

# LAND and LIBERTY

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THE Soviet Union is to hold a referendum on land ownership - and three Nobel prize-winning economists urge Mikhail Gorbachev to retain land in public ownership and raise revenue by charging rent for the use of land. Story, Page 12.

## Russia's chance

THE SOVIET Union wants a market economy. And private property in capital - factories, machines, tractors, all the man-made means of production which, under Marxism, was supposed to be owned by the State.

But the major political leaders agree that there is one factor of production that ought to remain in social ownership.

### Land.

Mikhail Gorbachev is a powerful advocate of the continued public ownership of land. But, sensibly, he sees that it is necessary for individuals to enjoy secure individual possession of land, if the enormous creative power of the individual is to be unleashed.

When it appeared as though the Supreme Soviet would adopt a policy of private land ownership, last summer, Gorbachev took a stand. He voiced the view that, before such a fatal step was taken, he would insist on a national referendum. The people would decide.

In his writings, Gorbachev has suggested that individuals should possess land, but pay the rental value to the community. That is the ideal solution: the one articulated a century ago by Henry George, whose fiscal policy is known as the Single Tax.

Why burden labour and capital with taxation, when the community can raise its revenue from the rental value of its natural resources?

NOW the issues have been crystallised by the Congress of Russian People's Deputies, who are groping towards a formula for expressing the ideal relationship between the user and the land.

They have got the detail wrong. They think that if farmers are to be encouraged to use land productively, they have to own their land; and must be free to allow sons to inherit their fathers' fields.

This is clumsy. It is economically inefficient, and it will produce the result that their President, Boris Yeltsin, actually opposes.

This is how Yeltsin defines their aspirations: "You don't understand the Russian spirit. People here do not understand the concept of buying and selling land. The land is like a mother. You don't sell your mother."

Of course you don't. But on the basis of the Russian plan, they might just as well, for all the difference it would make in economic terms.

To prevent land speculation, the Russian federation suggests that farmers, if they want to abandon their claim to land, should be forced to sell it back to the local government.

Under this formula, however, farmland might just as well be privately owned. For what matters is not who owns the title deeds, but who claims the flow of income from the land.

### Rent.

Rent is at the root of the exploitative power of the western market system. It's not expressed in those terms by liberal critics or even Marxist revolutionaries, but that's because of their inadequate analysis.

In reality, rent is both the problem and the solution.

• In private hands, rent becomes the means for extracting unearned income from the producers of wealth. Privatised rent is the principal cause of poverty, unemployment, inner city dereliction and business booms - and slumps.

• Tax it for the benefit of everyone, and it is transformed into a powerful tool for social progress.

Orthodox economists do not have any sense of this vision. They are trapped in a mind-set that accepts the limits to liberty set by the tax-and-tenure arrangements of the West.

The Soviet Union can become the first Single Tax society on earth.

Or just another carbon copy of the western economy, which is on the verge of tipping millions of people into unemployment in a routine game of Russian roulette.