

HOW SHARING EARTH BROUGHT PEACE

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Introduction

Since forever, humans have claimed and counter-claimed every square inch of this planet. Occasionally, these disputes have ended peacefully. What has worked in other times and places might work again in the Mideast. Delivering a double dividend, what settled land disputes also developed moribund economies and revived developed ones. Among others, New York, now aiming to rebuild, has used this policy before. Because it's growing popular among environmentalists, greens could lead the US to geonomics.

Bloodless Resolutions

On a distant ridge at dawn, a Palestinian might gaze across the desert at the hills where his fathers before him had grazed sheep, where now sprout Israeli settlements. Many American suburbanites, too, cannot go home anymore, to childhood's field or woods or marsh, now filled or clear-cut or leveled and covered by monotonous boxy structures. An Australian aborigine knows a similar scene of displacement and an effective means of redress.

At a British Parliament hearing, an elder testified, "our land claim doesn't take one piece of land from anybody." What they want instead is a share of land's rent. Redirecting rent, the money we spend on the nature we use enables society to curb taxes on useful effort. Minimizing taxes on things we create individually while collecting rent from things created to benefit us all equally is geonomics. Wherever tried, to the degree tried, geonomics has worked.

Three times in history, territorial antagonists yielded peacefully to geonomics. In Denmark, the crown prince was so eager to try physiocracy (the au courant version of geonomics), that he deposed his uncle, the king. In California, runaway land concentration (one rancher had over a million acres) provoked a schoolteacher to run for office just to legislate a tax on land values, not buildings. And in Taiwan, a retreating general was so desperate that he implemented on the island what he had merely promised on the mainland. Thus, during the 1840s in Denmark, the 1890s in California, and the 1940s in Taiwan, large land-owners found it too expensive to hoard land, so they sold off their excess at prices the peasants could afford and the tedious struggle between landlord and tenant ended without bloodshed.

Mideast implementation

These cases involved different classes, not different cultures. Yet with a new twist the rent rebate that worked within society may work between societies. The Koran urges landlords to not gouge tenants but to consider land a trust. In Israel, admonished to not own land forever, since the land is Mine (Leviticus), the National Trust leases all the land to the occu-

pants. These strictures could lead to geonomics.

Israel and Palestine would establish a steward to collect land dues and disburse rent dividends a la Alaska's oil dividend. Since land is more valuable in Israel than in Palestine, Jews would pay in more than Arabs, yet everyone would get back the same. And since Israelis prosper, they drive up land values; having Jews as co-owners developing land, raising its value, fattening everyone's Citizens Dividend Arabs might accept that. Profit does make for strange bedfellows. Two arch-rivals, China and Taiwan, recently agreed to explore for oil together.

Mideast Development

While sharing rent may soothe hurt feelings, collecting it stimulates development. As a World Bank report acknowledged, all the Asian Tigers first had land reform before becoming Tigers. Land taxes impel owners to put their land to its best use, which requires employment and construction. As workers exchange wages for goods, they generate more output for everyone.

Using geonomics, people have turned some of the poorest lands into the richest economies. Hong Kong is a barren rock owned by the public. The city collects enough site-rent to keep taxes on effort way down. Thus prices are low and investment and income high, moving FORTUNE magazine to name Hong Kong the world's best city for business. In a different culture, Mexicali (Mexico) replaced the property tax with a land tax and bettered itself.

If Palestine does forgo taxes, it'd become a tax haven, attracting money from wealthier neighbors without incurring debt. As Palestine sustains development, it could sell bonds at a lower rate. When Palestinian bonds are selling on Wall Street, overlapping self-interest will wither the appeal of terrorist rhetoric.

New York, Old Story

New Yorkers benefited before from geonomics. After World War I, the city lacked housing. Borrowing a page from former mayoral candidate Henry George, the council exempted new buildings but not underlying sites from taxation for the next ten years. During the first half of the Roaring 20s, new construction more than tripled while in other big cities it barely doubled. Economic good times came to an end when owners in 1928 began to anticipate the expiration of the exemption. Stalled housing starts helped trigger the Great Depression.

