed at all for monies transferred to Brazil.

That nation's fundamental dishonesty was exposed during the short life of President John F. Kennedy's Alliance for Progress, which was intended to save the economies of Latin America.

In October, 1960, 18 Latin American countries and the United States signed the Act of Bogota, which was adopted to implement the Alliance for Progress. • • •

\$30 billion was to be invested in Latin America with land reform to be a prime objective. During this period, \$1.6% of the farms of Brazil covered over 50% of the land under cultivation, a factor which Kennedy blatantly ignored. Brazil is a prime example of the uselessness of trying to reform an economy when the two prime issues, taxation and land reform, are ignored.

The Alliance for Progress urged examination of "tax systems and procedures and fiscal policies with a view to assuring equity of taxation and encouraging improved use of land, especially of privately owned land which is idle." U.S. Treasury Secretary Dillon suggested in Bogota that taxes on the vast unused private holdings be imposed, which he stated would encourage the owners to make productive use of the land, or to sell it to the Government at a reasonable figure, so that it would be resold on reasonable terms to landless families.

Similarly, in April, 1961, the industry-backed Committee for Economic Development published a statement on national policy toward Latin America. The Committee, chaired by T.V. Houser, a Director of Sears, Roebuck & Co., included this conclusion in its report: • • •

☞ "In some cases, inadequate taxation of unused land permits its owners to hold it idle. Adequate taxation of the land would force it into use or into sale where it could be acquired for use by small holders."

The landlord-dominated governments of Latin America did not find these suggestions palatable, preferring to depend on loans and grants from the United States to solve their land problems. The preferred plans proved a complete failure, and the entire Alliance for Progress went down in history as just another extremely expensive disappointment.

In September, 1961, leftist politician Joao Goulart became President of Brazil just in time to personally exploit the Alliance for Progress. Goulart was the leader of the leftist Brazilian Worker's Party. Goulart is described in Jim Busey's *Guide to Latin America* as being demagogic and irresponsible. "He threw around public money as if it were water, announced decrees which would nationalize all land within six kilometers of any artery of travel, including rivers, filled his regime in with the most radical and inflammatory charlatans of the time, encouraged strikes which paralyzed public services and industry all over the country, robbed the public treasury, and presided over an inflation rate which reached 165 per cent a year."

Goulart fervently spoke out in favor of land reform, attacked land monopolists and proposed a purported land reform under which the large estates would be expropriated by the Government, which would pay the former owners with bonds and redistribute the land. Goulart also signed decrees expropriating all land within 10 kilometers of federal highways, railways, and water projects.

Goulart was one of the first to embrace the land principles of the Alliance for Progress. On April 13, 1962, after a visit of Goulart to Washington, the United States and Brazil signed an agreement under which U.S. agreed to pay \$131 million and Brazil to commit the equivalent of \$145 million to develop the vast northeast area of Brazil, a district covering 800,000 square miles plagued with a semi-feudal system of land tenure. It was announced that a major program was to be an overhaul of the regions' agrarian structure through redistribution of land and planned migration, and an attack on the region's system of land tenure, which has changed little since colonial times. (Business Week, May 12, 1962).

The Brazilian Government announced plans to persuade sugar planters in the northeast to voluntarily give up half their land, to be parceled out to tenant farmers, in exchange for irrigation, technical and financial help given to the landlords.

The program was called "one of the most ambitious actions taken under the Alliance for Progress" by the U.S. Agency for International Development. U.S. President John F. Kennedy wrote President Goulart that "We approach this program with the same sense of urgency and the same determined spirit that your Government has demonstrated in its planning for the region." (Los Angeles Times, April 14, 1962)

The various loans and grants achieved absolutely nothing. In early 1964, Goulart was deposed, and fled from Brazil claiming that reactionary Americans were responsible for his ouster. But, as noted in Time, May 1, 1964, when Goulart fled the country, he personally owned over 1,900,000 acres of land in Brazil, most of which was purchased in a single week, seven months after he was elected president.

An increase of the negligible property taxes in Brazil was never even approached, and the more politically acceptable "redistribution" plan ended in the usual fiasco.

During the height of the enthusiasm about the Alliance for Progress, New York Governor, Nelson Rockefeller, speaking before the American Chamber of Commerce in Sao Palo, Brazil, stated that land reform is "only a good slogan." Nelson personally had huge holdings throughout South America on which he paid only a pittance in taxes. Some time ago, Time Magazine reported that Nelson and his brother owned a 50% interest in a 1 million acre ranch in the huge Matte Grosso area of Brazil. The other owner?, the former Brazilian Ambassador to the United States!

In Brazil, a small handful hold all the land but pay little in taxes, while the government is run on consumer taxes to which the rancheros who control political life contribute very little.

It is evident that further loans to Brazil will lead to more expensive public works construction and political corruption. There is no logical reason why the poverty imposed by IMF grants and loans should be at the expense of the American taxpayer. ☞