

## 'PROPHET' FRIGHT IN THE USSR

WRANGLING over the distribution of power has taken the former Soviet republics to the abyss, writes Peter Poole.

This warning came from President Gorbachev on Nov. 10. At the heart of the crisis is controversy over whether to take united action on policies such as those covering banking, financial policy and taxation.

Illuminating the friction in the debating chambers was the reaction to *Land and Liberty's* proposal that the post-socialist societies ought to institute a heavy tax on the annual rental value of land.

This received close attention at the Central Institute for Town Planning in Moscow, and the outcome is revealed by a senior research fellow, Professor Yuri Bocharov.

He has studied the economic theories of Henry George, who proposed that socially-necessary expenditure should be financed by a single tax — on the community-created rental value of land (LVT).

"Henry George is a prophet", said Prof. Bocharov, "but we must combine his ideas with other ideas. Implement it [LVT], of course, where possible, but step by step. It may be better for Estonia to adopt it, but in some areas it would not be possible. How do you explain it to a people with 200 languages?"

The idea that the USSR could be the first country in the world to introduce a full-blown Single Tax programme frightened Prof. Bocharov's colleagues. They had read *Land and Liberty* editor Fred Harrison's chapter on the subject in a new book.\*

The plan, reports Prof. Bocharov, "is too simplified. It is a good idea, but the tax system must be changed step by step. We have heard simple ideas many times, and they are dangerous. The state always deceived the people, so now they are suspicious of parliamentary decrees".

In the past, said Prof. Bocharov, ideas were instituted by



• Yuri Bocharov  
force. "Lenin used an armoured car, and Yeltsin used a tank, so my colleagues said, 'Give Fred a tank'."

Responding to grass-roots aspirations, Prof. Bocharov — now a harsh critic of communism — said that small, autonomous regions should be free to make decisions about land tenure and taxation.

In his view, the break-up of the empire may produce up to 60 autonomous states. "One day, they will return to some kind of free federation; but right now, they want to restore their culture by any means disregarding economics. They will be happy on bread and potatoes."

It was vital for policy advisors from the West to realise that the empire included people who were still living in the 18th century. "The idea of a Single Tax and better land use is good — for the educated people."

"Economic zones will attract enterprising people and western technology, and be covered by international law, and the firms can pay to rent the land as Henry George advises them, and they will be confident that it can work."

"But for now, people say, 'Why pay tax for land, it is free from God!'"

\* Richard Noyes (editor) *Now The Synthesis: Capitalism, Socialism And The New Social Contract*, London: Shephard-Walwyn/New York: Holmes & Meier.

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tion Dennis Robinson said that the relevance of Henry George was now dramatised by the devolution of political power and the global process of urbanisation. These produced problems which lead "to the challenge from Henry George: how do we balance and deal with the dual challenge of equitable social and economic development?"

PROBLEMS associated with property rights were addressed by lawyer Joan Youngman, who is Resident Senior Fellow of the Institute. She noted that it was Henry George who highlighted the fact that property was

characterised by a multiplicity of interests.

The treatment of Henry George by some of the professionals was confusing. For example, one of them said that, if we were starting from scratch in the Third World, Henry George's Single Tax — in which the bulk of government revenue would be derived from the rental value of land — would be appropriate; but that was not the case. Thailand was his example, where the absence of a tax on vacant sites resulted — after the land boom had turned to bust — in owners holding on to empty sites for up to five years.

He then suggested that an appropriate property tax would reduce the price and increase the supply of land. *No-one poin-*

*ted out to him that this was precisely what the Georgist tax on the annual rental value of land would achieve!*

The congress was exciting for the wealth of data that poured in from around the world. The scholars continue to limit their explorations to economic issues; they have not yet absorbed the comprehensive vision of Henry George, who saw that land monopoly corroded every corner of culture.

Nevertheless, thanks to Lincoln's decision to focus some of its research on the insights elucidated by Henry George, we can expect future congresses to confront a wider spectrum of social problems, those that flow from dysfunctional systems of land tenure and taxation.