



Delegation to Moscow meets former Prime Minister Victor Chernomyrdin, a new supporter for land-and-tax reform. l to r: Fred Harrison, Chernomyrdin, Nicolaus Tideman, Mason Gaffney, Ted Gwartney, and State Duma Deputy Vyacheslav Zvolinsky

Russia's ex-premier backs rent strategy

Sergei Belyakov reports from Moscow

PLANS to locate the rent-as-public-revenue strategy inside Russia's reform process are being fine-tuned. Three independent streams of action are gathering momentum and they could consolidate into a single thrust to reindustrialise the former superpower on the back of a tax-driven transformation.

✂ **Economics:** Premier Yevgeny Primakov has already introduced laws to shift taxes off wages and profits and onto rental income. These changes were driven by economic logic rather than philosophical conviction: more than 70% of income generated in Russia is from the use of land and natural resources, which makes rent the natural source of public finance.

✂ **Politics:** parliament is now as much a lame duck as the ailing Boris Yeltsin is a lame president. Deputies are focusing on elections in December. This political vacuum is being grasped as an opportunity by Dr Vyacheslav Zvolinsky, chairman of the State Duma Sub-committee on Land and Ecology.

Dr Zvolinsky disclosed his plan to a visiting team of land-and-tax reformers before presiding over the Duma's parliamentary hearings on land on January 19. Testimony to the hearings was presented by three US experts: economists Dr Nic Tideman and Dr Mason Gaffney, and property assessor Ted Gwartney, Executive Director of the New York-based Schalkenbach Foundation. The hearings were co-chaired by Fred Harrison (Director of the London-based Centre for Land Policy Studies).

A resolution drafted by Dr Zvolinsky required that a working group convened to compile recommendations to the Duma would be guided by the principle that "Rent has to become the base for public revenue. Only this will liberate citizens' profits and enterprise from unfair taxation". The resolution, which was passed unanimously, urged that this principle should be enshrined in the constitution.

Dr Zvolinsky now plans two more parliamentary hearings this year, to undertake the groundwork for bills on land rights and associated tax reforms. He will submit the bills to the new Duma next January.

✂ **Academia:** the Academy of Sciences is highlighting the benefits of switching public finance onto the rent of natural resources. Leading the economists is Dr Dmitry Lvov, Academician-Secretary of the Academy's Economics Department. The Academy and the Council of the Federation (parliament's upper house) plan a conference this spring at which a book edited by Dr Lvov will be launched and circulated to the governors of all 89 regions in Russia. The chapter on public finance was written by Fred Harrison with co-authors Drs Tideman, Gaffney, George Miller of Britain's Wolfson Institute of Preventive Medicine, and Tanya Roskoshnaya, Director of the St. Petersburg-based Land & Public Welfare Foundation.

In a bid to mobilise scholars behind a new approach to transforming society, Dr Lvov will launch a manifesto for Russia which he co-authored with Harrison. This advocates a tax reform plan which the authors believe would unite the political factions behind a programme for rescuing a society that is suffering a net loss of about 1 million people a year

through poverty and psychological trauma.

The thrust of these trends is in the direction of what is known in history and philosophy as the Single Tax, which weights public revenue in favour of drawing income from the rents of natural resources. Can Russia hope to adopt this formula which, according to its advocates, would enshrine justice in the economic system?

Dr Zvolinsky is determined to give Russia the choice. But to do so, he has to muster powerful political support. His first step was to join the Duma faction of Deputies called Our Home is Russia - otherwise known as "the party of power". Head of the faction is Victor Chernomyrdin, who presided over Russia as prime minister for five years until he fell victim to one of President Yeltsin's bouts of blood-letting last year.

During those years in power, he told *Land & Liberty*, the land question was the most difficult problem he had faced. And, he revealed, he backed Dr Zvolinsky's plans to promote the rent of Russia as public revenue. As the heavyweight boss of the Gazprom monopoly before his appointment as Prime Minister, Chernomyrdin still commands influence among the people with power in Moscow. He seeks election to the Duma in December, which would provide the platform from which to launch his bid for the presidency in June 2000.

Holyrood: a Virtual Parliament?

SCOTLAND goes to the polls on May 6 to elect the nation's first parliament in three centuries. The Labour Party says that, if it wins, it will not touch taxes.

Land & Liberty will analyse the results in the Summer edition, to evaluate the pledges of some political parties to introduce radical land reforms.

Can land reform be meaningful without tax reform? If the current tax system remains

untouched, will Holyrood be turned into a Virtual Parliament? Or will Scotland now enjoy the breakthrough that was demanded by the people 100 years ago, but which was snatched from them by landowners in Westminster?

Millennium politics in Scotland - a country that was at the forefront of the Enlightenment Project - will symbolise the prospects for the evolution of democracy in the 21st century.