



A grasp of *economic rent* is vital to understanding geoism and the path to social justice and environmental sanity. Short definitions are helpful but limited – the return to privilege; a free ride at society's expense; unearned increment;

excess profits that monopolists reap in the absence of competition; the income imputable to natural resources; the share in the wealth produced which the exclusive right to the use of natural capabilities gives the owner; or even the natural source of revenue for the community.

Sydney's **David Smiley** continues his series wherein he fleshes out the meaning of rent through a string of vivid historical examples.

"SKIMMING" is a word used to describe one of the rent seeking activities in oil producing states. In Saudi Arabia, for example, no Western supplier or contractor can operate by law without a Saudi partner who then skims or creams off the maximum percentages from all contacts, contracts that this partner has had a hand in awarding. David Pryce-Jones, in *The Closed Circle*, describes skimming as "a matter of luring some hopeful Westerner ... negotiating and intriguing through sponsors and intermediaries and agency holders, defeating competing [rent seeking] networks, depositing secret percentages and bribes into outstretched palms and Swiss accounts, finally bribing signature holders in banks to authorise the remittance abroad of profits. In short, the ancient desert *razzia* or tribal raid has converted into a deadly quagmire of money-favouring."

Pryce-Jones explains: "Arabs themselves, and not only the Saudis, reject as Eurocentric any definition that makes money-favouring out to be degrading and corrupt, arguing that this is their tradition, and they are operating comfortably within it." Corruption more than anything else impedes reform, so that reform itself is like "firing a cannonball into a mountain of mud." Not surprisingly therefore "Despite technical assistance and aid flowing into the Arab countries and the stupendous wealth produced from oil, the vast majority remain poor, and violence is customary and systematic."

Saddam Hussein is reputed to have skimmed five billion dollars off the oil-for-food program. But skimming is not confined to oil or the Middle East. In California zoning laws, whether socially necessary or not, create an economic rent worth 40 percent of the price of property, skimmed off by bureaucrats and developers.