

U.S. GEORGIST VISITS THE SOVIET UNION

By Steven Cord

The invitation was encouraging: I was one of four who were the invited guests of the Economic Reform Committee of the Supreme Soviet; we were to present our case for tax reform at a work session on Monday, May 13.

I will admit to a few trepidations on the British Airways flight into Moscow: isn't the Soviet Union our sworn enemy? Don't they threaten us with atomic bombs? They kill people in the USSR, don't they? It's a dictatorship, no? Anyway, doesn't the Communist Party dictate to the Supreme Soviet? Won't the people be unfriendly?

Well OK, I'll only be there a week. I'll take my chances. They want me to testify because of the research I've done indicating that when cities tax land values more and other things (esp. buildings) less, there is economic development; here is a tax which actually promotes production and will make the Soviet transition to a market economy a little easier. Such a tax causes land to be used efficiently, which is not now the case in the Soviet Union. If production isn't taxed, there'll be more of it. But enough of all that.

So there I was, ushered in with my three American colleagues to the Economic Reform Committee of the Supreme Soviet, Americans on one side, Soviets on the other. A picture of Lenin glared down at us. We capitalist Americans urged them to socialize the rent of land; they acquiesced, but Russians in general simply don't have a natural understanding of how a free economy works; land, to them, has no rental value because it is not a product of labour; yet they agreed in principle it was good to tax land, not labour or capital (if the latter is taxed, then the tax is passed on to consumers in the form of higher prices, but the Russians weren't sure of that).

Hey, they didn't mean to do it but they nearly killed me with kindness and cholesterol; the Russian diet is 45% fat, 45% cholesterol. In one week, I probably lost two years off the end of my life. Plenty of eggs and cucumbers (the latter is neither fatty nor oily, but it was served for breakfast, lunch and dinner and bathed in sour cream).

Did we sell the land value tax to the Soviets? Well, they showed more genuine interest in it than did most Americans, who are so relativist they wouldn't recognize the truth if they bumped into it.