

# Letter from the editor

SINCE AT least the late 19<sup>th</sup> century, land and tax reformers have advanced their programmes on the basis of a philosophy that saw the proper economic basis of public life as *other* than traditional taxation. Notwithstanding the variety of tactical initiatives taken in different times and places, including the advocacy and pursuit of the process of *tax shifting* (the 'gradualist' approach rather than the 'whole hog' approach), the underlying strategy that has been assumed and that has informed work has been the *replacement* of traditional taxes by the rental values of land and natural resources. The 'rent-for-revenue' argument has been advanced specifically never as a possible *additional* source of public revenue, but as a source of public revenue *in lieu* of traditional taxation. This is how it has always been for reformers. All efforts have been made on that basis.

It is a truism, if mostly a dubious hope, that times of crisis are times of opportunity. But the global economic crisis of which the world is in the midst provides reformers with a galaxy of new and different opportunities to advance their case and to popularise their radical perspective. Is it time to reconsider strategy?

Western governments have chosen to respond to the financial emergencies being presented to them by ailing economic institutions by injecting massive amounts of public money into the private sector. The public debt has been the loser. \$1,017bn was added to the US public debt in 2008 according to the US Treasury. In the UK, the public sector real debt—adjusted to take into account the government's off balance sheet accounting practices—is expected to have risen some £570bn in 2008, according to MarketOracle. For the next few years the Western fiscal landscape will be moulded by ballooning public debt and contracting GDP. How will the day of reckoning come?

There are several ways in which these public debts might be cleared, but the most inevitable is by increased taxation. President Obama will want to face that unpalatable prospect early in his term. American reformers should expect the White House to be rooting about even now for new sources of revenue. In the UK, that extra taxation is likely still a year or two off—dependent on the timing of the next general election. UK reformers need to programme this into their plans and actions. Reformers everywhere need to heed the movements on their own local public balance sheets.

The inevitable path of a typical Western government's fiscal requirement through the coming medium term—say the next five to ten years—will follow a course reformers have not recently had to engage with. That path will take in, first, the need to find new additional sources of revenue to service and repay the debt; then a rebalancing of the fiscal scales as the need for revenue 'normalises'.

The strategic scenario this presents to reformers is a new one. It will have two phases: first (and we are more or less there already) rent for revenue must be presented to governments as an *acceptable* source of their required *additional* revenue; second (presenting in perhaps five to eight years from now), when revenue needs fall and the time comes to negotiate the retaining or relinquishing of optional revenue streams, rent for public revenue must be presented to governments as the *preferred* source of income—in the stead of traditional taxes, then to be jettisoned.

The global economic crisis presents reformers with historic new opportunities. But it will take a strategic change of direction to engage with the greatest of them.



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