

Land and Liberty in the USSR

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Articles in the Spring Georgist Journal on Eastern Europe note that those countries have a chance to create economic systems in which capital is privately owned and land rent remains a common resource. Recent legislation in the USSR is pointing towards that direction, and it may be of interest to reveal the recent developments.

The "Fundamentals of Land Legislation," signed by Gorbachev on February 28, 1990, forms the new legal basis of land tenure, some of whose measures await legislation in the republics. The law grants USSR citizens heritable land, provides for the leasing of farm land to individuals, and specifies that land tenure is subject to payment "in the form of land tax or rent, set according to the quality and location of the land plot" (Fundamentals," 1990, p.44).

Article 10 states that land can be transferred in accord with the legislation of the republics. Article 18 prohibits interference so long as laws are observed.

Gaydamaka (1990, p. 65) notes that with this legislation, "the state is honestly declaring that it will exact a tax for land use." The tax policies are to be set up by the republics. Payments for land are to be paid into the budgets of the local soviets, some of which may be transmitted to the budgets of the republics. The local soviets are responsible for the leasing.

On March 6, 1990, Gorbachev signed the "USSR Law on Ownership," expanding the ability of individuals to own means of production in the form of capital goods. The text of the law was published in Pravda on March 10 (USSR, 1990).

Article 1 sets down the principle that the owner may perform any act, with regard to the property.

which does not contravene the law. An owner may also contract with citizens "regarding the use of their labor" so long as this precludes the "exploitation of man by man." Article 3 specifies that ownership may be exercised over land and buildings.

Article 6, clause 4, states, "Citizens are granted land for lifetime heritable possession in order to conduct peasant farming or a personal subsidiary plot." A member of a cooperative who has fully paid for his share of its property acquires the right of ownership over it, according to Article 7.

Ownership of land is covered in Section IV, "State Ownership." Article 20 specifies that land, water areas and flora and fauna "are the inalienable property of the peoples living on the territory in question." The USSR retains possession of lands needed for the armed forces, pipe lines, power and communication systems, etc. Article 24 provides that state-owned property assigned to a state enterprise belongs to it "on the basis of full economic control"

Section IV states that if the government terminates one's right of ownership, the loss is reimbursed by the government.

A foundation for a market economy could emerge from the new laws on land possession if the judicial reforms secure an independent check on the interference with property and leasehold rights by local or higher-level governments, if all land is subject to the same rent or tax rate, and if the leaseholds are freely transferable at prices set by buyers and sellers. But the foundation is only the beginning. The market structures and methods of reform built on this foundation must also be sound. The prosperity promised by free-market theory requires not just nominal ownership of capital and the possession of land subject to rental payments, but the freedom of the owners to produce as they see fit and to contract freely with others. While advocating the private ownership of capital and

the leasing of land, we should at the same time emphasize the freedom to produce, exchange and consume.

References

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