More recently, Mayor Rudy (continued on page 12)

HOW SHARING EARTH BROUGHT PEACE (cont'd from page 11) Giuliani used to welcome the school year by suspending for a week the tax on shoes and clothes. Shoppers saved, stores profited, and the city took in more revenue. If the city zeroed out taxes on all sales and wages, customers and workers would flock to the Big Apple, pumping up site values even higher, providing a fat fund for fixing up infrastructure. That'd help owners redevelop both lower Manhattan and the blocks of vacant lots and abandoned buildings in the Bronx and Bedford-Stuyvesant.

Reject recession

To invigorate our traumatized economy, politicians push tax buttons and pull subsidy levers. Sometimes they get it right. In the 1970s around the city of Melbourne (Australia), some towns lost businesses while others gained new firms even as the economy was shrinking. The towns losing companies had the conventional property tax, which falls mainly on buildings, not on land speculation. The towns gaining enterprise had a site-value tax that prodded owners to keep their land at its best use which meant having tenants who hired people and sold goods. Denmark in the 1950s raised its rate on land, quickening employment while slowing inflation. Then in the 60s, the nation reduced its income tax burden for one year, both investment and output soared.

Important endorsers

When Johannesburg (SA) taxed land three times greater than buildings, it recycled sites faster than any other city in the world. Using urban land efficiently over and over absorbs development that would otherwise sprawl onto rural land. Since taxing site-values, not improvements, in-fills cities. Seattle's Northwest Environment Watch, a spin-off of WorldWatch (which also endorses geonomic policy), dubbed the property tax shift "the sprawl tax". The Sierra Club, Friends of the Earth, and most major groups endorse shifting the property tax from buildings to locations.

Some influential constituencies have supported geonomics. In the 80s, thanks to taxing land six times higher than buildings, Pittsburgh kept neighborhoods stable, housing affordable, and crime low. Rand-McNally named the Steel City "America's Most Livable City" twice. And the Commission on Affordable Housing set up by the first President Bush endorsed this property tax shift. Pro-business supporters include Milton Friedman, Jack Kemp, and the Philadelphia Association of Realtors.

America's role

As the Chinese character notes, crisis is half opportunity. To counter global recession and resolve the Mideast stalemate, Western governments would: (1) eliminate tariffs on imports from Palestine and elsewhere; (2) eliminate subsidies to

domestic producers, so they must compete with imports; and (3) set a good example; shift from subsidies to a Citizens Dividend and from taxes to resource dues. All of us would save boatloads of money from no taxes on imports, sales, salaries, and homes. Our governments would stuff their treasuries with the rent from sites, resources, and sinks (environment as dump site).

Besides rent from land titles, resource leases, broadcast licenses, and standards waivers, revenue could be raised, too, from monopoly patents, utility franchises, and corporate charters. Charging full market value for these pieces of papers, we'd rake in trillions each year from the privileged elite. We'd still be the envy of the world but no longer the master of the world. The terrorist crisis would make America better; it'd get us to do what we should have been doing all along.

Beyond borders

After terrorists toppled New York's twin trade towers, young males in the dusty streets of Palestine danced in celebration. They wore blue jeans, t-shirts, and Nike shoes. Our influence extends everywhere; we have no choice but to lead. The US should put these geonomic reforms on the table and not budge until a Mideast economic partnership treaty gets signed. We'd make all future aid contingent upon reaching an accord.

Where to draw a line in the sand becomes a lot less contentious when land and oil are no longer spoils of war and when neighbors do not endure drastically different standards of living. Growing up, we learn to not fight over toys but to take turns. Societies need to learn this, too.

Early last century, Gifford Pinchot, first head of the US Forest Service, said: "The earth belongs of right to all its people and not to a minority, insignificant in numbers but tremendous in wealth and power. The people shall get their fair share of the benefit which comes from the development of the country which belongs to us all with equal opportunity for all and special privileges for none." A man in a Republican administration could say that then. We need to hear it again now.

MEMBERSHIP BROCHURE INSERT

In September 2001, the Board of Directors of Common Ground-USA approved a statement, "The Key to Promoting Prosperity by Reducing Taxes on Labor and Capital," to be a philosophical foundation companion sheet to Common Ground-USA's membership brochure. It is printed in this GroundSwell on page 13. It is also posted on Common Ground-USA's website, <http://www.progress.org/cg>.

Common Ground-USA's membership brochure is inserted in this GroundSwell issue.